

citizens of Eldora, Iowa, opposing the proposed manufacturers' tax on ice cream, based on the statement that it is a dairy product and should be exempt as are other dairy food products; to the Committee on Ways and Means.

4416. By Mr. RUDD: Petition of Romanoff Caviar Co., New York City, favoring the stabilization of prices and the elimination of profiteering; to the Committee on Ways and Means.

4417. Also, petition of Pie Bakeries (Inc.), Newark, N. J., protesting against the proposed sales tax; to the Committee on Ways and Means.

4418. Also, petition of Hotel and Restaurant Employees Alliance, Local 781, Washington, D. C., favoring organizing the House of Representatives restaurant; to the Committee on Accounts.

4419. Also, petition of Bricklayers Union, Local No. 9, of Brooklyn, N. Y., favoring the passage of the 2.75 per cent labor beer bill; to the Committee on the Judiciary.

4420. By Mr. SELVIG: Petition of Keewatin American Legion Post, Keewatin, Minn., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4421. Also, petition of Alvarado Post, No. 35, Alvarado, Minn., urging payment of bonus bill in full; to the Committee on Ways and Means.

4422. By Mr. SPENCE: Petition of citizens of Pendleton County, Ky.; to the Committee on the Judiciary.

4423. By Mr. SUMMERS of Washington: Petition signed by Emma Chubb and 23 other citizens of the State of Washington, protesting against the enactment of compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4424. Also, petition signed by L. T. Hansen and nine other citizens of the State of Washington, protesting against the enactment of compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4425. By Mr. SWICK: Petition of Frank Graham and five residents of Kiesters, Butler County, Pa., asking for immediate legislation to pay in full the adjusted-service certificates issued to the veterans of the World War; to the Committee on Ways and Means.

4426. Also, petition of Evelyn Fischer, 332 Hazel Avenue, Butler, and five other residents of Butler and Beaver Counties, Pa., asking for the enactment of immediate legislation for the payment in full of the adjusted-service certificates issued to World War veterans; to the Committee on Ways and Means.

4427. Also, petition of Howard Miller and five other residents of Prospect, Butler County, Pa., asking immediate legislation for the payment in full of the adjusted-service certificates issued to World War veterans; to the Committee on Ways and Means.

4428. Also, petition of John Wade and four residents of Cabot and Sarver, Butler County, Pa., urging the immediate enactment of legislation to pay in full the adjusted-service certificates of World War veterans; to the Committee on Ways and Means.

4429. Also, petition of W. Vane Ireland and six other residents of Butler, Butler County, Pa., urging immediate enactment of legislation to provide for payment in full of the adjusted-service certificates of World War veterans; to the Committee on Ways and Means.

4430. By Mr. SWING: Petition signed by 54 citizens of Gloria Gardens, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4431. Also, petition signed by 416 residents of Orange County, Calif., supporting the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4432. By Mr. WEST: Resolution of Coshocton County Pomona Grange, opposing a general sales tax, especially a tax on oil and gasoline; to the Committee on Ways and Means.

## SENATE

WEDNESDAY, MARCH 16, 1932

*(Legislative day of Monday, March 14, 1932)*

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

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

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

H. R. 361. An act to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes;

H. R. 5866. An act to authorize the construction of a dam across Des Lacs Lake, N. Dak.;

H. R. 6485. An act to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes;

H. R. 8235. An act to clarify the application of the contract labor provisions of the immigration laws to instrumental musicians; and

H. J. Res. 182. Joint resolution authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933.

## CALL OF THE ROLL

Mr. BINGHAM obtained the floor.

Mr. FESS. Mr. President, will the Senator from Connecticut yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Connecticut yield for that purpose?

Mr. BINGHAM. I yield.

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

The VICE PRESIDENT. The clerk will call the roll.

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

Ashurst	Couzens	Johnson	Reed
Austin	Dale	Jones	Robinson, Ark.
Bailey	Davis	Kean	Robinson, Ind.
Bankhead	Dickinson	Kendrick	Schall
Barbour	Dill	Keyes	Sheppard
Bingham	Fess	King	Shipstead
Black	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah	George	Long	Stelwer
Bratton	Glass	McGill	Thomas, Idaho
Brookhart	Glenn	McKellar	Thomas, Okla.
Broussard	Goldsborough	McNary	Townsend
Bulkley	Gore	Metcalf	Trammell
Bulow	Hale	Moses	Tydings
Capper	Harrison	Neely	Vandenberg
Caraway	Hatfield	Norbeck	Wagner
Carey	Hawes	Norris	Walcott
Connally	Hayden	Nye	Walsh, Mass.
Coolidge	Hebert	Oddie	Walsh, Mont.
Copeland	Howell	Patterson	Waterman
Costigan	Hull	Pittman	White

Mr. SHEPPARD. I desire to announce that the Senator from Kentucky [Mr. BARKLEY] and the Senator from South Carolina [Mr. BYRNES] are necessarily detained in their home States on important business.

Mr. BLAINE. I wish to announce that my colleague the senior Senator from Wisconsin [Mr. LA FOLLETTE] is necessarily absent.

Mr. TOWNSEND. I desire to announce that my colleague the senior Senator from Delaware [Mr. HASTINGS] is unavoidably detained on account of illness. I ask that this announcement may stand for the day.

Mr. ROBINSON of Indiana. I wish to announce the continued illness of my colleague the senior Senator from Indiana [Mr. WATSON]. I ask that this announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent in attendance upon the disarmament conference at Geneva.

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

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Woman's Christian Temperance Union, and indorsed by the Presbyterian Church, the pastor of the Baptist Church, and the pastor of the Methodist Episcopal Church South, all of Blue Springs, Mo., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

Mr. GEORGE presented the petition of Mrs. Leila B. Lyle and 76 other citizens of Crawfordville, Ga., praying for the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification or repeal, which was referred to the Committee on the Judiciary.

Mr. REED presented a resolution adopted by the Woman's Christian Temperance Union of Mechanicsburg, Pa., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

Mr. TYDINGS presented a resolution adopted by Group No. 692 of the Polish National Alliance of Baltimore, Md., favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by Fort Cumberland Post, No. 13, of the American Legion, in the State of Maryland, protesting against reducing the appropriations for the national defense, which were referred to the Committee on Appropriations.

He also presented 22 telegrams and 7 letters in the nature of memorials from sundry citizens, organizations, and institutions in the State of Maryland, remonstrating against the imposition of an import tax on gasoline and oils, which were referred to the Committee on Finance.

#### REPORT OF THE COMMITTEE ON PENSIONS

Mr. MCGILL, from the Committee on Pensions, to which was referred the bill (S. 1328) to confer to certain persons who served in the Quartermaster Corps or under the jurisdiction of the Quartermaster General during the war with Spain, the Philippine insurrection, or the China relief expedition the benefits of hospitalization and the privileges of the soldiers' homes, reported it without amendment and submitted a report (No. 429) thereon.

#### EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

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

Mr. BORAH, from the Committee on Foreign Relations, reported favorably the nomination of Charles H. Sherrill, of New York, to be ambassador extraordinary and plenipotentiary of the United States of America to Turkey.

Mr. HALE, from the Committee on Naval Affairs, reported favorably sundry nominations of officers in the Navy and Marine Corps.

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

#### BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. JONES:

A bill (S. 4098) authorizing a survey of Green River, in the State of Washington; and

A bill (S. 4099) authorizing a preliminary examination of Green River, in the State of Washington, for the purpose of flood control; to the Committee on Commerce.

By Mr. KEAN:

A bill (S. 4100) for the relief of Harry Harsin; and

A bill (S. 4101) for the relief of Lauritis Sorensen; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 4102) to facilitate the acquisition of migratory-bird refuges, and for other purposes;

A bill (S. 4103) to amend sections 392, 393, and 394 of title 18, United States Code, relating to interstate and foreign commerce in wild animals and birds, and for other purposes;

A bill (S. 4104) to amend sections 1 and 2 of the act of Congress of June 30, 1906 (34 Stat. L. 768; U. S. C. title 21), as amended; and

A bill (S. 4105) to amend the act entitled "An act to regulate foreign commerce by prohibiting the admission into the United States of certain adulterated grain and seeds unfit for seeding purposes," approved August 24, 1912, as amended, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. CAPPER:

A bill (S. 4106) to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes; and

A bill (S. 4107) to amend section 3 of an act, as amended, entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife or his or her minor children in destitute or necessitous circumstances," approved June 10, 1926; to the Committee on the District of Columbia.

By Mr. BLAINE:

A bill (S. 4108) providing for pensions for Indians in old age; and

A bill (S. 4109) providing aid for Indians who are blind or blind and deaf; to the Committee on Indian Affairs.

By Mr. HULL:

A bill (S. 4110) granting a pension to David W. Jennings; to the Committee on Pensions.

By Mr. HAWES:

A bill (S. 4111) for the relief of A. H. Marshall; and

A bill (S. 4112) for the relief of Royce Wells; to the Committee on Claims.

By Mr. BINGHAM:

A bill (S. 4113) for the relief of Mary Murnane; to the Committee on Claims.

By Mr. REED:

A bill (S. 4114) transferring to the Public Health Service the Division of Vital Statistics of the Bureau of the Census; to the Committee on Commerce.

By Mr. JONES:

A joint resolution (S. J. Res. 123) to promote the conservation of health and the education of minor children residing on tax-free Indian lands of the Yakima Reservation, Wash.; to the Committee on Indian Affairs.

#### PROPOSED ANTI-INJUNCTION LEGISLATION

Mr. NORRIS. Mr. President, a day or two ago, for the information of the Senate, I filed a copy of the conference report on House bill 5315, the so-called anti-injunction bill. The conferees on the part of the House have withdrawn the conference report, and I now notify the Senate that I am also withdrawing the conference report here. We shall have a further conference.

The VICE PRESIDENT. Without objection, the conference report is withdrawn.

"MEN OR MONEY"

Mr. JONES. Mr. President, I have an article entitled "Men or Money," by Mr. Mowbray French Pearson, of Spokane, Wash., which I ask to have printed in the RECORD.

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

MEN OR MONEY

By Mowbray French Pearson

There is one question this country is facing which will have to be settled. It is manifesting itself in various ways: Unemployment, the low price of wheat, the low price of cotton, the present crime epidemic, how to enforce the liquor law, the strike in the coal industry, and difficulties in other directions. This question is one of an adequate national plan of production and distribution.

At the time of the Revolution, when most of this country was wild land, all Congress needed to do was to pass the homestead law and every man had a chance to take up land and make his living. He could raise all he needed to eat, build his log house, cut his fuel from his own timber, and make his clothes from wild animal skins or wool. If he was willing to work—and there was unlimited work to do—he was absolutely independent. Production, distribution, and consumption were almost confined to his own family, at least as far as the frontiersman was concerned.

That is no longer true. Good land that used to be available for homesteads can not be obtained by a young man. The result is the youth has to start working for some one else. If business is good, he can get a job; if there is a depression, he can not. He is compelled to do something and faces one of three dilemmas—unemployment, going into a field already overcrowded, or crime.

The Director of the Census reports to me that there were about 4,000,000 unemployed in 1920 and 1921. Other reports have made that much higher, but we know there are from 1,000,000 to 5,000,000 out of work continually.

The urgency of this question is being talked of all over the world and particularly since the World War. The nations of Europe, and especially England, have had a tremendous number of unemployed. This has been perhaps their most serious problem. For at least the last year, conditions have been getting worse in this country, until recent reports indicate there are 4,000,000 out of employment. In addition to the enormous number who are termed "unemployed," there are a far greater number who are considered employed but who have much spare time on their hands. I refer to the farmers, who constitute nearly half of our population. I believe Mr. Henry Ford estimates the farm produce of this country could be raised in 20 days. Whether that is true or not, the farmers have many days, and even months, when they have little to do. Mechanics, miners, and housewives have much idle time on their hands. These people have millions of wants—radios, automobiles, clothes, furniture. But they do not know how to turn their idle time into cash. At the same time the manufacturers of these articles are very anxious to sell their wares. Our machinery of exchange is incomplete. To insure continuous good times it is absolutely necessary to provide a method whereby everyone can turn his idle time into cash with which to make the purchases he desires.

"Through machinery and better methods of work during the first 10 months of 1927, the index of factory output rose to 107, but the index of factory employment fell to 95. In other words, with 5 per cent fewer employees 7 per cent more goods were created." We are finding methods of increasing our output faster than we increase our distribution. There is no good reason for not distributing as fast as we produce, until every human desire is satisfied.

This question is particularly important just now. The Haugen-McNary bill is up before Congress. That bill does not provide any method of regulating production; but, on the contrary, encourages production, thereby making a bad matter worse. If a bill should provide for limited production so as to help the wheat farmers, or all farmers, it would simply mean that those who were not allowed to farm would have to go into other overcrowded lines.

The coal strike is exactly the same question for another industry. There are too many mines and too many miners. If some of them quit to relieve the overcrowded condition, they are obliged to increase the overcrowded condition in another line.

Almost all lines are overdone, as far as the apparent purchasing power of the people is concerned, but there are millions of people who want things, who have idle time on their hands, but are unable to see how to turn their time into cash.

There is only one answer to this stagnation in the midst of prosperity; menace of overproduction, 1,000,000 to 5,000,000 unemployed, and at the same time tremendous public improvements that need to be done. The country so full of money that there is a "tale of thirteen billions" going abroad, and yet no money for public improvements at home. Millions of people wanting to buy things they have not, and thousands of manufacturers wanting to sell things, but a stoppage in the machinery of exchange so they can not trade. The way out of this maze of contradictions is a national plan of production and distribution.

Such a plan follows, divided into three parts. The first part would be carried out by the newspapers and magazines, with the help of a national commission. It would be a method of increas-

ing the machinery of exchange. The newspapers now carry large want-ad columns, but they charge for their space, and people do not advertise unless they are reasonably sure of results. The method is cumbersome and inefficient. They could supplement their want-ad page with a space printed like the following, for which no charge would be made:

Name: Mrs. Mary Smith.  
Address: R. R. 9.  
Town: Spokane.  
Phone: Lake 5389-R5.  
Want: I want an RCA radio I have seen advertised at \$95.17.

Give: In order to get that radio I can make some rag colonial rugs that are just in style with the present furniture at \$3 apiece. I can make one a day, so as to pay for the radio in about four months.

Mrs. Smith is not a salesman, so she would go without her radio before she would find a buyer for her rugs. The newspapers would send a salesman to her house, take a sample rug, and sell the rugs to the department stores. It would notify Mrs. Smith where to deliver her goods, and when she had delivered enough for a down payment, the radio would be sent to her home the same as in the case of any installment purchase. The newspaper would, of course, get a fee for this service. In fact it would get a double fee, one on Mrs. Smith's rugs and one on the radio. It might mean that the newspapers would make more money from the one ad space, for which no charge would be made, than on all the other pages of its advertising.

It would get hundreds of replies in each day's mail, and, when tabulated, many would be found to match up; that is, one person would have to sell what another wanted to buy. If it could find no buyer for some articles offered, it would be in a position to advertise such articles or sell them to the stores. It would also be in a position, with the information in its possession, to advertise what people wanted and suggest ways for those with spare time to make the articles desired.

People will sign their names to an ad, telling what they want or what they have to sell, ten times if it costs nothing to once if they have to go and pay hard cash. It would be one ad where the buyer could tell what he wanted. Every other ad that is printed is put in by some one who has something to sell. It would be stupid to let people with no money say they want million-dollar yachts, but if they are kept within bounds by requiring that they must put down how they want to pay for the article they want, either with some article they have or can make, or with time, stating the kind of work they can do, then we have some very definite information of real value, which is nowhere now available. We would have a record of the wants of the people and a record of idle time. Think of the stupendous possibilities if every farmer with no winter occupation could sign his name to an ad saying he wanted a radio or automobile and had four hours a day for five months that he can work to pay for it. How many million farmers would have some time? What could they accomplish? Add to these the mechanics, the housewives, and millions of people who do not have steady full-time jobs every day in the year. We could probably double our output and millions of people have things they now can not pay for.

While the newspapers, department stores, and factories could handle this situation in large part, it would take a Government commission to fill in the weak spots. Maybe there would be no available work in certain localities. It would be the function of the Government commission to either make some public work there, or direct or transport the individual to a place where work was available. It should also tabulate the total of wants and the total of unemployment as a matter of public record. It could do this so as to avoid duplication and have an accurate basis on which to base production instead of a guess basis as at present.

Although it would enormously increase the sale of manufactured products, which, in turn, would put more people to work in regular channels, this new advertising method would not solve our economic problems completely. There would be some people out of work and nothing for them to do.

The second step in a national plan of production and distribution would be a national free employment department that not only found jobs for people when it could but actually put to work everyone who applied.

We have an enormous list of public work that should be done: Better roads in every section of the country. Good roads lessen the cost of getting farm produce to market and manufactured products to the farm; they materially lessen the cost of operating automobiles, which give a great deal of pleasure to innumerable people.

We are just commencing a new method of travel by air, and to hasten its universal use we need landing fields everywhere, shops for repair work at most of them, and beacons to guide flyers both day and night.

A ship channel is needed from the Great Lakes to the sea via the St. Lawrence to lessen the transportation costs of all farm and manufactured products from the Mississippi Valley to the Atlantic coast.

Forests and dams are needed at the headwaters of the Mississippi and other rivers which flood their lower sections. Levees too may be required.

The West is interested in two immense projects for reclaiming arid lands, developing their power, and using their water supply to the best advantage. They are the Columbia Basin and Colorado River projects. It will take many years to develop these, and they will be needed by the time they can be completed.

There is an enormous amount of work that can be done by power which is now done by more laborious methods, and we have numerous power sites undeveloped.

Our merchant marine must be kept up to date and adequate for our needs.

The Nicaragua Canal will soon be needed to supplement our present Panama Canal. There is no need to have idle men now and wait until ships have long delays at the canal before commencing a new waterway.

We want public buildings of all kinds, not only post offices and customhouses but auditoriums, art galleries, museums, and beautiful monuments commemorating men or events. All these things are outside the line of private endeavor. It is acknowledged we need most or all of these things—that they would be enormously beneficial—that they will have to be built sometime—and we know that there are seldom less than a million, and often as many as 5,000,000 men out of work. Why have work that needs doing and men wanting to work, and still have men remain idle? I think the answer is, we think in terms of money instead of men. We say these improvements cost too much, and so we can not carry them out. There is the fallacy.

Men or money? That is the question. In the past everything has been money. What is the cost; can we raise the money? We must have economy in government, and by that is meant little money passing through the Public Treasury. If there is a business depression, we call it a financial stringency and arrange to throw some cheap money on the market to stimulate business. We assume that money is the cause of our troubles and that money will cure our ills. Money is of value as a medium of exchange, as a token of work performed. We must return it to its proper place as a token to be given a man for his work.

The man is the important thing. Instead of Congress asking, "Have we money enough to put in a certain piece of work?" it should ask, "Have we men available to do that work who can be spared from their regular industries?" If there are men who can not find employment in regular industries, then they are certainly available for public work. With a proper system that adjusts itself automatically. It is the duty of Congress, then, to decide what public work shall be done when the men are available, or if it shall be done in preference to industrial work. Congress would levy enough taxes so there would be a surplus in the Treasury all the time, which can be drawn against for any work approved. When there is a surplus of food, fuel, clothing, and shelter there is a surplus of wealth which can be taxed for public work. The men out of employment, who need these necessities, would be given work to do, and in that way the wealth of the Nation would be distributed. If there is not a proper division of the wealth of the Nation, if some men are wealthy and others jobless, and the wealthy refuse to divide their wealth through the medium of giving jobs, the inevitable result will be a revolution like that in France or Russia, with all the horrors a revolution entails.

We are not likely to have extremes immediately, but with 5,000,000 out of employment, with the enormous army of farmers discontented, with the coal miners on strike, and with many other industries feeling there is room for improvement, only a spark is needed to set the whole country afire. An ounce of prevention is worth a pound of cure. It is easy to remedy this situation now and with beneficial results to all concerned. Are our business and political leaders willing to make progress or are they going to stand pat and take the consequences?

Providing public work for men out of employment benefits both the laborer and the capitalist and not only the laborer. It is the duty of Congress to promote the general welfare which includes the opportunity for men to work when they desire. It must think in terms of men instead of in terms of money.

Overproduction is the cause of the low price of wheat, cotton, and other products. It is the cause of the coal strike which has been in progress for many months. There are too many men in those industries. Most industries are on the verge of the same condition, so it is impossible to send surplus men from one industry to another. If new business is stimulated as suggested earlier in this article, men would work where they were needed, but the McNary-Haugen bill will only make a bad matter worse by stimulating production. In the end it would have the same effect as the British export rubber bill and hurt those it was aimed to help. We have too much wheat. That is the reason for the low price. We must grow less wheat, but it is impossible to do that without providing something for the farmers to do who are obliged to stop farming.

As a nation, we are pretty well convinced that all work possible should be done by private enterprise. There are certain kinds of work that have always been considered Government work; the line is fairly clearly drawn, and I will continue to make that distinction. There are some things too big for any individual or group of individuals to do. Those things have to be undertaken by the Government for the benefit of all the people.

The preamble to the Constitution of the United States says: "The object of government is to establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity."

It is just as important a function to see that all our people have an opportunity to make a living as to see that the Nation is safe from invasion and domestic disorder. Of the two, death by the sword would be preferable to death by starvation. The Government is organized to promote the general welfare. The Government should do everything for the general welfare that individuals can not do for themselves, or that the Government can do better

than individuals can do it. There is no question but that, working individually we have failed to keep everybody busy all the time, we have failed in maximum distribution of what we produce. We must therefore look to the Government to supplement the work of individuals and corporations in order to insure maximum production and distribution. The Government does not owe any able-bodied person a living, but it certainly does owe everyone a chance to earn a living.

It will therefore unquestionably be the function of the Government in the future to provide employment on public work to people it is unable to supply with jobs with private employers; not maybe, not perhaps, not sometimes—but always.

(Note—I recognize there is a vast quantity of public work in contemplation, which will help to do just what I am suggesting. It has several times been suggested that State and National Governments do their work, as far as possible, during periods of depression. Such a plan is a help, but not a remedy. It still leaves the fundamental situation the same.)

As this is a new idea, I will give a skeleton plan of operations. A national commission would be established to supervise production and distribution in the United States. This might be composed of the Secretaries of the Treasury, Agriculture, Commerce, and Labor, one man representing the farmers, one transportation, one communication, one the mines, one the banks, one the merchants, one physician, one teacher, one labor, and one the manufacturers. The four Secretaries to hold place ex officio, the 10 permanent members to be appointed by the President for 10 years, the term of one to expire each year. Not more than five permanent members to belong to one political party. The 10 permanent members to receive the same salaries as Cabinet officers. By selecting one person to represent each industry the commission would have an expert on its own body to speak for each industry. This commission would appoint a manager of production and distribution of the United States with a maximum salary of \$1,000,000 a year. The salaries of our big executives are now getting into big figures and in order to get a man big enough to fill this position we should choose one who has proved his ability in private enterprise. In order to keep it from being a political plum, the salary could be only 10 per cent above the applicant's earned income the previous year, with a minimum the same as for Cabinet members. This 10 per cent advance would be an inducement for a man to change positions. The salary thereafter could be increased 10 per cent each year, in the discretion of the commission. In order that the manager's job shall be permanent and nonpolitical during efficiency, he shall be removed only for cause and on the vote of 10 members out of 14.

It shall be the duty of this commission to first assist the newspapers in writing the copy of ads which would enable the public to say what it wants to buy, and tabulating the results so as to know how to plan production; second, these ads would tell who was out of employment altogether and who had unoccupied time every day or periodically. This information would be tabulated. Lastly, these ads would tell what people could do, so the commission would have a record of the kind of people it had to provide with employment.

This information should show the trend of the desires of the people, so the factories could plan production ahead of time. It would show if there was a shortage of help along some line; and the man representing the teachers could see that the proper number of persons learned the required information or trade.

If the newspapers refused or neglected to do as the commission suggested, it could insert these ads at its own expense and absorb the expense or keep the fee that would be charged by the newspapers.

Second, it would be the duty of the commission to maintain employment offices in every city of the United States with a population of 100,000 or more, and as many other places as they think advisable; these offices to keep records of the needs of all classes of employers and a record of all those who apply for employment, with the line of work wanted and qualifications. This information would dovetail in with the newspaper ads in such a way as to avoid duplication of work.

It shall be the duty of this commission to put to work, within 24 hours, every person who applies for work and whom it is unable to send to a position. This work may be common labor, or otherwise. The commission may furnish transportation or not, at its discretion, and pay such wages as it shall set. This would enable it to move men from congested centers to places that needed inhabitants, to move harvest laborers from Texas to Montana as the season progressed. The rising generation is always anxious to see the world and without ties; they can work and satisfy their curiosity at the same time. Later they can settle down and be willing to stay put.

Third, the commission, with the information it gathered and other data from the Department of Agriculture, and the Department of Commerce could go one step farther in its plan of production. For instance, the consumption of wheat is pretty well known, and data are gathered every year about the crop. If the crop is low one year, there is apt to be a big crop the next. The commission could quota the amount to be planted in each county and require that each farmer report the amount planted in acres and the amount per acre received during the preceding five years. When the quota had been reached a warning would be issued and all those planting wheat after that time would be known and subject to the condemnation of their fellows for overplanting. Public opinion would probably take care of the result, but if not, and the quota were persistently exceeded, the farms producing the best results could be continued and the farmers just

making wages told to quit. If no other work were furnished, this would be a hardship, but with the commission required to furnish other work there would be little injustice or hardship about it. The same methods could be used with factories or other producers. Quota the output of each plant according to the requirements of the industry; and if possible, let the industry work out the results itself. If possible, shut down the inefficient plants and operate the others.

What would be the result if this plan were put into effect? First, we will consider the advantage to the employers. An employer can not sell his goods to a man out of work. The most important result is, then, it completes and puts into operation the machinery of exchange, which it was shown earlier in this article is now insufficient. It would increase the business of everyone. The ads, giving the people a chance to ask for what they want, would create an enormous amount of new business, and, giving the additional employment to everyone, would mean money to buy with. Everyone would be busy and prosperous.

Second, it would give a reasonably accurate basis on which to plan production so that a plant could be kept running continually. For this reason a small plant could do the work of a much larger one which was operated at full capacity one time and shut down another. There would be less capital investment. Steady employment would mean less labor turnover, and it is expensive to break in new men.

We have enormous credit losses every year, and if these were traced back to the source, most of them are due to unemployment, which prevents the worker from paying the merchant; the merchant then can not pay the wholesaler, and so the evil grows. Insurance against business depression is one of the most important things to consider, especially since installment selling has come into vogue. We have not had a real depression since this new system started, but if we do, and millions of men are thrown out of work and unable to pay their installments, the goods will be thrown back on the sellers. If such a thing should happen, we would have a tremendous catastrophe. A little more in taxes for public work which would come back to another pocket in increased business, would be mighty good insurance for the business of this country.

As the farmer's problem is strongly considered right now, I will briefly point out how it will help him. Everyone has to eat, and as the people who actually die of starvation in this country are negligible in number, it might be thought that the farmer would not be affected. When men are out of work, however, they live on bread and beans; whereas if they have good wages, they buy beefsteak and oranges. Besides increasing the consumption of his higher-profit goods, it gives an opportunity for the farmers on the poor farms to get into another occupation. Now the farmers feel every other line is crowded, too, and so they continue to raise cotton or wheat because they do not know what else to do. Economic conditions compel them to find a niche to fit into, although it may not be the right one. This plan would take the place of the Haugen-McNary bill with much more satisfactory and permanent results for the farmers, as well as for the rest of the country.

Now, we will look at this plan from the standpoint of the worker. First, there would be the knowledge and feeling that he could always get a job, that he need never go hungry even for a day, that his family need never be in want. A few years ago the Alexander Hamilton Institute published a picture at the top of one of their advertisements, entitled "The Three Fears." It showed a comfortable living room, with a wife, husband, and two children by an open fire. The husband was gazing abstractly at the fire. In the background were three apparitions, with long grasping fingers reaching toward the family. One was called "The Fear of the Loss of the Job," another the "Fear of the Loss of Health," and the third, the "Fear of Dependent Old Age." These three fears haunt the rich and poor alike.

Statistics show that only 3 or 4 out of 100 go through life and are well off at the end. Take the recent case of J. Ogden Armour, who is reported to have lost \$1,000,000 a day for 100 days; \$100,000,000 in 4 months. He said, "I would not have believed it possible to lose money so fast." What rich man dare say it may not be his turn next? There is good cause for fear. Isn't it worth something to eliminate "the fear of the loss of the job" from every man and woman in America for all time? The loss of a job means that if the family has saved something, those savings for home, furniture, insurance, or luxury go for something to eat, and maybe the home is lost, the insurance allowed to lapse, and the luxuries that make life worth while have to be dispensed with. Isn't that feeling of security worth some additional taxes to achieve?

It would be interesting to know how many men and women are unmarried to-day because of economic conditions. How many of these people would be happier married than single? A newspaper vote to determine that question might be very interesting. Is it worth while for the Government to help make people happy or should it just let them scramble for something to eat?

Great Britain, Germany, and other countries give unemployment insurance. In other words, they pay people to loaf. Isn't it better to put the unemployed at some of this work we need done, and pay for the work?

The general public is interested in the effect of this plan. Crime has been on the increase, and we have just had a report from a crime commission. The report deals mostly with moron policemen who are unable to catch the criminals and inefficient courts that do not convict. Little is said about lessening the cause for crime. The desire for money is not the only reason people com-

mit crimes, but it certainly is one of the principal reasons. If people can always get money honestly, there is no question but that there will be less crime than now, when some people are virtually forced to steal because they can not get work. Money spent in worth-while public work is better than if spent for police, lawyers, judges, and jails. The liquor question seems to be a paramount issue in the coming campaign. It is my opinion that the liquor question would vanish into thin air if every bootlegger could get a job. Now courts and juries have a feeling of sympathy for the criminal, thinking the poor devil had to do something to make a living. Conviction would be much easier if there were not the slightest doubt that the criminal chose to steal rather than to work.

The cost. It may be a good idea to give work to everybody, but look at the billions it would cost. A million to five million men on the Government pay roll all the time. It would certainly bankrupt the country. Nonsense. I have shown the saving to the business interests in various ways; how the workers would benefit and how the public expense could be lessened for courts and jails, but even if we ignore all these results, the cost would be absolutely nothing.

I do not mean that the people who build roads for the Government will not ask for pay, nor do I mean that pay will be provided by magic. I do not even say taxes will not be increased. They may be increased or they may be lessened per person if there should be an increased number of people working for private employers subject to tax, due to stimulated business and the lessened cost of Government, or because of less crime. I am inclined to think the taxes would be less per capita than at present. What I really mean when I say the cost would be absolutely nothing is that now we produce all we need to eat, wear, our fuel, houses, and a host of other things, and still have a million men idle. If put to work, these idle men would build public improvements; roads, for instance, that would save the users more than their cost. Suppose a farmer has to pay \$5 a ton to get his produce to market because of poor roads, and by building a good road he can save \$1.50 per ton. He can afford to pay that \$1.50 in a road tax until the road is paid for, when he saves money. The road therefore costs him nothing.

Coal mining is occupying public attention just now. In the Utah field, I believe, the miners are paid \$1.12½ a ton. They mine 10 and 12 tons a day under reasonable conditions, but work only about 200 days a year. Their wages run from \$1,800 to \$3,000, according to how good they are, and how much business the mine gets. Some expert miners who mine 15 to 18 tons a day in a mine which offers continuous employment make more than most bosses and ride around in Packard cars. If miners got 90 cents a ton for the 200 mining days and \$4 a day working on the Colorado River project, they would make just about the same amount at the end of the year, the public would pay less for its coal and more in taxes. In the end the public would pay the same, the miners would get the same, but we would have a big public work accomplished by men who would otherwise be idle. The public has to pay the miners enough for the 200 days they work to provide a living wage for the whole year. That is the cause of the coal controversy.

If we put a million more men to work at worth-while public improvements, we have created that much additional wealth for the Nation, and it is made by people who would otherwise be idle. Now we have to pay those people enough money for the time they work to live during the time they do not work. The public improvements would therefore cost us nothing. If we should continue to give these people the same wages they are now receiving, and they earned additional money from this public work, they could spend this extra money for luxuries such as radios, and it would go back into circulation, and part of it find its way to the Government in taxes. Either way, the Nation is ahead.

The two parts of the plan so far given—the buyer's ad and the national employment system—show no interference on the part of the Government with private business. Idle men would just be put to work, and taxes enough raised to cover the additional expense. It must be seen to that the work they do is worth while, and taxes enough are raised to cover the additional expense, if any. The man who helps build the Great Lakes-St. Lawrence waterway, and saves the Illinois farmer freight on his wheat to Liverpool, is worthy of his hire. He was given a job when he wanted work, he could take it or leave it, the farmer was not interfered with, and neither was the manufacturer. Every thing is the same except that the machinery of exchange has increased and we are getting much-needed public work done as fast as there are men available. Now we may admit that a new improvement is good, but Congress discusses forever whether we have the money to spend. If there are idle men, of course we have the money, because that shows we have a surplus of wealth, or there would be no idleness. Therefore, take some away from the fellow with the surplus to use in public work, and give it to the man out of a job. In exchange, see that the taxpayer and the public get good value for their money.

It is now understood how the buyer's ads, with the help of the national commission, would make it possible for millions of people to express their desires and have those desires gratified within their earning capacity. We would also have a record of the wants of the people and their idle time, both complete idleness and partial idleness.

This buyer's ad method of stimulating exchange might create so much new business there would be no idleness, but if everyone could not find work the national employment system would

come into operation, and by applying for a job one would be provided. There is enough useful work between Panama and Alaska to keep everyone busy. It may not be in the particular line the applicant is used to, but it might be a good thing if a banker and a professor had to rub elbows with a ditch digger. It would give many a man a different point of view and get us back to real democracy. There is no question that both parts of the plan so far suggested would materially increase the machinery of exchange. They probably would not bring perfection but a very great improvement. There might still be too much wheat grown or too many coal mines, with a resulting overproduction of those commodities. If farmers are allowed to sow and reap without knowing what the total need is or the total planting, it is really surprising that the law of supply and demand makes the crop as close to the requirements as it is. But this old rule-of-thumb method is both financially painful and out of date in this age of accurate facts. There is no reason for not carefully estimating the needs of the Nation and then arranging to plant enough to amply supply those needs with just enough surplus for a proper carry-over. The Department of Agriculture has the machinery for getting those facts after the crop is in for the benefit of the board of trade. Why not do their tabulating beforehand for the benefit of the farmer? With a few years' practice we could budget the entire requirements of the Nation and get maximum results from our efforts.

Get this clearly. As long as there is an individual in this country who wants something and he is willing to work to get it and there is another individual who is idle and wants to supply that article, the machinery of exchange is not complete until those two individuals can exchange commodities, even if one is in Maine and the other in Oregon.

Congress has assumed that this country is a vast arena where men fight for a living. Congress makes the laws which are the rules to go by. We do not all start from scratch. Some have big tracts of land handed to them, some big factories, some exceptional ability, and some just their hands. The judges are the umpires to see they observe the rules of the fight. Each one grabs what he can. In the days of barons it was physical strength and military prowess—now it is mental ability and financial shrewdness which make one wealthy. There is no systematic method of orderly production and distribution.

We are not ready for socialism, "from everyone according to his ability, to everyone according to his need," but we are ready to give everyone all that he is able to earn. To insure him all he is able to earn, we must change this country from a fighting arena to an orderly factory with a list of earning powers of each family, and the various vocations possible with preferences shown both by the worker and a vocational member of the Federal employment department. To counterbalance this would be the number, ages, sex of the members of the family, their requirements in food, clothing, fuel, shelter, and other necessities. If there was a surplus the family could signify its desire for a radio, automobile, or anything it wanted to buy with the surplus money. There would then be a reasonably accurate basis on which to plan production. When the various budgets had been matched up it would be seen whether there would be a surplus of labor which would have to be employed on public work or a shifting of labor from one industry to another to make production equal demand. What a blessing to the manufacturer if he could be told on January 1 that the budgets called for a million sedans and a half million coupes of his make and he could plan accordingly. I do not mean that we would ever reach 100 per cent perfection in these budgets, but I do mean they would be a vast improvement over just guessing, and experience would eventually make them pretty accurate.

This is not so visionary as would at first appear. We did almost exactly that thing at the time of the World War, but hurriedly and poorly. If we have another war, we will have to do it again. We had better have the benefit of an orderly procedure in peace times, and then in case of necessity we can get onto a war basis quickly and efficiently. I doubt if it would be necessary to use compulsion to put this plan into effect. If those who filled out the budget sheets were supplied first with both jobs and eats, as well as radios and automobiles, and those who did not fill out a budget got only what was left, there would be very few budgets not filled out. The total of the budgets might prove we were getting national indigestion from overeating. Maybe the health of the Nation would be materially improved if rations were provided for us. Who knows?

If this plan were carried out, not with the idea of interfering with personal liberty but in order to increase personal efficiency, so that every person could have every want satisfied up to the maximum of his earning capacity, so that his energy could be used in doing work instead of looking for work, we should certainly have a happier country.

The buyer's ad part of the plan would enable the newspapers to get a large additional revenue; it would enormously increase the volume and profit of the stores and also the factories. More business with less intense competition would certainly help them immensely. The only part the national commission would have would be to assist the newspapers in making their totals and in making exchanges in different parts of the country. It would act for merchandise stores as the Federal reserve bank does for the banks now.

The national employment department would begin where the ad failed to produce 100 per cent results, but still only presenting an opportunity which is now lacking. There would be no compulsion. In addition to furnishing work the public improvements

would make for quicker transportation, and the possibility of adding charm as well as utility to our highways in the form of shade, fruit, nut trees, or other ornamentation. Instead of the usual two drainage ditches, which are both unsightly and dangerous, this beauty would be much appreciated. Think of the labor that might be saved if all the power sites were developed and what a big increase there would be in production. That would not mean unemployment as now but would mean that more people could get things they want. Everybody busy all the time. Do we want it?

And last the national commission could really begin to function by budgeting the entire requirements of the Nation, obtaining their ends by planning and publicity, rather than compulsion, to the end that the entire strength of the Nation would go to producing exactly what we want, no more, no less. This would solve the problem of the wheat farmer, the cotton grower, the coal miner, the textile trades, and all industries. It would provide a minimum wage for the workers of this country. It would truly mean mass production and mass distribution.

It is difficult to visualize the tremendous possibilities of this plan, but by referring to Henry Ford we can perhaps get a faint idea of its possibilities. With a little over 100,000 men in his Detroit plants, his output in production is about 8,000 cars a day, or 2,400,000 a year. The average life of a car is at least five years, which makes it possible for him, with his present capacity, to have 12,000,000 cars on the road. That is about half the cars in the United States at the present time. We know that is just about his record. Twelve million people driving cars made by only 100,000 men. Even admitting that Ford gets more output per man than is usually the case, think of the tremendous possibilities if 1,000,000 men were continually employed that are now idle. But it is estimated that right now there are 4,000,000 idle, or enough to make forty times Ford's output. But that is not all. That only takes into consideration the men who are completely idle. There are 11,000,000 farmers in this country, and they are clamoring for more prosperity. Most of them can do little more than a few chores during the winter. It is safe to say that 25 per cent of their time is lost, or the equivalent of 2,750,000 men idle every year. These men are counted as working. Add this number to the 4,000,000 who are called unemployed, then add the housewives, newlyweds, and many who live in apartments and can do their work in three or four hours a day, and we would probably have a total of at least 10,000,000 out of the 40,000,000 employed according to our 1920 census, who would like to work if they knew how to turn their idle time into cash.

One hundred times as many people willing to work and unable to turn their time into cash as made half the automobiles in the United States. What could we accomplish if we directed these people's energies? How many roads that are now rough or mud-holes could be made good, how many power plants could we put up and increase the use of labor-saving devices? How many auditoriums could we build for the best drama, music, and public assemblies?

With the buyers saying what they want and a powerful Government agency trying to help them get it—how much would this increase the business of all the factories in this country? The business-conditions map shown in the Nation's Business for June, 1928, shows a little section in Montana, North and South Dakota, and another little patch in Arizona and Texas as good. About as much more is shown as bad. The rest of the country shows business fair. There is no reason for not having it all good all the time.

It would mean that every individual could have everything that he desired up to his earning capacity without considering lost time. With greatly increased power facilities the earning power per person would be increased, but that would not mean more idleness, as is at present the case. It would mean that people could buy more things. More home owners, better furniture, better clothes, warmer and more comfortable houses, more children going to the universities, more travel, more of the good things of life, instead of just something to eat and a roof.

Competition would be the same as now. Each radio factory would advertise its set, but it might know months in advance when the buyer's ads were sent in whether its set was preferred, or its competitor had gotten the business. Styles would still change, but there would be advance warning, so there would not be the heavy losses there are at present. We could have maximum production, but only of things that are salable.

We now grow enough food, make enough clothes, build enough houses, and mine enough fuel for our necessities. What these additional people would produce would be extras, more permanent wealth; they would get the things they now feel they can not afford. There would be such a stimulus given business as has never been known, but it would not be a boom. It would be a steady, permanent increase of production until every want was filled. But who can imagine the time coming when we would not want more? People's wants have increased tremendously in the last 25 years. The next 25 will see everyone wanting an airplane, a better radio, with a television attachment; better homes, built of steel and stone, architecturally beautiful and structurally permanent instead of cheap wooden houses built by contractors without good taste and put together with materials that are a fire menace and in 25 years are old and shabby. Homes are loved that can be handed down through the generations and that mellow and become more beautiful with age. These better homes would call for furniture that would likewise be better, and workmen who make good things get more satisfaction and happiness from their work than those who turn out the poorer grades of goods.

The benefit of this plan would go to all the people—the farmers, the factories, and the wage workers.

It is said a nation is great according to what it does for its children, to relieve suffering, and for its dependents.

Unemployment robs children of much their parents would otherwise give them; it creates untold suffering and makes dependents. Let's have everybody busy. The answer is up to America.

NOTE.—This article is compiled from data collected over a period of 15 years and manuscript completed in 1928.

#### PHILIPPINE INDEPENDENCE

Mr. COPELAND. Mr. President, in the New York Herald Tribune for the 10th of March there is a very interesting editorial on the subject of Philippine independence. This editorial makes reference to an impartial survey which has been made on the present state of American public opinion on the subject of Philippine independence. I ask unanimous consent that the editorial and the survey be printed in the RECORD.

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

[From the New York Herald Tribune, March 10, 1932]

#### IN NO UNCERTAIN VOICE

The Philippine-American Chamber of Commerce has done the people of this country a rare service in having an impartial agency make and publish a nation-wide survey of recent newspaper comment upon the Philippine-independence controversy. This compilation, the result of a close check upon the editorial columns of 412 papers of good repute, reveals, at a moment when the Senate and the House are both solemnly considering bills to alienate unconstitutionally 63,000,000 acres of the public domain, that 275 journals, or 67 per cent, are vigorously opposed to independence in the present or the near future. It shows that 107, or 26 per cent, are noncommittal; and that 30, or 7 per cent only, would indorse immediate and unconditional independence. This means that of those committed to a policy, just over nine-tenths—and the division seems to bear no relation to local or party prejudice—are decidedly against any scheme for denouncing our obligations to a people economically, politically, and strategically unprepared to survive if cut adrift.

While the Cuban sugar lobby, which is now superlatively active in Washington, has contrived to form big blocs in both Houses of Congress and to have clauses inserted in the disgraceful bill, now before the Senate, catering to their interests and to the pretended interests of certain agricultural sections, these powerful dictators of legislative opinion have enlisted just one Minneapolis paper in their support.

Throughout the southern and middle western cottonseed, beet-sugar, and dairy farming States scores of influential organs have indignantly protested against the campaign of misrepresentation on Capitol Hill, under cover of which the Cuban sugar lobby's congressional agents have had the effrontery to pretend that Philippine independence would be in the American farmer's interests. A great body of the opinion expressed, especially in the South and West, to which the sugar interests have addressed themselves, is substantially the Richmond News-Leader's verdict that to jettison the islands so that their dependent agriculture may be excluded is "economic foul play."

While a majority of those who oppose independence are in support of the administration's contention that they are not—and may never be—economically or politically prepared, a minority opinion is based on the fear that the islands would be submerged in "oriental turmoil." In contrast to this perfectly honest contention is the amazing argument advanced by nearly half of the journals that advocate independence that because Japan wants and intends to seize the islands, we should get out quickly to avoid complications.

There is a small minority of editorial writers in all sections of the country who take it sorrowfully for granted that ultimate Philippine independence is their unavoidable doom, in such phrases as "independence, if it must come"—with which fatalistic resignation this newspaper has no patience. But it is of more interest to note that, despite years of misleading talk about our "promises" and "pledges" to the Filipino, there are six newspapers only out of the entire catalogue which base their verdicts, one way or another, upon the assumption that any such "pledges" are binding upon the American Nation.

The survey is a revelation, justifying real pride in the American people's strong sense of responsibility to the Philippines, as revealed in the press, and as it is not revealed in the conspiracies that go on among the members of our highest legislative bodies to betray the national interest and the national honor.

PHILIPPINE INDEPENDENCE—A SURVEY OF THE PRESENT STATE OF AMERICAN PUBLIC OPINION ON THE SUBJECT, AS EXPRESSED IN EDITORIAL COMMENT THROUGHOUT THE UNITED STATES DURING THE PAST 12 MONTHS

(This survey has been independently conducted, at the request of the Philippine-American Chamber of Commerce, by Ten Eyck Associates)

#### Introduction

#### THE PHILIPPINE PROBLEM

Ever since the United States acquired the Philippine Islands, the Philippine-independence movement has been with us. There

have been periods of quiescence, when little was heard of it. And there have been periods of bitter debate, when not only Filipinos but Americans have considered the independence question a major political issue.

We are now in one of these periods of active interest. Filipino agitation has been strong. American Senators and Representatives have been badgered by their constituencies, some of which are anxious to block the competition which they feel is offered to American products by tariff-free Philippine goods. After fresh investigation, former Governor General Davis, Secretary of War Hurley, and President Hoover have all made fresh statements of their positions on the issue. Several bills are now before the Congress, demanding action. Finally, the present turmoil in the Far East has called to the attention of the general American public the extreme importance of the Philippine question.

During the past year every imaginable argument for and against immediate Philippine independence has been brought forward. Questions of human rights, questions of America's prestige in the Far East, questions of Filipino immigration, questions of the competition of Philippine products in American markets have been so intermingled that it has been almost impossible for the dispassionate observer to discover which way the country was leaning. But one question, stated and restated by observers who have gone to the Philippines to investigate on the spot, has been steadily gaining ground as the major issue. This is the economic question: If the Philippines are given their independence to-day and pushed outside the American tariff wall, can they maintain themselves economically? And if not, have we the right to push them out?

Governor General Davis, Secretary Hurley, President Hoover, together with many other observers, feel that there is much which must still be done, much time still to pass, before the Philippines can become economically independent, and that upon this time political separation must wait. They are, therefore, against immediate independence.

Some groups of Americans, representing producers of articles with which Philippine duty-free imports are claimed to compete, feel that in this time of depression no opportunity for reducing competition should be lost. They are, therefore, either in favor of immediate and complete Philippine independence or for an immediate application of the tariff, in one form or another, to Philippine products.

There are, of course, other questions involved, chief among which is the danger to which the Philippines, independent or otherwise, are exposed in the present state of tension in the Far East. But these are the two major opposing points of view, and in recent months they have been expressed sufficiently often and with sufficient force so that the country at large has had an opportunity to consider them and to make up its mind upon their relative merits. In the past, although the Filipinos themselves have always had the country's sympathy, American opinion has been against granting them their independence. What has been the effect of the debates of the last year? Has there been a real change in American public sentiment on the question, and, if so, what is the nature of this change?

The following analysis of editorial opinion on the subject, as expressed in nearly every State in the Union during the past 12 months, represents an attempt to answer these questions. Inaugurated at the request of the Philippine-American Chamber of Commerce it has been impartially conducted by an independent research organization, Ten Eyck Associates; it is based upon a careful scrutiny of the entire American newspaper press for any expression of opinion on the issue, from clippings supplied by an independent and impartial news-clipping service; it covers a period of one year ending February 20, 1932.

#### Editorial opinion

#### THE NEW ENGLAND STATES

(Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)

New England, on the Philippine question as in other matters, takes her tone from Boston, and in this case Boston opinion is clear and unanimous. The Boston American (Feb. 12, 1932) says: "It is to the interest of both the American and the Philippine peoples that they continue their present relationship until its future can be considered in calmer times." "It would be a mortifying spectacle," says the Christian Science Monitor in a widely quoted editorial (July 20, 1931), "to see the United States readjust its Philippine policy to fit the balance sheets of a select group of industrial and agricultural interests." "There can be no dispute," adds the Boston Transcript (June 27, 1931), "about the soundness of the argument that the economic interests of the Philippines and their inhabitants require the present status of the islands as United States dependencies to be left undisturbed for at least another generation." "We are obligated to grant the islands independence," echoes the Boston Herald (October 31, 1931), "but we are equally obligated to start them upon an independent career with a government so stable and an economic position so sound as to afford reasonable assurance of their permanent success when on their own." Finally, the Boston Traveler (December 5, 1931) is short and to the point: "Perhaps the Philippines should be free. We don't think so, for a while at least."

One paper, the Lowell Sun, dissents, saying that "the best course would be to give the Filipinos their freedom under some sort of international protection that would safeguard their independence against aggression by Japan or any other power." (January 28, 1932.) But from other parts of New England come many echoes of the same feelings that Boston holds.

Portland Press-Herald: "Independence can very well wait until circumstances are more favorable, and in waiting the Philippines have all to gain and nothing to lose." (February 15, 1932.)

Waterbury Republican: "The United States can not suddenly withdraw from the islands without flagrantly betraying the very people who asked for independence. The menace of seizure by Japan, or flooding of emigration from Asia, or the breaking down of the country through economic pressure in a world of keen competition would be too great. Time may come when the United States may relieve itself of responsibility for the Philippines, but that time seems to be beyond the horizon now within our vision." (May 20, 1931.)

Hartford Times: "In view of all the circumstances and conditions, the Secretary's [Mr. Hurley's] stand seems to be well taken. \* \* \* The advice to proceed slowly and cautiously possesses the elements of soundness." (February 12, 1932.)

Bangor Daily News: "As the cards lie, it would seem that the safest and best thing for our sunburned brothers of those fruitful isles is to remain under the benevolent management of Uncle Sam and the protection of his big stick." (June 10, 1931.)

Portland Evening News: "Without retreating at all from the position that the Philippine Islands must eventually be free, this country should find it easy to concur with Secretary Hurley that the time for independence is not yet at hand and will not be at any predictable time." (February 13, 1932.)

Portland Evening Express: "There would be no objection from anyone in this country to granting the islanders their independence if we believed that they would survive the severance of their relations with us. Most Americans who have any knowledge of the subject do not believe that under existing conditions they would, and, therefore, to cut them loose to shift for themselves would be to shirk the responsibilities that our past relations with them have entailed."

Haverhill Gazette: "The Filipinos have the inherent right to independence which all peoples possess. It would be nothing less than contemptible cruelty, however, to cast them adrift solely to erect a tariff wall against them." (October 31, 1931.)

Lowell Courier-Citizen: "Uncle Sam \* \* \* can hardly afford to let go until the islands are fit to go it alone. When that will be no one knows." (January 6, 1932.)

Worcester Evening Gazette: "America is bound to see that before the islands are cut adrift they are able to maintain themselves." (June 19, 1931.)

Providence News Tribune: "Secretary Hurley's statement \* \* \* is a convincing document against the proposal of those on both sides of the Pacific—American farmers in certain lines as well as Philippine enthusiasts for freedom—that we shall terminate our connection with the islands. Some day? We are pledged to that under given conditions. But not now or soon." (February 12, 1932.)

Providence Journal: "Well-informed Americans will agree that it would be bad for the Philippines as well as for us to grant them their independence in the early future." (February 10, 1932.)

Other papers, scattered throughout the New England region, which hold the view that economic self-sufficiency is the prerequisite to political separation, include the Danbury News, which calls immediate independence "hardly wise"; the Ansonia Sentinel; the Norwich Bulletin; the Waterbury Democrat; the Meriden Journal; the Hartford Courant; the Hampshire Gazette; the Worcester Telegram, which observes that "America is bound to see that before the islands are cut adrift they are able to maintain themselves"; the Springfield Union, which whole-heartedly back Governor General Davis's view; the Springfield Republican, which says that "when independence is granted, the conditions of the grant should be considerate of Filipino interests," and that "nothing harsh or callously selfish need disfigure the disposition of the problem"; the Gardner News; the Gloucester Times; the Fitchburg Sentinel, which feels that "political independence to-day would be an illusion"; the Bath Daily Times; the Waterville Sentinel; the Bangor Commercial; the Kennebec Journal; the Manchester Union; the Newport News.

#### THE MIDDLE ATLANTIC STATES

(New York, New Jersey, Pennsylvania)

New York City, ever the home of alarmism, contributes at least one opinion which represents a frank shrugging off of American responsibility for the Philippines. "One thing that will probably happen in the next 20 years," states the New York News (January 20, 1932), "is the taking of the Philippines by Japan. We can quit these islands now in peace, or we can wait for a humiliating national adventure there. Which is it to be? The Philippines are a nuisance to us, and we owe them nothing." This argument, however, is opposed by many calmer heads in equally influential positions, among them the Philadelphia Bulletin, which writes (July 14, 1931): "If this country should end free trade with the Philippines, it would forfeit its present hold on this important section of the Far East as an export outlet. American agriculture, no less than the manufacturing industry, would stand to lose immensely by such a reversal of previous policy."

Other journals, small and large, back the administration's present stand in favor of waiting for the Filipinos to achieve economic independence before making further moves in the direction of political independence. The following are examples:

New York Journal: "Mr. Hurley said that it would be criminal folly to turn the islands loose in the Far East while a war is raging in China, the end of which none can yet foresee. The fact is that it would be sheer lunacy. There should be no change

whatever in the present status of the Philippines, now or for years to come." (February 13, 1932.)

New York Times: "There is no abandonment of the hope ultimately to set up a self-governing Filipino republic, but the strong and prevailing conviction at present was well set forth by Secretary Hurley when he declared to the House committee that the people of the islands are not yet ready for it, either economically or politically." (February 12, 1932.)

New York Sun: "It would be a cowardly thing to give independence to the Filipinos now." (February 13, 1932.)

New York Herald Tribune: "\* \* \* the idea of cutting the Philippines adrift for this or that selfish or cowardly reason will be as criminally foolish a hundred years from now as ten, and that the Congress could do the Filipino no greater service than by giving the islands a fixed status under the American flag \* \* \* Secretary Hurley has made a bold and devastating sweep of practically all the humbug with which this Philippine question has been obscured. The logical sequel to his splendid use of the broom would now be a constructive program for the permanent improvement of these islands as inalienable American property." (February 12, 1932.)

New York Mirror: "For the present we ought not to surrender our possessions in the Pacific." (February 12, 1932.)

Brooklyn Eagle: "On the whole, we think it would be well for the Filipinos to distrust the sugar and tobacco Greeks even bearing gifts. Their best policy is a waiting game." (February 13, 1932.)

Albany Evening News: "The Philippines are not ready economically for independence. It would be a mistake and a danger to grant it now." (July 2, 1931.)

Newark Evening News: "It is up to us to go through with it to an end more conclusive than just granting independence because we are tired of the Philippines, or because some of their products compete with ours." (February 15, 1932.)

Philadelphia Record: "Because of free importation of competing goods from the Philippines, western farm States are demanding that the islands be cut adrift. Congress and the State Department will surely not decide so momentous an issue on grounds so localized. If western farmers need and deserve protection \* \* \* ways of furnishing that protection will be found other than that of casting the island folk loose without assurance that their independence can be maintained." (July 5, 1931.)

Pittsburgh Press: "The right of the Philippines to their independence can not be denied—their right to have it whenever they want it. But this imperialistic chapter in our national history will not be made any brighter if we cut them loose for the reason, and in the brutal manner, advocated by those interests which claim to be hurt by Philippine competition." (July 16, 1931.)

Philadelphia Public Ledger: "Those American politicians and beet-sugar growers who are largely responsible for the renewal of the agitation for independence are not the true friends of the Filipinos. Nothing worse could happen to these people than to be deprived of the beneficent guardianship of the United States." (July 27, 1931.)

Philadelphia Inquirer: "If the Philippines are ever to become completely independent, it must be under far different conditions than those which now exist." (October 30, 1931.)

Wilkes-Barre Record: "We have seen by the fearful plight of other nations the danger of adopting self-government prematurely. We do not want to make ourselves responsible for a repetition of that misfortune in the Philippines. We do not want to expose the natives to revolution on the inside and aggression from the outside, due to native incapacity." (January 21, 1932.)

There are but few comments indicating an opposite attitude. The Brooklyn Citizen writes (February 13, 1932): "The Citizen, as it has frequently stated, is in favor of granting independence to the Philippines as soon as the islanders consider that they are ready for it, irrespective of the opinions of the men in Washington." The Jersey City Journal, combating the argument that independence would throw the Filipinos into the hands of the Japanese, says (February 13, 1932): "There are not yet any good reasons stated why the United States could not enter into a treaty with the Philippines and with China, Japan, and the other nations, which would effectively guarantee the islands against invasion." Two papers not mentioned above are inclined to wish we were out of the dilemma once for all: The New York Evening Post (October 25, 1931), which predicts ultimate casting off the islands, but does not argue for any immediate step, and the Wilkes-Barre Times-Leader (December 18, 1931), which feels that independence would teach the Filipinos a good lesson.

From other parts of the middle Atlantic section, however, comes further support for the argument that economic independence must precede political separation. The Poughkeepsie Eagle-News says that turning the Philippines loose before they can look after themselves "will be committing an act which will merit unqualified condemnation." In similar vein are the opinions of the Rochester Journal, the Rochester Democrat-Chronicle, the Elmira Advertiser, the Schenectady Gazette, the Syracuse Herald, the Syracuse Post-Standard, the Troy Times, the Troy Record, the Utica Observer-Dispatch, the Mount Vernon Argus, the Erie Daily Times, the Carbondale Leader—which calls immediate retirement "a cowardly surrender"—the Meadville Republican, and the Washington (Pa.) Reporter.

#### THE SOUTH ATLANTIC STATES

(Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia)

Editorial opinion not only in the Nation's Capital but through the entire south Atlantic region is strongly against immediate



independence for the Philippines and is particularly bitter against the activities of the so-called American sugar lobbyists. "The fact that Japan is engaged in an imperialistic spree should be sufficient to silence the demands of the Filipinos for independence at this time," writes the Washington Post (February 13, 1932). "There is not the slightest indication that the islands could maintain their freedom under present conditions in the Orient." The powerful Baltimore Sun is equally strong in its warning (July 14, 1931): "We can not afford to rush headlong into a grant of political freedom that might spell economic subservience and failure." As to the efforts of American agriculturalists to block Philippine competition, the Washington Herald calls their statements "false propaganda," saying (December 1, 1931): "The truth will be dragged into the light of day by a Senate investigation of the false propaganda which special interests have financed for the nefarious purpose of deceiving the American farmer." The Atlanta Georgian goes deeper into the question and arrives at the same conclusion. "The total exclusion of Philippine sugar from this country," says that paper (December 5, 1931), "would not affect the situation in the least, so far as the American sugar producer is concerned. It would only mean the admission of more Cuban sugar, as American sugar interests in Cuba well know. \* \* \* Thousands of American farmers have been deceived by this propaganda."

Two smaller papers, the Williamson (W. Va.) News (January 28, 1932) and the Martinsburg (W. Va.) Journal (February 2, 1932), both tend to regret our possession of the Philippines, but make no specific independence recommendations. "Our experience in colonial expansion" they say, "has not been a happy one. We wouldn't miss much if we had never had Porto Rico, the Virgin Islands, Hawaii, or the Philippines." One other paper, the Norfolk Virginian-Pilot (February 15, 1932), attacks Mr. Hurley's views, saying: "By what right does Mr. Hurley assume that the Philippine Islands, once set free and their independence regularized by solemn treaties recognized by the powers, will be less safe from international robbery and spoliation than any other small nation incapable of insuring its independence by its own army and navy?"

Other South Atlantic journals, however, oppose the granting of immediate independence in forthright terms, as will be seen from the editorials quoted below.

Baltimore News: "In view of the grave developments on the mainland of Asia, Congress should postpone indefinitely further consideration of all proposals to end American sovereignty over the Philippines, now or at any fixed date in the future \* \* \*. To abandon the Philippines to their fate until they are prepared economically, politically, and from a military point of view to maintain their independence would be a desertion of duty." (February 10, 1932.)

Jacksonville (Fla.) Times Union: "The Government of the United States, surely, can not be a party to bring about disaster to the Philippines, which have received the protection of this Government in order that they might advance sufficiently to become capable of administering their own government." (May 29, 1931.)

Lakeland Ledger and Star-Telegram: "As a matter of fact, the Philippine Islands are not ready for independence. It is impossible to conceive how they could make such an advance in 33 years as to enable them to govern themselves." (October 29, 1931.)

Atlanta Constitution: "On the face of all the reliable data obtainable in the Philippines, the people over there are distinctly not now fit to take upon themselves the burdens and critical obligations of national sovereignty. In the present state of world affairs, and particularly as they are in the Orient, scarcely anything more lamentable could happen to the Filipinos than to hand them their sovereignty. We can not now afford to throw up our obligations and scuttle off the islands, leaving the people to the possible evils of their own follies and inefficiencies, or to the envy and rapacity of oriental neighbors." (October 29, 1931.)

Columbus Enquirer-Sun: "The Filipinos will do well to retain American protection, at least until they have established economic security and a considerable degree of international understanding." (February 24, 1931.)

Macon Evening News: "Since economic conditions are more often responsible for the collapse of governments than political oppression or ineptitude, it is vitally important to the United States that the Philippines should have a sound agricultural and industrial footing before being granted independence. Otherwise, Soviet crusaders would probably sweep immediately into the Philippines from China." (February 27, 1931.)

Winston-Salem Journal: "The present economic conditions the world over make the present a poor time to launch the Philippines out upon a sea of individual national existence. It is very doubtful whether any jury of international statesmen could be assembled that would render a verdict of independence for the Philippines at this time." (November 2, 1931.)

Durham Herald: "The Filipinos could not likely make the grade if left to paddle their own canoe, and would soon fall into trouble of a serious nature. It is not impossible that Japan would like to have the islands as a naval base." (October 31, 1931.)

Asheville Times: "There is no warrant for the agitation to set free at this time a people not yet prepared to stand alone in either politics or economics." (October 31, 1931.)

Greenville News: "Sugar producers want to put a tariff on Philippine goods, and they see no way of doing that except by having the islands set up as an independent nation. So they are for Philippine independence. The question, of course, should not

be considered from any such selfish grounds, and Mr. Hoover's pronouncement is a wholesome curb to a movement of that sort." (October 29, 1931.)

Richmond News-Leader: "To build up Philippine agriculture on the assumption that the market is to be open, and then to close the gates, is economic foul play." (October 28, 1931.)

Norfolk Ledger-Dispatch: "The United States is committed to independence for the Filipinos eventually. But the time for that independence is not yet at hand." (January 24, 1931.)

Parkersburg News: "Entirely out of the question at this time is Philippine independence. The situation in the Far East has shown this country that America must control the Philippines and Hawaii for bases of military operations." (February 13, 1932.)

Wheeling Intelligencer: "Philippine independence at this time is ill-advised." (February 13, 1932.)

#### THE EAST SOUTH CENTRAL STATES

(Alabama, Kentucky, Mississippi, Tennessee)

The tone is set for this mixed region by a considered editorial in the Lexington (Ky.) Leader. "Some of the Democratic newspapers," says that journal (July 29, 1931), "seem to have undergone a change of heart about the problem of Philippine independence. They continue to speak of American occupation and control as 'imperialism,' and to talk of ultimate independence, but they do not think that the time has come to set the Filipinos adrift. \* \* \* It may be that the Philippines will at some distant time be given independence. \* \* \* But as time passes and the financial and economic ties between the two countries are strengthened, the demand for independence will probably grow less and less vociferous." This prediction is followed by the following judgment as applying to the present: "Many Filipino leaders have changed their minds about immediate independence. It would prove to be a calamity, an act of scuttling, and a black mark against this country. It would, at the same time, prove a bad move from the standpoint of national defense."

These same general sentiments find echo throughout the region in a number of strong journals. A selection appears below.

Birmingham News: "While this country is willing to grant that independence avidly sought by the politically minded islanders in due course, Americans will hardly feel like dropping them like a hot brick because of fears that Japan will come swooping down to capture them." (December, 1931.)

Paducah Sun-Democrat: "Before striking out for themselves politically, the Filipinos should take a lesson from Cuba and secure their economic independence. Cuba has seen some rough sledding economically because of its separation from our country." (November 16, 1931.)

Talladega Home: "The argument from the sugar interests that the Philippines should be freed so that their sugar crop would come under the United States tariff ban for the benefit of the sugar growers is not very statesmanly. Looking at everything from a dollar standpoint is one reason why so much injustice is done by legislation." (July 20, 1931.)

Mobile Register: "If the islands are to be independent, they must also be self-reliant and able to hold their own in the conflicts that rage in the Far East." (July 19, 1931.)

Anniston Star: "America should see the Philippines through, guiding them and upholding them until such time as they can make their way without assistance." (March 5, 1931.)

Tuscaloosa News: "The duty and obligation remains to hold things together until the people are able to stand upon their own feet." (March 9, 1931.)

Louisville Courier-Journal: "The present is obviously no time to set the Philippines adrift." (February 11, 1932.)

Meridian Star: "For America to withdraw the protection of our flag from our oriental wards might mean Philippine economic destruction from within as well as military oppression from without. America will no doubt continue the present policy of watchful waiting—guidance and protection until the Filipinos are in all essentials ready for self-government." (March 15, 1931.)

Knoxville Journal: "While a love of liberty and dream of independence holds them to remember America's pledge to them of ultimate independence, in all sane process of government they would delay their national dream until liberty and prosperity may become one and the same thing." (March 1, 1931.)

One small journal, the Kingsport (Tenn.) Times, feels otherwise about it, and takes the attitude, condemned by those papers interested in upholding national responsibility, that we would be wise to get out from under (November 30, 1931). "It would seem that it would be the part of wisdom to give the Philippines their independence \* \* \*. We have no part in the endless wars and hates of Europe and Asia \* \* \*. And our connection with the Philippines certainly does entangle us to a considerable extent with Asiatic military and diplomatic affairs."

Many other journals throughout the region, however, stand squarely on the position that political independence must wait upon economic independence, which means a postponement of action for the present. Included in this group are the Gadsden Times; the Ashland Independent, and the Natchez Democrat, both of which urge the Filipinos to "take a lesson from unhappy Cuba and establish their economic independence before demanding political separation"; the Hattiesburg American, which urges that we "help the Filipinos gain economic independence that they may be truly prepared for political independence"; the Vicksburg Herald; the Laurel Leader-Call; and the Chattanooga News, which says that the arguments for delayed independence "must command attention."

THE WEST SOUTH CENTRAL STATES  
(Arkansas, Louisiana, Oklahoma, Texas)

In this region, particularly in Louisiana, one would expect strong arguments in favor of protecting American products, especially sugar, against Philippine encroachment, and, indeed, the New Orleans States makes the following forthright statement (January 17, 1932): "A large number of Americans believe, including a great many in Louisiana, that the sooner we give the Philippines their independence we shall be the better off for doing so." From the same city, however, comes a clear and forceful statement of the opposing point of view on the Philippine import question. "Some of the islanders point out," writes the New Orleans Tribune (November 18, 1931), "that even were the islands independent, it is entirely unlikely that copra, the dried coconut-meat fiber, from which oil is extracted, could be made dutiable under any reasonable tariff. It is the raw material for large soap and other industries in the United States, which could be expected to fight such a tariff. Within the last few years realization has been spreading that many pleas for tariffs by advocates of regional protection have been in a high degree ill advised." From Texas the San Antonio Express sounds a similar note of warning (October 29, 1931): "Congress . . . should consider the islands' value as a purchaser of American goods before checking the imports of Philippine sugar, copra, and manila hemp."

The drive against Philippine independence before the islands have achieved economic self-sufficiency is taken up in other parts of the region also.

The Okmulgee Sunday Times-Democrat: "The Philippines have much to do yet before they are ready for independence. It would be an ignoble end to put the Filipinos on their own in the middle of the experiment." (April 12, 1931.)

The Tulsa World: "The Philippines are not in an economic position to go into world affairs."

The Houston Chronicle: "In the present disturbed condition of the Far East, it would be unfortunate, to say the least, for the Filipinos to be cast adrift." (October 29, 1931.)

Fort Worth Star-Telegram: "There are a great many Americans who regard the duty-free sale of Philippine products in this country as an imposition upon American producers. It will be a sad day for Filipinos if this view takes hold in America sufficiently strong enough to hasten 'freedom' for the islands. It will be the same sort of freedom as that coming to a man who is kicked out of a place of safety and comfort into a jungle of discomfort and danger." (April 31, 1931.)

Beaumont Enterprise: "Informed opinion is overwhelmingly opposed to granting complete autonomy to the Philippines until the Filipino people are better equipped to govern themselves and the islands are placed on a firm economic foundation." (February 12, 1932.)

Beaumont Journal: "Independence at this inauspicious time would be a dangerous thing." (November 3, 1931.)

Denison Herald: "Much as it may displease some of the Filipino politicians, the Stars and Stripes will probably continue to float over Manila." (February 14, 1932.)

Dallas Times-Herald: "The simple fact is that complete independence for the islands is out of the question at this time." (November 1, 1931.)

Dallas Morning News: "The present is no time for complete independence. The Far East is in turmoil and in all the East there is the sinister threat arising from Bolshevik propaganda." (April 2, 1931.)

One paper, the Oklahoma City Oklahoman (February, 1932), dissents, saying: "Many will believe that America has played the good Samaritan rôle for the Filipinos long enough, and that this country would be well rid of its far-eastern holdings, particularly since Americans are no longer welcome over there. Secretary Hurley speaks for the administration, but it is improbable that he speaks for a majority of the American people."

Other papers scattered throughout the area here considered, however, again attack the argument for independence because of Philippine competition or urge waiting for economic self-sufficiency. They include the New Orleans Times-Picayune; the Muskogee Phoenix; the Houston Press, which cries out against "selfish interests" and "abrupt severing of economic bonds"; the San Antonio Light, which calls the sugar argument "false propaganda"; the Galveston Tribune; the Temple Telegram; the Waco News-Tribune; the Austin Statesman; the Denison Daily Herald; the Gainesville Daily Register, which says "the Filipinos might well wait for the dawn of a better day before they ask for complete independence"; and the Lake Charles American-Press.

THE EAST NORTH CENTRAL STATES

(Illinois, Indiana, Michigan, Ohio, Wisconsin)

This region seems nearly unanimous in condemning the efforts of American farm groups to force through an independence measure on grounds of national self-interest, and lays particular stress upon the high obligation of the United States to safeguard the welfare of the Filipino people. Typical of these sentiments is an editorial which appeared in the Milwaukee Sentinel (January 24, 1932), saying: "A group of energetic lobbyists are busy pumping Members of both Houses of Congress full of specious arguments for the case of Philippine freedom. . . . It is to be hoped that the administration will take the first opportunity to discredit this Cuban propaganda." From Michigan comes a similar view, in the Ann Arbor News (July 16, 1931): "Uncle Sam has a moral responsibility that must not be submerged by lobbyists and politicians." Ohio echoes the sentiment when the Dayton Journal writes (November 2, 1931): "America can not quit and leave the

islands to a fate that would include bloody civil war, foreign intervention, and ultimately, no doubt, a mandate that never would be surrendered by the holding power." Illinois, represented by the Decatur Herald, repeats bitterly (October 31, 1931): "If the Filipino gets independence within the next decade, it will not be because Americans still burn with the political idealism of Jefferson, but because the arrangement looks like smart business." And finally from the Muncie (Ind.) Evening Press (October 31, 1931) comes the reiterated warning: "Those who have studied the question can not escape the conviction that American responsibility to the Philippines demands retention of present control for the welfare of the natives themselves."

Backing these selected comments are a mass of editorials from all over the region here considered. A few of them are quoted below.

Dayton Herald: "The future of the islands is safer in American hands than in those of insular politicians. This trust can not be relinquished with honor until national development in the islands has reached such a point that their political and economic safety is assured." (February 13, 1932.)

Springfield (Ill.) State Journal: "When special interests are urging the concession of immediate independence for selfish reasons America should display not only more magnanimity but more intelligence upon doing the right and just thing for the Filipino people."

Chicago News: "Not devotion to high principle but selfish material considerations have caused a notable accession of strength to the Philippine-independence movement." (November 2, 1931.)

La Fayette Journal-Courier: "The fact remains that if we were to get out of the archipelago we should leave a lot of brown babies adrift to be snapped up by the waiting Nippon. We are not getting out." (November 9, 1931.)

Fort Wayne Gazette: "Having been in sovereign occupancy for a third of a century we can not now get out without leaving 'the little brown brother' in some state of security both economically and politically." (November 2, 1931.)

Indianapolis Star: "There is probably more sentiment to cut the islands adrift in the ranks of American Congressmen than among the Filipinos themselves. The demagogues from a few sugar-beet States, echoed by a handful of other agricultural representatives, may be expected to clamor for independence. Their motives would be selfish. Such legislation would be little short of wanton neglect of a national responsibility." (May 28, 1931.)

Jackson Citizen-Patriot: "In view of unsettled political conditions in the Far East it is especially important that the United States should maintain its present sphere of influence. To free the Philippines at this time undoubtedly would mean their surrender to domination by another foreign power." (November 9, 1931.)

Kalamazoo Gazette: "To cast them off suddenly for the avowed purpose of combating their trade would be hardly in keeping with the spirit in which we are supposed to have been exercising our suzerainty all these years." (August 1, 1931.)

Battle Creek Enquirer: "No right-thinking American wishes to surrender the Filipinos to the certain ill fortune which would attend the withdrawal of United States protection." (August 5, 1931.)

Lansing State Journal: "We understand all about the fine theories involved and we have kindly enough feeling for 'our little brown brothers,' but our judgment tells us that it is good neither for them nor for the Orient to turn them loose at this time." (January 5, 1932.)

Grand Rapids Press: "The Philippines are not yet developed either politically or economically for independence." (February 15, 1932.)

Detroit News: "Would it not be better to wait a while, develop more diversified industries, and achieve a more balanced economic situation?" (October 31, 1931.)

Marion Star: "Uncle Sam hasn't attempted to hide the fact that the Philippines represent a hot potato in his hands, but a potato that he can't very well drop lest it turn cold and be picked up by another party with a great need for cold potatoes. The other party might be Japan, for instance." (January 12, 1932.)

Cincinnati Inquirer: "Premature independence would be dangerous both for this country and the island government." (January 27, 1932.)

Cincinnati Times-Star: "The conclusion is inevitable that the economic dependence of the islands on the United States is such that political independence would mean economic suicide. In fact, one big commercial house in Manila has taken out insurance against Philippine independence!"

Oshkosh Daily Northwestern: "When politicians and selfish interests prate and shout about immediate independence for the Philippines, it would be well to investigate their motives." (August 25, 1931.)

Milwaukee Journal: "When you have a child you do not turn it loose in the world all at once. You expect it to grow up. In the same way we shall have to give increasing freedom of action to the Filipinos until they finally attain a dominion status and then, if they want it, complete independence." (November 24, 1931.)

One moderately strong paper holds some doubts in the matter. The Fort Wayne Journal Gazette says: "If America has any notion, as some urge should be the fact, of washing hands off the bloody affair between China and Japan and permitting the entire situation in the Far East to develop and work out as it may without any intervention by us, the sooner we clear out of the Philippines the better. Otherwise, we can not clear out."

Many other papers, however, back the stand that there should be no independence, or no independence until economic self-sufficiency has been attained. Among them are the *Adrian Telegram*; the *Flint Journal*; the *Grand Rapids Herald*, which says that "some independence must come, but not yet and not too soon"; the *Saginaw Sunday News*; the *Pontiac Daily Press*; the *Iron Mountain News*, which says, "the times invite a closer cuddling under the friendly arm of Uncle Sam"; the *Sandusky Register*; the *Stuebenville Star*; the *Youngstown Vindicator*; the *Columbus Dispatch*, which calls postponement "the better part of wisdom"; the *Toledo Blade*; the *Pomeroy Tribune*; the *Lowellville Journal*; the *Springfield Sun*; the *Chicago Daily Tribune*; the *Chicago American*; the *Chicago Herald-Examiner*; the *Chicago Evening Post*; the *Jacksonville Journal*; the *Quincy Herald-Whig*; the *Rockford Star*; the *Rock Island Argus*; the *Danville Commercial News*; the *Racine Times Call*; the *Racine Journal News*; the *Kenosha Evening News*; the *Green Bay Press-Gazette*; the *Superior Evening Telegram*; the *Rhineland News*; the *Kokomo Tribune*; the *Anderson Herald*; the *Fort Wayne News Sentinel*.

#### THE WEST NORTH CENTRAL STATES

(Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota)

"We seem about ready," says the *Des Moines (Iowa) Register* (November 1, 1931), "to grant autonomy to the Filipinos not because they want it but because our sugar growers and dairy-men want it." This states the issue for the region, which answers it variously. In answer to the proposal of independence the *St. Louis Globe-Democrat* lays down the law (November 1, 1931): "One point on which Filipino politicians and all other Filipinos may be certain is that they can not eat their cake and keep it too. They can not have both independence and the special American concessions that have been the life of Filipino prosperity." The *Minneapolis Tribune*, commenting upon proposals for a progressively increasing tariff against Filipino products, says (September 18, 1931): "If such a transition is possible only at the expense of the American farmer, and if it simply means that the dairy farmer must submit a great deal longer to a competitor, he should not have to undergo, then we believe some more abrupt shift to autonomy is in order." The strong *St. Paul Pioneer Press*, however, takes a much less radical view of the problem (September 25, 1931): "The interest of the dairy farmer in ending competition with imported coconut oils is one weighty factor for consideration in connection with the Philippines. What they stand to gain is not so much as they are being led to expect. By no means does all, or even most, of the imported copra products go into butter substitutes. Their interest in Philippine independence is certainly not such a one as precludes their sharing wholeheartedly in a wish that America meet the problem with full regard for every obligation that is owed the Filipino." And the *St. Louis Post-Dispatch*, one of the strongest papers in the region, sounds the final note of warning against precipitate action (July 20, 1931): "We would be false to our pledges and would abandon our altruistic aims, and would doom our unparalleled undertaking to establish a republic in the Philippines, if we withdrew prematurely, before our task is finished."

Other strong organs in the region have expressed candid opinions on the question. A few are quoted below.

*Joplin Globe*: "To grant the Filipinos independence when they are in no wise able to govern themselves and have no prestige to protect themselves from the ambitions of different nations of the Orient would be a poor way for us to carry out the obligation of humanitarian service we have all along pretended and believed to be our aim." (July 14, 1931.)

*Kansas City Star*: "Until the necessary foundation for political independence is laid in a self-supporting economy, the conclusion of the Secretary of War must be accepted that the best interests of the Filipinos and of the United States are served by a continuation of the status quo." (February 14, 1932.)

*Kansas City Times*: "We should not be keeping faith with the Filipinos if we should give them political independence while they are still economically dependent." (November 10, 1931.)

*Kansas City Post*: "Japan's treatment of China will delay Philippine independence indefinitely." (February 2, 1932.)

*Topeka State Journal*: "Premature withdrawal might upset stability, with unfortunate consequences to the peace of the world." (April 23, 1931.)

*Wichita Beacon*: "Our insular possessions in Pacific waters will wisely wait for a more auspicious time before insisting upon political separation from the Stars and Stripes."

*Emporia Gazette*: "Their (the sugar trusts') Senators will vote to sever all connections with the islands. This would mean unemployment and suffering in the Philippines and higher sugar prices for the American consumer. And what could be nicer if you happen to be a beet-sugar producer?" (December 18, 1931.)

*Lincoln State Journal*: "The granting of immediate independence would be a disaster for the Philippines \* \* \*." (October 23, 1931.)

*Omaha Bee-News*: "When the new Congress assembles its members will be bombarded with demands to haul down the American flag over the Philippines upon the ground that a great mass of Philippine products are coming into this country in direct competition with American farm products. American farmers should not allow themselves to be swindled by false propaganda of this sort." (July 11, 1931.)

*Fargo Forum*: "Sufficient time for sound economic adjustment is most desirable." (October 30, 1931.)

*Sioux Falls Argus-Leader*: "The United States should grant the Filipinos their freedom, but ordinary decency requires that we properly prepare this child we have adopted before casting it out upon the cold world."

*Duluth News-Tribune*: "Immediate independence under present conditions would be a calamity." (September 26, 1931.)

*Duluth Herald*: "The present agitation in this country for immediate freedom for the Filipinos would be more impressive if it did not so palpably come from people who care more for shutting out Philippine sugar for the sake of their own beet sugar than they do about human freedom and the sanctity of the word America has given to free the Philippines as soon as it had a right to do it." (October 31, 1931.)

*St. Cloud Times*: "If independence is to be given them (the Philippines), as a matter of fair play there should be an economic adjustment for the benefit of both them and the United States. The problem is too big and too important to be solved by merely getting out from under." (September 22, 1931.)

*Sioux City Tribune*: "The moral obligation this country assumed in attempting to make the Philippines self-sufficient has not yet been fully discharged. In the very nature of things the Little Brown Brother is apt to remain the white man's burden for some time to come, however discomfiting the facts may be." (October 31, 1931.)

*Dubuque Telegraph-Herald*: "Immediate independence is not the right course to pursue, because it will destroy the Filipinos economically \* \* \* and will push them unprotected into the midst of Asiatic militarism and imperialism." (September 3, 1931.)

*Cedar Rapids Gazette*: "It is to the interest of the United States, both sentimentally and practically, to devote some attention to the economic security of the Philippines before turning them loose in a world that has even our own veteran industrialists bewildered." (September 1, 1931.)

*Mason City Gazette*: "We believe that the islanders are in no sense prepared for independence, that to grant independence would throw the conflicting races and religions at each other's throats overnight." (August 10, 1931.)

Three papers, one in Minnesota and two in Missouri, are inclined to minimize our responsibility in the Philippines and to wish we were out of them. "If they can not successfully paddle their own canoe now," says the *St. Cloud Times-Journal*, "they will not be better prepared in 5 or 10 years. If they want to be free, let them go with our blessing. If they can not make a go of it, Japan is close at hand." The *St. Louis Star* adds (February 12, 1932): "Considering the best interests of the islanders, independence may be a mistake. But isn't the making of mistakes one of the rights of man? If the Filipinos are making a mistake, and are anxious to make it, they should be allowed to do so." Finally, the *St. Louis Times* says (February 10, 1932): "It may not be to-morrow or within half a century that she (Japan) will assert her influence in the Philippines, but the time will in all probability come. Meanwhile, we should be well out."

Other papers throughout the district, however, seem generally opposed to immediate independence, taking their stand behind those who, with President Hoover, believe that economic independence must come first.

In Iowa, other papers backing this stand include the *Council Bluffs Nonpareil*, which calls it "sound and sensible"; *Wallace's Farmer*; the *Iowa City Press Citizen*; the *Davenport Times*; the *Waterloo Daily Courier*; the *Atlantic News*; the *Fort Dodge Messenger* and *Chronicle*.

In Kansas, the same stand is also taken by the *Iola Register*, which says, "It would indeed be a tragic joke if the Philippines should be finally given their independence for no other reason than to help the sugar interests of Cuba"; the *Leavenworth Times*, which says, "They must wait until they are strong enough to fight their own battles"; the *Newton Kansan-Republican*, which says, "the time is not now"; and the *Hutchinson News*.

Additional Minnesota papers which have expressed themselves as backing this stand include the *Rochester Post-Bulletin*; the *Faribault News*; the *Albert Lea Tribune*; the *Brainerd Daily Dispatch*; the *Crookston Times*.

From Missouri comes further backing for this position, from the *Hannibal Courier Post*, which calls immediate independence, "not keeping faith with the Filipinos"; the *Kansas City Journal Post*, which calls waiting for economic independence "eminently sense"; the *Springfield Leader*; the *Columbian Missourian*.

Nebraska adds backing to the "no political independence before economic independence" stand from the *Kearney Hub*, which says, "There is no way to let them go at present"; in *North Dakota* the *Jamestown Sun* and the *Grand Forks Herald* take the same stand; and in *South Dakota* five more journals—the *Huron Huronite*, the *Aberdeen American*, the *Mitchell Republican*, the *Yankton Press and Dakotan*, and the *Vermillion Plain Talk*—have gone on record as backing the same view.

#### THE MOUNTAIN STATES

(Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Wyoming, Utah)

In these regions, as one would expect, the debate between those who wish to eliminate Philippine competition with American agricultural products and those who wish to deal with the Filipinos unselfishly becomes acrimonious. Those in the first category are well represented by the *Great Falls (Mont.) Tribune*, which says (January 28, 1932): "Those who have reasons of their own for opposing Philippine independence contend that the Filipinos are not yet ready for self-government. But that argument does not

seem substantiated. \* \* \* The Philippines should be put on the same tariff basis as any other foreign domain. The Filipinos are willing, even anxious, that this should be done. Propaganda—it is nothing more than that—has spread the report that the Filipinos have abandoned their efforts and wish to remain under the American wing." The Ogden (Utah) Standard Examiner (February 19, 1931), adds: "Many Americans, including the sugar people, would not be opposed to granting an immediate separation. The holding of the islands may eventually involve us in trouble with Japan." The Loveland (Colo.) Herald sounds the same note (January 2, 1932): "Let them (Senators COSTIGAN and LA FOLLETTE) insist upon independence for the Philippines (a matter of long-deferred justice) and thus give relief from the unfair competition from those islands to our sugar and fruit and other industries." Hotly opposed to such sentiments, however, are such papers as the influential Rocky Mountain News, which says (July 15, 1931): "This imperialistic chapter in our national history will not be made any brighter if we cut the Philippines loose for the reason, and in the brutal manner, advocated by some of those interests which claim to be hurt by Philippine competition."

Other papers throughout the region are equally strongly opposed to such action, as the quotations below indicate.

Sheridan Press: "Any attempt to give the Philippines their independence for mercenary reasons is very apt to prove a boom-crang. It would be foolish to give it to them for the sake of a high tariff." (November 19, 1931.)

Colorado Springs Gazette: " \* \* \* the hypocritical contention that the Philippines ought, of right, to be free. \* \* \* The sugar, the timber, the dairy interests, and the labor organizations of this country are disturbed by the competition of the islands and hence would have them cut loose. Give the islanders independence and Congress may deal with them without consideration of Philippine interests. This is cold, brutal, not commercially sound." (January 1, 1932.)

Lewistown (Mont.) Democrat News: "It might be well for us to maintain the status quo in the islands pending a further development of Japanese ambitions." (January 21, 1932.)

Lewiston (Idaho) Tribune: "There are certain to be those who will defy the voice of the President and demand independence because of tariff gains or losses. Their demand should be ignored, their votes cast aside by a militant majority." (October 31, 1931.)

THE PACIFIC STATES

(California, Oregon, Washington)

A note of scorn for those who would retain the Philippines to protect the interests of the Filipinos comes from the Yakima (Wash.) Herald. "If the United States must retain control of the Philippine Islands because the Filipinos need a free market in which to sell their agricultural products," says that paper bitterly (November 10, 1931). "Why should not generous old Uncle Sam abolish the tariff barrier against other nations struggling to attain economic security?" Overwhelming, however, is the opposition to this point of view. "It would be shameful," says the Fresno Bee (October 28, 1931), "to set the islands free and then, as some Congressmen have proposed, to slap a ruinous tariff on Philippine products." "Independence could be granted the islands now only in violation of obligations assumed in good faith," writes the Long Beach Sun (May 13, 1931). "To let them go now would be an utter waste of the sums expended, the creation of a condition of chaos, and then the grabbing of the islands by Japan." Both the Los Angeles Examiner and the San Francisco Examiner (November 28, 1931) characterize the claims of American agricultural interests as "false propaganda," while the Seattle Post Intelligencer adds (October 28, 1931): "Thousands of American farmers have been deceived. The Philippines are the best customers for American dairy products." Finally comes the Hollywood Citizen with a new view of the problem which is in favor of postponing independence for reasons peculiar to the region (November 2, 1931): "Exclusion of foreign competition (in Filipino commerce) has enabled the United States to build up a good trans-Pacific commerce which it is feared will be lost by granting freedom to the islands."

Other papers along the Pacific coast also back the "no independence without economic security" stand and attack the proposals of the American agricultural interests. In addition to the San Francisco Examiner (February 11, 1932) and the Los Angeles Examiner (February 10, 1932), which have again expressed themselves strongly in the matter, the following may be noted:

San Francisco Chronicle: "The American market is the chief support of Philippine business. An unprepared stoppage of this outlet would be sheer disaster." (October 28, 1931.)

Fresno Republican: "Shall the United States turn the Philippines loose only to see them tied up again, through their own acts or weakness, to some other world power? No." (October 28, 1931.)

Stockton Herald: "Independence will come for the Philippines. But it can not materialize before the people show that they are prepared to survive economically, establish a stable government, and be prepared to protect themselves from menacing neighbors." (February 11, 1932.)

Stockton Record: "The islanders must bide their time." (October 30, 1931.)

Santa Barbara Daily News: "The big question is whether the islands are ready for complete self rule, and whether, as an independent country, they could follow the trail of independence without slipping into an economic morass. Well-informed persons agree that the Philippines are not ready to cope with such a test,

and it seems apparent that the present campaign to force the issue is born of selfishness pure and simple." (July 20, 1931.)

Riverside Enterprise: "It would be a safe guess that the United States will not soon say good-by to the little brown brothers." (May 28, 1931.)

Covina Argus: "The Filipino is not fit to govern himself. Everybody but the Filipino knows it. But some day Uncle Sam will get tired and pull out, leaving them to their own devices, and they will be gobbled up by Japan or some other nation that has plans for their exploitation." (July 3, 1931.)

Modesto News Herald: "So gross a betrayal (the plan to put a tariff on Philippine products) of a people supposed to be under our protection that one imagines a self-respecting burglar or safe blower would view it with disgust." (July 7, 1931.)

Portland Oregonian: "Agitation for independence of the Philippine Islands, which was formerly the specialty of idealists, has been taken up by others whose motives are grossly materialist." (July 24, 1931.)

Walla Walla Bulletin: "Right now the less there is talk about Philippine independence the better." (February 11, 1932.)

An inevitable conclusion: *The American people do not believe in either the wisdom or the justice of granting Philippine independence at the present time*

The editorials quoted in the foregoing, as has already been stated, have been gathered for the purposes of this survey with the assistance of an impartial and responsible news-clipping service. The mass of comment leads, as the reader has seen, to the inevitable conclusion that, as a whole, the American people to-day are in full agreement with those who feel that the Philippines should not now be given political independence, and, more specifically, should not be given political independence until their economic independence is assured. Nowhere has the belief been seriously stated that economic independence is at present attained or is likely to be attained in the near future. Eventually independence, yes, but not immediate independence; this is the spirit that is obviously moving the American people, with heavy stress upon the dishonorable cruelty of cutting our island dependencies off from their largest market in present world circumstances. The feeling is also strong that in the present turmoil of the Far East, with American interests intimately involved with the Sino-Japanese dispute, and international relations in such delicate equilibrium that the introduction of new factors might upset them irrevocably, there exist additional and compelling reasons for not at present disturbing the Philippine status quo.

Statistical table

NEWSPAPERS WITH CIRCULATIONS OF 20,000 OR OVER AGAINST IMMEDIATE INDEPENDENCE

The following is a partial list of newspapers with circulations of 20,000 or more which have gone on record during the past year as either specifically against immediate Philippine independence, or specifically against the independence arguments of American producing groups, or definitely in favor of a policy of no political independence until economic independence has been assured. Newspapers with circulations under 20,000, holding similar views, have been excluded from this table, there being so many of them that their inclusion would have made the table unwieldy and difficult of evaluation. The newspapers represented in this table alone represent a total circulation of 15,589,740, in 34 States, and may be taken as a fair example of the present state of American public opinion on the question. It is hardly necessary to add that newspapers with circulations over 20,000 not included in this table are of course not necessarily for immediate independence; the great majority of them have expressed no view on the issue. Indeed, it has not been considered necessary to present a table listing those newspapers with circulations over 20,000 which have taken a stand for immediate independence, since, as the text of this pamphlet indicates, their number is negligible.

Newspapers with circulations of 20,000 or over against immediate independence

City and State	Newspaper	Circulation
ALABAMA		
Birmingham	News	79,984
Mobile	Register	21,309
CALIFORNIA		
Fresno	Bee	32,008
Do	Republican	23,680
Hollywood	Citizen	20,000
Long Beach	Sun	28,140
Los Angeles	Examiner	206,578
Do	Herald-Express	339,050
Oakland	Tribune	79,065
San Francisco	Chronicle	96,589
Do	Examiner	185,975
COLORADO		
Denver	Rocky Mountain News	39,775
CONNECTICUT		
Hartford	Courant	39,675
Do	Times	59,098
DISTRICT OF COLUMBIA		
Washington	Herald	73,923
Do	Post	66,743

Newspapers with circulations of 20,000 or over against immediate independence—Continued

City and State	Newspaper	Circulation
FLORIDA		
Jacksonville	Florida Times-Union	49,458
Miami	Herald	38,886
GEORGIA		
Atlanta	Constitution	87,879
Do	Georgian	74,067
Do	Journal	83,539
ILLINOIS		
Chicago	American	503,896
Do	Daily Tribune	813,708
Do	Evening Post	38,476
Do	Herald and Examiner	422,076
Do	News	412,939
Danville	Commercial News	27,858
Decatur	Herald	24,929
Quincy	Herald-Whig	26,334
Springfield	Illinois State Journal	38,755
INDIANA		
Fort Wayne	Gazette	43,077
Do	News-Sentinel	48,492
Indianapolis	Star	112,178
Do	Times	73,023
Muncie	Star	23,337
IOWA		
Cedar Rapids	Gazette	35,162
Davenport	Daily Times	25,328
Dubuque	Telegraph-Herald	33,128
Sioux City	Tribune	63,446
Waterloo	Daily Courier	31,354
KANSAS		
Topeka	State Journal	20,589
KENTUCKY		
Lexington	Leader	20,861
Louisville	Courier-Journal	98,077
LOUISIANA		
New Orleans	Times-Picayune	100,397
Do	Tribune	41,660
MAINE		
Bangor	Daily Commercial	20,979
Portland	Evening Express	24,174
Do	Press-Herald	39,512
MARYLAND		
Baltimore	News	155,774
Do	Sun	147,555
MASSACHUSETTS		
Boston	American	253,320
Do	Christian Science Monitor	124,751
Do	Herald	117,676
Do	Transcript	35,080
Do	Traveler	159,730
Springfield	Union	38,443
Worcester	Gazette	62,445
Do	Telegram	46,649
MICHIGAN		
Detroit	Free Press	204,616
Do	News	295,186
Do	Times	272,671
Flint	Journal	47,090
Grand Rapids	Herald	36,048
Do	Press	84,654
Jackson	Citizen-Patriot	26,009
Kalamazoo	Gazette	28,562
Lansing	State Journal	41,594
Pontiac	Daily Press	25,825
Saginaw	Sunday News	27,325
MINNESOTA		
Duluth	Herald	40,117
Do	News-Tribune	34,655
Minneapolis	Journal	120,730
St. Paul	Pioneer Press	76,369
MISSOURI		
Joplin	Globe	21,646
Do	News-Herald	12,492
Kansas City	Journal Post	85,492
Do	Star	291,908
Do	Times	290,297
St. Joseph	News-Press	40,267
St. Louis	Post-Dispatch	227,893
Springfield	Leader	22,083
NEBRASKA		
Lincoln	State Journal	63,287
Omaha	Bee-News	47,537
NEW JERSEY		
Newark	Evening News	154,747

Newspapers with circulations of 20,000 or over against immediate independence—Continued

City and State	Newspaper	Circulation
NEW YORK		
Albany	Evening News	47,638
Brooklyn	Eagle	100,021
New York	Herald-Tribune	325,432
Do	Journal	644,860
Do	Mirror	584,593
Do	Sun	291,560
Do	Times	460,794
Do	Wall Street Journal	39,649
Rochester	Democrat-Chronicle	82,353
Do	Journal	54,222
Schenectady	Gazette	23,331
Syracuse	Herald	50,203
Do	Journal	62,112
Do	Post-Standard	59,719
Utica	Observer-Dispatch	35,311
NORTH CAROLINA		
Charlotte	News	23,010
OHIO		
Cincinnati	Enquirer	97,561
Do	Post	179,074
Do	Times-Star	157,300
Cleveland	Press	211,938
Columbus	Dispatch	129,445
Dayton	Journal	26,311
Do	Herald	46,225
Steubenville	Herald-Star	20,404
Toledo	Blade	129,581
Youngstown	Telegram	35,610
Do	Vindicator	35,127
OKLAHOMA		
Oklahoma City	Daily Oklahoman	98,864
Tulsa	World	73,147
PENNSYLVANIA		
Erie	Daily Times	33,976
Philadelphia	Bulletin	552,281
Do	Inquirer	244,146
Do	Ledger	106,281
Do	Record	141,137
Pittsburgh	Press	179,260
Do	Sun	161,675
Wilkes-Barre	Record	28,316
RHODE ISLAND		
Providence	Journal	45,044
Do	News-Tribune	30,232
SOUTH CAROLINA		
Greenville	News	28,657
SOUTH DAKOTA		
Sioux Falls	Argus-Leader	33,647
TENNESSEE		
Knoxville	Journal	35,348
Memphis	Evening Appeal	85,655
TEXAS		
Beaumont	Enterprise	20,247
Dallas	Morning News	92,131
Do	Times-Herald	64,221
Fort Worth	Star-Telegram	50,281
Houston	Chronicle	83,784
Do	Post-Dispatch	72,194
Do	Press	50,034
San Antonio	Express	41,791
Do	Light	46,251
VIRGINIA		
Norfolk	Ledger-Dispatch	50,174
Richmond	News-Leader	67,780
WASHINGTON		
Seattle	Post-Intelligencer	95,305
Do	Times	27,682
WISCONSIN		
Milwaukee	Journal	156,040
Do	Sentinel	80,727
Superior	Telegram	20,484
Total circulation		15,589,740

NOTE.—The newspaper-circulation data used in this table are from the international year book number of Editor and Publisher for 1932.

The total number of newspapers which have gone on record during the past year as specifically against immediate independence, as discovered by this survey, is 246. The total number which have gone on record during the same period as against retention of the islands, the survey indicates, is only 21. Many newspapers, of course, have expressed no opinion on the issue.

INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8397) making appropriations for the Department of the

Interior for the fiscal year ending June 30, 1933, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. McKellar]; and the Senator from Connecticut [Mr. Bingham] is entitled to the floor.

Mr. BINGHAM. Mr. President, I was very much interested in the remarks made by the Senator from Tennessee [Mr. McKellar] yesterday, and particularly in the first part of his amendment proposing a general cut of 10 per cent in the amount appropriated by the bill, with the exception of certain specified items. I shall vote for the reduction. I only wish that the Senator from Tennessee and his friends over in the House of Representatives were as anxious to prevent a tremendous expenditure for additional Federal-aid roads at this time.

The House of Representatives on the 27th of February pushed through, under very strict rules preventing any amendment, a bill providing for Federal aid for roads, an emergency bill which has been referred to several times on this floor, in their anxiety to have it passed, not only by the Senator from Tennessee but by the Senator from Nevada [Mr. Oddie], the Senator from Kansas [Mr. McGill], and the Senator from Arizona [Mr. Hayden]. The bill provides for \$120,000,000 to be given to the States, and some \$16,000,000 for Indian roads and forest roads and trails. As stated by the chairman of the committee reporting the bill, it really means an expenditure on the part of the Federal Government in 1932 of \$266,000,000, because the \$120,000,000 is merely to enable the States to match another \$120,000,000 which the Federal Government must give them when they get the new Federal aid to help them match the other Federal aid.

On February 27 that bill passed the House, notwithstanding all the protestations made by the Democratic leaders of the House that they desire to keep expenses down and cut appropriations down and not introduce bills providing additional authorizations for appropriations. On February 28 I sent out to the governors of the several States a telegram asking them two questions. The first was based on the fact that it had been stated on the floor of the Senate by a Senator that there were millions of people starving in the United States—I have forgotten the exact number he mentioned—and also on the statement of various Senators that there are 10,000,000 unemployed in the United States. That statement has been repeated several times in the Senate. I asked each governor if he would be so kind as to send me a wire telling me how many starving people there were in his State and how many unemployed there were in his State. I have received answers from very nearly all the governors. The replies are very interesting, and I ask to have them inserted in the RECORD at the close of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

(See Exhibit A.)

Mr. BINGHAM. Briefly summarizing them, none of the governors, with the possible exception of the Governor of Pennsylvania, admits there are any persons starving in their States. The Governor of Pennsylvania states that starvation is widespread, but that there are no means of finding out how many are starving. He does state, however, that in Philadelphia the allowance of \$4.38 per family per week is not sufficient to prevent starvation. But none of the governors in any other State admits there is anyone starving. Some of them were quite annoyed with me for asking the question, thinking it was a reflection on their States. Of course, I had no intention of making any reflection on any State. I was merely trying to ascertain the facts.

Mr. WALSH of Montana. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Montana?

Mr. BINGHAM. I yield.

Mr. WALSH of Montana. Will the Senator read the questionnaire he propounded? It occurs to me an inquiry

as to whether certain persons are starving is rather obscure. Some might construe that as meaning that they were not having sufficient food, and others might not consider they were starving until they died.

Mr. BINGHAM. I merely asked, "How many persons in your State are starving and how many persons are there desiring work who are unable to secure work?"

Mr. WALSH of Montana. What does the Senator mean by "starving"? "Starving" means a continuing process.

Mr. BINGHAM. I meant the same thing that one ordinarily means when using that word, as, for instance, when it is stated on the floor of the Senate that "millions of people are starving." I wanted to find out how many there are. Apparently, most of the governors so understood it. All but one of them replied that there are none.

Mr. WALSH of Montana. Will the Senator read the questionnaire itself?

Mr. BINGHAM. I regret that I have not a copy of the telegram, but I used the word "starving" in its ordinary sense.

However, the question regarding starvation does not immediately concern the bill. The bill which I am discussing is an attempt to provide money to put the unemployed at work.

It is entitled "A bill to authorize supplemental appropriations for emergency highway construction with a view to increasing employment."

The bill is being urged for immediate adoption as an emergency measure designed to relieve unemployment. In its present form the relief is very unfairly apportioned among the States. The greatest amount of unemployment occurs in the industrial States rather than in the large Western States. The apportionment of this fund among the States gives the larger amount to States large in area with extensive road mileage rather than to States with extensive unemployment.

So far as I have been able to learn from figures furnished by the Department of Commerce and published in the RECORD a few days ago, the distribution of unemployment shows—and I mention a few States specifically, for example—that Arizona contains three-tenths of 1 per cent of the unemployed persons in the United States. I mention Arizona because the junior Senator from Arizona [Mr. Hayden] has been very active in asking for the passage of the bill. In the apportionment of this fund Arizona would receive 1.4 per cent, or four and one-half times as much as she would be entitled to under a fair distribution of the emergency relief fund.

On the other hand, the State of Michigan, with 6.2 per cent of the total unemployed, receives only 3 per cent of the relief fund, or less than one-half of what she is entitled to. To put it the other way around, the unemployed in Arizona get eight times as much relief as the unemployed in Michigan.

The Senator from Kansas [Mr. McGill] made a long speech the other day in favor of the bill. Kansas has nine-tenths of 1 per cent of the total unemployed in the United States. Under this bill she would receive 2.6 per cent of the relief fund, or three times as much as she is entitled to. Massachusetts, on the other hand, with 5.1 per cent of the unemployed, receives only 1.4 per cent of the relief, or less than one-third of what she is entitled to. In other words, Kansas gets nine times as much relief, under this measure, as does Massachusetts.

Let us take another example: The Senator from Tennessee [Mr. McKellar] asked me the other day if I would agree to fix a time for voting on the bill. Tennessee has nine-tenths of 1 per cent of the total unemployed and under this measure she receives 2.1 per cent of the relief, or more than twice as much as she would be entitled to under a fair distribution of the fund. Contrast this with Rhode Island, which has 1.1 per cent of the total unemployed and receives only five-tenths of 1 per cent of the relief, or one-half of what she is entitled to. In other words, Tennessee gets four times as much relief for her unemployed as does the State of Rhode Island.

Let me give one other example of the operation of the bill reported by the Senator from Nevada from the Committee on Post Offices and Post Roads. Nevada has one-tenth of 1 per cent of the unemployed but receives under this bill 1.3 per cent of the relief, or thirteen times as much as she is entitled to on a basis of unemployment. Connecticut has 1.6 per cent of the unemployed and receives six-tenths of 1 per cent of the relief fund, or only about one-third of what she is entitled to. In other words, Nevada receives thirty-four times as much relief for her unemployed per capita as does the State of Connecticut. Surely it can hardly be claimed that this is an equitable distribution of a great emergency relief fund.

Let me put the matter in another way. How much per capita of unemployed, according to the latest figures received from the governors of the States and printed in the RECORD to-day, would this relief fund amount to? I am not now taking the percentages as furnished by the Department of Commerce, but the figures as furnished by the governors. According to these figures the relief varies from \$5.07 per capita of unemployed in Illinois to \$631.21 per capita of unemployed in Nevada. By the statements of their governors, then, this relief fund would provide one hundred and twenty-four times as much relief for Nevada as for Illinois. Surely no one can claim that this is an equitable distribution of a great national relief measure.

For the unemployed in the State of Ohio there would be allotted from this fund \$9 per capita, but in the State of Idaho the amount would be \$75.42 per capita, or eight times as much. For the unemployed in the State of Pennsylvania there would be allotted from this fund \$5.26 per capita, while in the State of Utah they would receive \$110.97, or twenty-one times as much. For the unemployed in the State of Connecticut there would be allotted \$9.16 per capita, while for the unemployed in the State of Wyoming there would be \$616.32, or sixty-seven times as much. However, in fairness to Wyoming, let it be said that the Governor of Wyoming, in reply to my telegram, telegraphed as follows:

Wyoming is able and willing to handle its own relief situation and has not requested and will not request assistance from either the Federal Government or other States. \* \* \*

Of course, all this money is virtually coming out of the taxpayers' pockets. In that connection it is well to remember that the chairman of the committee reporting the bill stated that this emergency fund of \$120,000,000 will provide a total of \$250,000,000 for Federal participation with the States in 1932, in addition to the \$16,000,000 carried for forest roads and Indian trails. In other words, this bill actually will cost the Federal Government \$266,000,000 in 1932. Where is this money going to come from?

We are now spending \$8,000,000 a day more than we are receiving, and this bill would add another million dollars a day to this deficit for the next nine months. Who is going to pay the bill?

Proponents of this legislation object to our using figures showing the internal-revenue collections because they point out that a large part of the revenue collected in North Carolina is paid by cigarette smokers all over the United States, and a large part of the revenue collected in New York is earned by companies operating in many Western and Southern States. I think it will be agreed, however, that the payment of income taxes shows a fair distribution of where the tax money must come from. This seems a fairer means of arriving at the distribution of taxes. On this basis, New York pays 33 per cent, Pennsylvania 9 per cent, Illinois 9 per cent, Michigan, Ohio, and California 5 per cent, Massachusetts 4 per cent, New Jersey nearly 4 per cent, Missouri 2 per cent, and Connecticut nearly 2 per cent. These 10 States will have to raise about 80 per cent of the money distributed by this bill, whatever it may be. Their apportionment of it is only 30 per cent. Perhaps the argument will be used that as they are the richest States they must bear the burden. In any event, they will have to bear it. But what makes the bill really unfair and unjust and un-American is that they

have 65 per cent of the unemployed, and yet they get only 30 per cent of the relief fund. In other words, the unemployed in the States that have to pay the larger share of the bill only get half as much relief from it as do the unemployed in the other 38 States.

There would be far more relief in the States where unemployment occurs if they would levy a special tax on their citizens to meet the needs of their own unemployed. In that case their unemployed would get the entire benefit of the burdens placed upon the taxpayers instead of getting only a fraction of it.

It is safe to say that of the money which must be raised from the taxpayers of New York the unemployed of that State would get less than \$1 in every \$6. Of the money which must be raised from the taxpayers in Pennsylvania the unemployed would get less than \$1 out of every \$2.50; so also would the unemployed in Illinois, Massachusetts, and New Jersey. The taxpayers of Michigan must raise nearly 6 per cent of the fund. The unemployed of Michigan will only get 3 per cent of it. In other words, the unemployed of Michigan would be twice as well off if Michigan kept the money which she must raise for this purpose and used it for the unemployment of her own citizens.

In times of plenty and great prosperity it may be fair to say that the more prosperous States should be taxed heavily to provide roads and other benefits for the less fortunate States. But in this day when there is a far greater proportion of unemployment in the States that have to pay the larger share of the bills surely it is not fair that their unemployed should receive so much less benefit from the taxpayers' burden than they are entitled to under a fair distribution of the benefits of this so-called emergency relief legislation proposed, as stated in the title of the bill, "with a view to increasing employment."

Mr. ODDIE. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Nevada?

Mr. BINGHAM. I yield.

Mr. ODDIE. The Senator from Connecticut has made a number of statements and drawn a number of comparisons in which the State of Nevada was referred to. The population of the State of Nevada is small in comparison to its area, but the Federal Government, as I have previously stated, owns practically 90 per cent of the area of the State, and the people of that State pay from their own pockets large amounts of money to maintain roads built by the Federal Government over Government-owned lands in the State, roads which are used principally by the people from all the States.

Mr. President, the Senator has tried to show from his tables that this emergency road money will not be distributed equitably, and consequently that the benefits will not be distributed fairly between various sections of the country; in other words, that the more populous centers will not get as much benefit as will the States containing smaller populations.

Mr. BINGHAM. Mr. President, I yielded for a question only and not for a speech. I hope the Senator will make his speech in his own time, and I decline to yield further at present.

Mr. ODDIE. May I say just a word further about this one question?

Mr. BINGHAM. I decline to yield further at the present time.

The VICE PRESIDENT. The Senator from Connecticut declines to yield.

Mr. BINGHAM. Mr. President, the statement the Senator from Nevada makes is very appropriate in relation to ordinary road legislation, the kind of road legislation we pass every year, and I have great sympathy for his position; in fact, so far as I am concerned, I should be delighted to have the lands belonging to the Federal Government in the State of Nevada turned back to that State; but, as I have re-

peatedly stated, the point now is that this bill is an emergency relief measure; it is explicitly stated that it is to relieve unemployment. The Governor of the State of Nevada telegraphs me that there are only 2,500 unemployed in Nevada, and under this bill Nevada would get \$1,578,025, or \$631.21 per capita of unemployed.

Mr. ODDIE. Mr. President—

Mr. BINGHAM. Just a moment. I can not yield just now. The point is not whether there should be more roads built at public expense in the State of Nevada. I am not now making an argument against the usual road fund, the usual Federal aid to roads. I am making an argument against this extremely unfair distribution of aid. The larger States of Illinois, Pennsylvania, Michigan, Ohio, New York, and Massachusetts, with their large industrial populations, have a far greater percentage of unemployment per capita than have the Western States, as is admitted by telegrams from the governors. A fair distribution of this fund would be in accordance with the number of unemployed in each State; but that we are unable to determine, so that the next most fair thing, Mr. President, is a distribution of it in accordance with population.

Mr. President, I should like to read one or two telegrams which are very heartening to those who, like myself, regret to see the tendency to lean on the Federal Government for aid in times of general distress. In order that I may not be accused of partisanship in this regard I shall read first from a telegram received from the Governor of Maryland:

Your wire of February 23 received. It is difficult to estimate accurately number of unemployed in Maryland. Estimates vary from 30,000 to 50,000. I do not know where you get the idea that anybody is starving in this State. No such condition as that exists here. We are taking care of our unemployed through the regular community and welfare agencies without the necessity of any appropriation from the State government or from any county or city government.

ALBERT C. RITCHIE, Governor.

I will now read one from a State that generally goes Republican—the State of Maine:

No one starving in Maine, to my knowledge. Unemployment relief work has brought number actually unemployed nearly down to normal for this time of year.

The Governor of Indiana replies:

There are no people starving in Indiana. From 80,000 to 100,000 unemployed. Relief agencies adequate. Indiana takes care of her own.

Mr. President, I have already asked that these telegrams may be printed in the RECORD, and I will ask also to have printed in the RECORD a table showing the number of unemployed according to the census of 1930 as contrasted with the governors' figures recently received in reply to this questionnaire; the proposed appropriation for supplemental highway work, for emergency relief, and its allotment among the States; the amount per capita of unemployed which would be granted to each State under this division, and the amount according to the governors' figures.

I have already called attention to some of the more striking examples. I will mention a few others, reading the list according to the governors' figures.

This unemployment relief bill would furnish per capita of unemployment in Arizona, \$88—I omit the cents; in Arkansas, \$44; in California, \$9; in Colorado, \$45; in Connecticut, \$9; in Idaho, \$75; in Illinois, \$5; in Indiana, \$34; in Kansas, \$43; in Maryland, \$25; in Minnesota, \$22; in Missouri, \$37; in Montana, \$168; in Nevada, \$631; in New Hampshire, \$21; in New Mexico, \$301; in New York, \$32; in Ohio, \$9; in Oklahoma, \$36; in Oregon, \$36; in Pennsylvania, \$5; in Texas, \$25; in Utah, \$110; in Virginia, \$90; in West Virginia, \$41; in Wisconsin, \$14; and in Wyoming, \$616. I have only mentioned States whose governors gave me their estimate of unemployed.

The VICE PRESIDENT. Without objection, the table referred to by the Senator from Connecticut will be printed in the RECORD.

The table is as follows:

Unemployed and proposed appropriation for supplemental highway work

State	Unemployed		Proposed appropriation for supplemental highway work	Amount per capita of unemployed	
	Census, 1930	Governors' figures		Census, 1930	Governors' figures
Alabama.....	20,900		\$2,550,053.00	\$85.28	
Arizona.....	9,100	20,000	1,762,636.00	193.69	\$88.13
Arkansas.....	18,300	45,000	2,091,431.00	114.28	44.87
California.....	189,800	500,000	4,669,711.00	24.60	9.33
Colorado.....	30,200	50,000	2,255,281.00	74.67	45.10
Connecticut.....	50,800	85,000	779,324.00	15.34	9.16
Delaware.....	3,900		600,000.00	153.84	
Florida.....	38,700		1,629,204.00	42.35	
Georgia.....	39,600		3,120,191.00	78.79	
Idaho.....	7,400	20,000	1,508,455.00	203.84	75.42
Illinois.....	282,800	1,000,000	5,077,245.00	17.95	5.07
Indiana.....	86,300	90,000	3,060,266.00	35.68	34.00
Iowa.....	31,500		3,173,493.00	100.74	
Kansas.....	28,100	75,000	3,276,334.00	116.59	43.68
Kentucky.....	42,200		2,259,648.00	53.54	
Louisiana.....	39,400		1,740,196.00	44.16	
Maine.....	21,000		1,070,600.00	50.98	
Maryland.....	31,600	40,000	1,015,296.00	32.16	25.38
Massachusetts.....	161,400		1,712,774.00	10.61	
Michigan.....	197,000		3,783,179.00	19.20	
Minnesota.....	55,200	150,000	3,373,560.00	61.11	22.48
Mississippi.....	15,400		2,160,628.00	140.03	
Missouri.....	81,400	100,000	3,761,014.00	46.20	37.61
Montana.....	15,000	15,000	2,525,108.00	168.34	168.34
Nebraska.....	19,000		2,557,683.00	13.46	
Nevada.....	3,100	2,500	1,578,025.00	509.04	631.21
New Hampshire.....	13,500	27,500	600,000.00	44.44	21.81
New Jersey.....	140,300		1,659,121.00	11.82	
New Mexico.....	6,500	6,500	1,962,340.00	301.89	301.89
New York.....	428,000	184,906	6,057,965.00	14.15	32.76
North Carolina.....	44,100		2,890,203.00	65.53	
North Dakota.....	7,400		1,940,325.00	262.20	
Ohio.....	274,600	500,000	4,501,069.00	20.97	9.00
Oklahoma.....	45,300	80,363	2,893,101.00	63.86	36.00
Oregon.....	31,400	54,000	1,996,128.00	63.57	36.96
Pennsylvania.....	325,500	1,000,000	5,621,052.00	16.16	6.26
Rhode Island.....	36,100		600,000.00	16.62	
South Carolina.....	19,200		1,666,492.00	86.79	
South Dakota.....	4,500		2,002,076.00	44.49	
Tennessee.....	30,100		2,609,757.00	86.70	
Texas.....	95,200	300,000	7,668,024.00	80.54	\$25.56
Utah.....	10,900	12,500	1,387,190.00	127.26	110.07
Vermont.....	8,300		600,000.00	72.28	
Virginia.....	35,300	25,000	2,258,196.00	63.97	90.32
Washington.....	46,400		1,905,627.00	41.06	
West Virginia.....	35,300	32,000	1,316,720.00	37.30	41.14
Wisconsin.....	64,000	200,000	2,992,438.00	46.75	14.96
Wyoming.....	4,900	2,500	1,540,811.00	314.45	616.32

Mr. BINGHAM. Mr. President, it may be interesting to note, in view of the criticism made of my estimate of the number of unemployed the other day by the Senator from New Mexico [Mr. BRATTON] when he said that I was the only person of whom he knew who did not think there were 10,000,000 unemployed in the United States, that the census of 1930 gives a total of the two kinds of unemployed—

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Louisiana?

Mr. BINGHAM. Just a moment. I am not quite through with this statement.

The VICE PRESIDENT. The Senator from Connecticut declines to yield.

Mr. BINGHAM. Of the two kinds of unemployed; that is, those who have no job and those who have a job but are not employed in it. The census of 1930 gives the figure at about 3,187,000. My present estimate, increased by the figures I have recently received, and giving a liberal allowance to States not reported, brings the total up to about 6,000,000.

I have gone over these figures with a group of interested and keen young men this morning, and they have come to the conclusion that a fair estimate of the number of unemployed in the United States, according to the best figures which we have been able to obtain, is about 6,000,000, and not 10,000,000.

Mr. BRATTON. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from New Mexico?

Mr. BINGHAM. I yield.

Mr. BRATTON. Despite the figures given by the Senator from Connecticut, I still adhere to the firm belief that the



true facts are that at least 10,000,000 people are out of employment in this country.

The Senator a while ago referred to starvation among the citizens of the country. I do not mean to say that 10,000,000 people are starving, or bordering on starvation; but I reaffirm the belief that there are 10,000,000 people out of employment in the country, and that that condition does present a very serious problem to every right-thinking citizen of the country.

Mr. BINGHAM. Mr. President, "A man convinced against his will is of the same opinion still."

EXHIBIT A

Copy of telegram sent to each of the governors of the States on February 28:

"Will you please let me know by telegraph reply collect how many people in your State are starving, also how many can find no employment of any kind?"

"HIRAM BINGHAM."

MONTGOMERY, ALA., February 29, 1932.

HON. HIRAM BINGHAM,  
United States Senate:

The statistical information is not available for me to answer questions asked in your telegram.

B. M. MILLER,  
Governor of Alabama.

PHOENIX, ARIZ., February 29, 1932.

HON. HIRAM BINGHAM,  
United States Senate:

Re telegram. People are not actually starving in our State. Mr. D. W. Fountain, State director of unemployment relief in Arizona, estimates that there are 20,000 unemployed wage earners in Arizona, of whom 8,000 are in actual distress. The unemployment situation is bad all over Arizona and in all lines of endeavor. It is particularly acute and distressing in our large copper-mining camps where the mines have either curtailed production drastically or ceased producing altogether because of low prices for copper. We believe that the quickest relief in our copper-mining areas would come through the enactment by Congress of an adequate tariff against foreign copper entering this country. The competition of cheap-labor copper from the Latin American countries and Africa is forcing our Arizona copper mines out of business. The plight of the copper mines is reflected in business, livestock, and agricultural industries, as the copper camps have been the best customers. Our State has gone its financial limit in providing highway and other work for jobless citizens. Our problem of unemployment is intensified by large numbers of jobless transients who come to this State because of its equable winter climate. I believe that failure of Congress to enact legislation providing for immediate highway and other public work for relief of unemployment would be a tragic mistake.

GEO. W. P. HUNT,  
Governor of Arizona.

LITTLE ROCK, ARK., March 4, 1932.

Senator HIRAM BINGHAM,  
United States Senate:

Your telegram of February 28 delivered to my residence during absence. Am directing reply to question by mail.

HARVEY PARNELL, Governor.

BUREAU OF LABOR AND STATISTICS,  
Little Rock, March 5, 1932.

Senator HIRAM BINGHAM,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: Governor Parnell has transmitted to this department your telegram of March 3 with instructions to forward the information requested.

There are approximately 45,000 people unemployed in this State from the group of 283,000 gainfully employed other than in agriculture during normal times. Of course a great majority of our population is rural and not included in these figures.

Naturally, there are many families struggling for existence, and many being cared for by our relief organizations, which are sorely taxed and in need of funds, but we do not have any record of people actually starving.

Trusting this is the information you desire, I am,

Very truly yours,

W. A. ROOKSBERY,  
Commissioner of Labor.

SACRAMENTO, CALIF., March 3, 1932.

HON. HIRAM BINGHAM,  
United States Senator, Senate Office Building.

DEAR SENATOR BINGHAM: Replying your wire February 28, we are not advised of any starving people in this State. Our unemployment commission roughly estimates that there are approximately 500,000 unemployed in this State, which includes all dependents.

With kindest regards,

JAMES ROLPH, Jr.,  
Governor of California.

DENVER, COLO., February 29, 1932.

HON. HIRAM BINGHAM,  
United States Senate:

Unemployment problem Colorado now at its most acute stage. We badly need passage Federal emergency highway appropriation to furnish work. Local relief agencies still able, in a limited way, to cope with demand for food.

WM. H. ADAMS,  
Governor of Colorado.

DENVER, COLO., March 5, 1932.

Senator HIRAM BINGHAM:

Jesse F. Wellborn, chairman Denver Employment (Inc.), after careful survey Denver and good general knowledge Colorado, estimates number totally unemployed this State to be more than 50,000. State-wide surveys now being made will enable us make information more specific in short time.

WM. H. ADAMS, Governor.

HARTFORD, CONN., March 2, 1932.

Senator HIRAM BINGHAM:

It has not been brought to the attention of the Connecticut Unemployment Commission at any time that anyone in Connecticut is starving or near starving; regard to the number of unemployed, the commission states there is no way to get dependable figures. The commission is now making a survey to determine changes in employment in all industries in the State between the peak of employment in 1929 and the trough of unemployment in late 1931 and early 1932. The survey to date indicates that the number of unemployed in the State is probably between eighty and ninety thousand.

WILBUR L. CROSS.

DOVER, DEL., March 1, 1932.

HIRAM BINGHAM,  
United States Senate:

There is no record of anyone ever having starved in Delaware, and there is part-time employment now in the State for all who want it.

C. D. BUCK, Governor.

TALLAHASSEE, FLA., February 29, 1932.

HIRAM BINGHAM,  
United States Senate:

No persons, to my knowledge, are starving in Florida. Many are in need of employment.

DOYLE E. CARLTON, Governor.

ATLANTA, GA., March 3, 1932.

HON. HIRAM BINGHAM,  
United States Senate, Washington, D. C.:

Inasmuch as no definite survey has been made, it is impossible to give exact figures on unemployment and sufferers from unemployment in Georgia.

RICHARD B. RUSSELL, Jr., Governor.

BOISE, IDAHO, February 29, 1932.

HON. HIRAM BINGHAM,  
United States Senate:

To our knowledge, no one in Idaho starving. Have surplus farm products on hand. Considerable unemployment at present. Emergency Federal aid for road construction would help immensely.

C. BEN ROSS, Governor.

BOISE, IDAHO, March 4, 1932.

HON. HIRAM BINGHAM,  
Senator:

Government employment bureau, Boise, estimates 20,000 unemployed in Idaho.

C. BEN ROSS, Governor.

SPRINGFIELD, ILL., March 2, 1932.

HON. HIRAM BINGHAM,  
United States Senate:

While there is much destitution in Illinois, none of our people are actually starving, due to unemployment relief funds provided both privately and by the State. We estimate that approximately 1,000,000 people in Illinois are unable to secure employment, although able and willing to work.

LOUIS L. EMMERSON, Governor.

INDIANAPOLIS, IND., February 29, 1932.

Senator HIRAM BINGHAM:

There are no people starving in Indiana. From 80,000 to 100,000 unemployed. Relief agencies adequate. Indiana takes care of her own.

HARRY G. LESLIE, Governor.

TOPEKA, KANS., February 29, 1932.

HON. HIRAM BINGHAM,  
Senate Office Building, Washington, D. C.:

None starving. Thousands can not find employment. If you are interested in relieving our unemployed, you can not do so more

effectively than by working and voting for the additional hundred and thirty-two million emergency Federal-aid bill for highways. With these additional funds available Kansas immediately could do more for actual unemployment relief than through any other action of Congress. Congress unhesitatingly has voted generous Federal aid to foreign governments, banks, corporations, railroads, and industry. Here is an opportunity, through local public improvements widely distributed through the agricultural States, directly and immediately to benefit the unemployed. Ninety cents of each dollar of Federal aid for highways goes to labor directly or indirectly. Question of source of Federal funds should not mitigate against this bill when not raised in consideration of previous appropriations. Passage of this bill alone can not force a Federal sales tax on the people if previous appropriations have not already made such a tax necessary. Kansas people ask the administration and all Members of Congress, regardless of party, to see that this Federal aid for unemployment is passed immediately. Through the reduction of Federal-aid appropriation in the agricultural bill from one hundred twenty-five millions to one hundred millions, and through repayment clause of previous \$80,000,000 Federal aid, Kansas this year will suffer curtailment of more than \$1,000,000 in Federal aid, thus reducing ordinary and needed benefit to unskilled labor to that extent at a time when the need is greatest.

HARRY H. WOODRING, *Governor.*

TOPEKA, KANS., *March 4, 1932.*

HON. HIRAM BINGHAM,  
*United States Senate:*

I am informed by the State labor department there are at least 75,000 seeking employment in Kansas at this time, many receiving temporary aid from cities and towns where there are emergency employment committees. Thousands of others receiving direct charity from cities and counties.

HARRY H. WOODRING, *Governor.*

AUGUSTA, ME., *February 29, 1932.*

HIRAM BINGHAM,  
*United States Senate, Washington, D. C.:*

No one starving in Maine, to my knowledge. Unemployment relief work has brought number actually unemployed nearly down to normal for this time of year.

WILLIAM TUDOR GARDINER.

ANNAPOLIS, MD., *February 29, 1932.*

HON. HIRAM BINGHAM,  
*United States Senate:*

Your wire February 28 received. It is difficult to estimate accurately number of unemployed in Maryland. Estimates vary from thirty to fifty thousand. I do not know where you get the idea that anybody is starving in this State. No such condition as that exists here. We are taking care of our unemployed through the regular community and welfare agencies without the necessity of any appropriation from the State government or from any county or city government.

ALBERT C. RITCHIE, *Governor.*

BOSTON, MASS., *February 29, 1932.*

HIRAM BINGHAM,  
*United States Senate:*

Massachusetts law requires local departments of public welfare to care for needy citizens. Due to their work and the fine assistance of groups of citizens we feel confident that there is no starvation in Massachusetts. Attempts to determine number unemployed have been unsuccessful because of rapidly changing conditions and because many of so-called white-collar workers do not register at employment bureaus. In general Massachusetts communities are handling the situation in splendid fashion.

JOSEPH B. ELY,

*Governor Commonwealth Massachusetts.*

LANSING, MICH., *February 29, 1932.*

HON. HIRAM BINGHAM,  
*United States Senate:*

Disinclined to estimate extent of unemployment in advance of report on survey now in progress. Facts at hand indicate Michigan well able to care for its own. Special legislature session will be called shortly to deal with emergency problems.

WILBUR M. BRUCKER.

ST. PAUL, MINN., *February 29, 1932.*

HON. HIRAM BINGHAM,  
*Senate Office Building, Washington, D. C.:*

In answer your wire requesting information unemployment conditions in Minnesota. A complete survey of Minnesota finished last October estimated 134,020 persons therein not engaged in any employment. The number has increased, and a conservative estimate would be 150,000 at the present time who are unable to find any kind of employment. These figures are exclusive of persons living on farms.

FLOYD B. OLSON,  
*Governor of Minnesota.*

JEFFERSON CITY, MO., *March 1, 1932.*

HON. HIRAM BINGHAM,  
*United States Senate:*

As far as I know there are no people starving in Missouri; and I am sure if any person is hungry he need but let it be known and he will have food. It is estimated that there are about 100,000 people out of employment in Missouri.

HENRY S. CAULFIELD,  
*Governor of Missouri.*

HELENA, MONT., *February 29, 1932.*

HON. HIRAM BINGHAM,  
*United States Senate, Washington, D. C.:*

Re your telegram 29th. Nobody starving in Montana. Red Cross at sometime furnished relief to 9,800 farm families. March program contemplates aid to 7,000 families. Estimated unemployed, 15,000.

J. E. ERICKSON, *Governor.*

LINCOLN, NEBR., *March 4, 1932.*

HON. HIRAM BINGHAM,  
*United States Senate:*

Replying to your telegram as to how many people starving in Nebraska, will say that no one is starving here. However, the generous people of our State have been feeding, through public donations, about 8,000 people, and also feeding their livestock in nine severely drought-stricken counties in northern Nebraska. Public contributions of more than 1,000 carloads of food, feed, and clothing have been donated, and donations are continuing to carry these people along, but they will need a great deal of assistance for the coming year to live on as well as to feed their stock while they are growing another crop. The emergency road fund by the Federal Government enabled us to greatly relieve the unemployment situation by employing men and requiring the construction work to be done by hand and team labor, but that money is now exhausted and another Federal appropriation for road construction is badly needed to help our unemployed tide over this dreadful economic depression.

CHARLES W. BRYAN,  
*Governor of Nebraska.*

CARSON CITY, NEV., *February 29, 1932.*

Senator HIRAM BINGHAM,  
*United States Senate, Washington, D. C.:*

Re telegram 28th, no starving people in Nevada. Approximately 2,500 people unable to find employment of any kind, of whom one-half are at city Las Vegas in connection with construction of Hoover Dam, Colorado River.

F. B. BALZAR, *Governor.*

CONCORD, N. H., *February 29, 1932.*

Senator HIRAM BINGHAM:

Much malnutrition among New Hampshire needy. Between 25,000 and 30,000 have no work at all; 30,000 to 40,000 more working only part time, many of them for less than living wage. This answers your telegram to Governor Winant.

JAMES M. LANGLEY,  
*Chairman New Hampshire Unemployment Commission.*

SANTE FE, N. MEX., *March 4, 1932.*

HON. HIRAM BINGHAM,  
*United States Senate, Washington, D. C.:*

Replying your telegram February 28, asking how many people in New Mexico are starving, also how many can find no employment of any kind, will say that, after making careful check in all counties, that we have 6,000 to 7,000 individuals in need of employment, and we have approximately 16,000 persons in New Mexico now receiving or in immediate need of food relief. With assurances of esteem.

ARTHUR SELIGMAN,  
*Governor of New Mexico.*

ALBANY, N. Y., *February 29, 1932.*

HON. HIRAM BINGHAM,  
*United States Senate, Washington, D. C.:*

Have referred your telegram to Jesse Isidor Straus, chairman of the temporary emergency relief administration, with request that he give you all available figures.

FRANKLIN D. ROOSEVELT.

STATE OF NEW YORK,  
TEMPORARY EMERGENCY RELIEF ADMINISTRATION,  
*New York, March 1, 1932.*

HON. HIRAM S. BINGHAM,  
*United States Senate, Washington, D. C.*

DEAR SENATOR BINGHAM: I have a telegram from Governor Roosevelt, asking that I reply to a telegram you sent him requesting information as to "how many people in your State are starving, also how many can find no employment of any kind."

It is very difficult to reply specifically to your questions. At the moment, as far as we know, 72,964 persons are receiving work relief, and in the month of January 91,136 families received home relief under the Wicks Act (ch. 798 of the laws of 1931 of the State of New York). Our records on February 27 indicate that 98,442 individuals required but were not receiving work relief, and it is

assumed that the major portion of this group was investigated. In addition, 34,560 individuals were registered at work bureaus and did not receive work relief, and our assumption is that this entire group had not been investigated.

All of this information is necessarily incomplete because certain cities and counties did not report fully and promptly last week, and it is assumed that of these nonreporting districts perhaps 13,500 additional individuals might be in need of relief.

In New York City and in Buffalo the estimates are admittedly low, due to incompleteness of records in these cities. Of the 58 cities and the 57 counties, 11 did not come in under the act. The act required affirmative action on the part of each municipal corporation in order to come within its provisions. What the conditions in these nonparticipating municipal corporations are is entirely unknown to us.

I regret that I can not give you more accurate information.

Very truly yours,

JESSE ISIDOR STRAUS.

BISMARCK, N. DAK., February 29, 1932.

HIRAM BINGHAM:

Replying your telegram to-day, there are no persons starving in this State. Any report to that effect is sheer nonsense. While number of unemployed is larger than normal, condition is not as serious as in industrial centers.

GEO. F. SHAFER, Governor.

COLUMBUS, OHIO, March 1, 1932.

Senator HIRAM BINGHAM,

United States Senate:

All governmental subdivisions of Ohio, aided by community funds and other private charities, are utilizing every available resource to meet needs for relief in Ohio. Bare food needs are being met up to present time. Have no authentic record of any present cases of starvation. Impossible to state definite number of those who can find no employment of any kind. Many are employed part time or are on rotation basis. Many receive odd jobs locally, of which no records are available. Believe that number of unemployed who can find no work of any sort to be under 500,000.

GEORGE WHITE, Governor.

OKLAHOMA CITY, OKLA.

HIRAM BINGHAM,

United States Senate:

Number of people starving in Oklahoma, if any, unknown. Eighty thousand three hundred and sixty-three out of employment, shown by recent survey; also 17,346 aged and infirm. Only \$400,000 State relief funds available.

W. A. PAT MURPHY,  
Commissioner of Labor.

SALEM, OREG., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

No persons in Oregon actually starving; 43,000 registered unemployed, without work of any kind, but being fed.

JULIUS L. MEIER, Governor.

SALEM, OREG., March 2, 1932.

Hon. HIRAM BINGHAM,

United States Senate, Washington, D. C.:

Since sending telegram dated February 29 am informed by J. M. Devers, in charge of unemployment, there are in State 54,000 registered unemployed, with approximately 160,000 dependents. Approximately 11,000 men given employment one week per month on highway work, remainder unemployed and dependents being cared for through charity, private and public. Charity funds will be exhausted by spring, necessitating drive for additional funds. Practically all public work available is State or county highway work. State made available one and a quarter million dollars, city of Portland and Multnomah County each provided one million by bond issue, making over three million for emergency unemployment. These funds will soon be exhausted, leaving thousands destitute and dependent on public for necessities of life.

JULIUS L. MEIER, Governor.

HARRISBURG, PA., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

At least 1,000,000 people are unemployed in Pennsylvania. Philadelphia gives \$4.38 per family per week for relief. That is practically starvation. Relief given in many other places far less. Underfed children have increased 30 per cent in Pennsylvania schools in one year. Suffering in coal regions east and west especially severe. We know starvation is widespread, but no one has enumerated the starving. Unemployment is costing Pennsylvania wage earners a billion dollars a year. I regard the refusal of standpat Democrats and Republicans in the Senate to give relief to suffering people after giving two billions in dole to big business as most scandalous and indefensible preferring of money to human beings in my experience.

GIFFORD PINCHOT.

COLUMBIA, S. C., March 3, 1932.

HIRAM BINGHAM,

United States Senate:

There are many people in South Carolina who are suffering. I know of none who are starving for food or freezing from lack of fuel or shelter. There is a vast number who can find no employment. I hesitate to make definite statement for the lack of statistics and information. A mild winter has contributed greatly to the relief of our people. Much could be done to improve our situation.

I. C. BLACKWOOD, Governor.

PIERRE, S. DAK., March 1, 1932.

Senator HIRAM BINGHAM,

United States Senate, Washington, D. C.:

Red Cross has averted any possibility of people starving in this State. Less fortunate of our people are being fed by Red Cross and local organizations. Three times as many unemployed in towns and cities compared with normal times.

WARREN GREEN, Governor.

NASHVILLE, TENN., March 3, 1932.

Senator HIRAM BINGHAM,

Senate Office Building, Washington, D. C.:

In re telegram Governor Horton, please be advised we have no starving people in Tennessee; have never had, and do not expect to have. People do not starve in this State. Tennesseans are real people and will always look after their own. Comparatively few people in Tennessee willing to work are out of employment, and this number is being gradually reduced. Tennessee and Tennesseans are in good shape. Thanks for inquiry.

CHARLES C. GILBERT.

Chairman Tennessee's Committee to Aid Employment.

AUSTIN, TEX., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

From our best information we have no reports of actual starvation. Probably 100,000 people destitute living on charity and invisible aid; 300,000 unemployed.

R. S. STERLING, Governor.

SALT LAKE CITY, UTAH, March 3, 1932.

Senator HIRAM BINGHAM,

Washington, D. C.:

More than 50,000 persons in Utah would be starving if it were not for relief extended by counties, cities, and charitable organizations. There are in excess of 12,500 heads of families who can not find employment. These figures are based upon actual surveys.

GEORGE H. DERN.

MONTPELIER, VT., March 4, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

Telegrams received. There are no people starving in Vermont. Difficult to state how many are unable to obtain employment of any kind, because at this time of the year there are quite a number of seasonal unemployed in Vermont. Many have insufficient work but work created locally to care for unemployment furnishes some work to most of those who otherwise might have none.

STANLEY C. WILSON,  
Governor of Vermont.

RICHMOND, VA., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

Answering your wire, Virginia, in common with other States, suffering from unemployment. Number who can find no employment of any kind estimated at about 25,000. Passage by Senate of House bill advancing road money to States will give employment to many and hasten return of normal times.

JNO. GARLAND POLLARD,  
Governor of Virginia.

RICHMOND, VA., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

Second telegram received. So far as I know, nobody in Virginia is starving in the sense that they are dying for food, but in Virginia, as in all other States, there are many suffering for want of sufficient food and clothing.

JNO. GARLAND POLLARD,  
Governor of Virginia.

CHARLESTON, W. VA., March 2, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

Have delayed acknowledging receipt of your telegram 1st instant to Governor Conley expecting his return to city. However, his return has been delayed and he is not expected back until next week. We have no reports of any deaths from starvation, although many are in need because of inability to find employment.

VINCENT LEGG,  
Private Secretary to the Governor.

CHARLESTON, W. VA., March 3, 1932.

HON. HIRAM BINGHAM,  
United States Senate:

Last survey showed 64,000 unemployed in West Virginia. However, about half of this number are occasionally able to get a day's work.

VINCENT LEGG,  
Private Secretary to the Governor.

MADISON, WIS., February 29, 1932.

HIRAM BINGHAM:

Two hundred thousand entirely out of work.

THOMAS M. DUNCAN,  
Secretary to the Governor.

CHEYENNE, WYO., February 29, 1932.

HON. HIRAM BINGHAM,  
Senate Office Building, Washington, D. C.:

I know of no community in Wyoming where people are starving. Wyoming is able and willing to handle its own relief situation and has not requested, and will not request, assistance from either the Federal Government or other States. The unemployed in Wyoming probably does not exceed 2,500, including coal miners who will probably be out of employment in the next two or three weeks. Our unemployed probably does not exceed 1 per cent of our population. Enactment of legislation providing for additional road construction would materially aid our labor situation.

A. M. CLARK, Acting Governor.

Mr. BORAH obtained the floor.

The VICE PRESIDENT. A point of order has been made against the pending amendment, and the Chair is ready to rule.

Mr. McKELLAR. Mr. President, may I say to the Senator from Idaho that after consulting with friends of the amendment on both sides, I believe the amendment is subject to a point of order: The Senator from Utah [Mr. Smoot] states that he is going to make the point of order. Therefore I will withdraw the amendment, and at the proper time I shall move to recommit the bill to the committee with instructions to report back a 10 per cent reduction on the gross amount of the bill.

JUDGE JAMES H. WILKERSON

Mr. BORAH. Mr. President, I do not rise to discuss matters connected with the pending bill. I desire to say a word about another matter.

There appeared in this morning's Washington Post an editorial on Judge Wilkerson. I shall not read the entire editorial, but there is a statement in it to which I wish to call attention:

Judge Wilkerson's nomination has been held in the grip of a few Senators who happen to have power to block a report. Weeks have passed and the Senate has not had an opportunity to reward this faithful public servant by approving his promotion.

Why does the Senate permit a subcommittee to block a vote on the confirmation of this nomination? How much humiliation must be dealt out to Judge Wilkerson before he is to be rejected or accepted by the Senate?

I think it proper to make a statement of fact in regard to that matter, and a statement of fact only, because I do not propose to argue the merits or demerits of Judge Wilkerson's nomination.

When the subcommittee was appointed it was immediately convened. Those who were opposing Judge Wilkerson asked for time in which to present the facts. At that time Mr. Donald Richberg, the attorney for the wage earners in Chicago, who were in a controversy over the wage question, was detained by his work in Chicago. He stated that it would be impossible for him to attend upon the committee for some time. We were compelled, therefore, to wait upon his attendance.

After Mr. Richberg appeared, those who were supporting Judge Wilkerson also asked for time in which to present the facts. The committee gave them time to the extent of two weeks. One of the parties interested in the matter was ill and could not attend, and therefore we allowed that length of time.

Afterwards the Bar Association of Chicago desired to be heard, and the committee desired to hear the bar association. But the committee of the association was not prepared at that time to present the matter and asked for time.

The bar association desired to familiarize itself with the record and to present the facts in the light of the record; time was thus extended for those who were supporting Judge Wilkerson to enable them to present the matter as fully as desired.

We are now waiting upon the bar association to present the final facts in regard to an important matter. Only this morning I received a telegram from Chicago, from the bar association committee, reading as follows:

Expect to send you written report in matter of Brundage appointment as receiver for St. Paul Railroad in two or three days at latest. Have been delayed in investigating facts because of absence of number of persons most familiar with the facts.

MEGAN,  
MILLER,  
HAIGHT,

Committee of Chicago Bar Association.

There has been no delay upon the part of the subcommittee itself. It has urged these people, with as much urgency as seemed proper, to present the facts upon both sides. We did not desire to preclude a full presentation, but we have in no instance failed to come together and to hear them when they were prepared to present the facts. I do not think either the proponents or opponents sought to delay the disposition of this nomination.

Judge Wilkerson is now on the bench, and I presume that nothing is being lost in the way of public service or the public interest by the fact that he may be delayed for a reasonable time in taking his position, if he is confirmed, upon the court of appeals. I desire to say, of course, that Judge Wilkerson is in no sense responsible for the editorial view. It has no bearing whatever upon his fitness or unfitness for the position, but I thought it proper to state these facts in the interest of justice to the subcommittee, as well as to all parties interested.

Mr. GLENN. Mr. President, the subcommittee in charge of the Judge Wilkerson matter needs no testimonial at my hands. It is headed by the able, distinguished, and wholly fair Senator from Idaho [Mr. BORAH]. With him are serving other Members of the Senate of equally high character and reputation and standing in this body and in the country.

I desire to say, however, as one of those who indorsed Judge Wilkerson for nomination that the subcommittee have been diligent and prompt; and to those appearing upon behalf of Judge Wilkerson and in his interest they have at all times been most courteous. At this time I desire to express my thanks for the consideration which has been given to those appearing in behalf of and sponsoring the nomination and confirmation of the judge.

It is true that some considerable time has elapsed; but it has occurred exactly as has been stated by the Senator from Idaho. The delay has been occasioned at the request of both the proponents and the opponents of Judge Wilkerson. I have had occasion at one time to ask a week's continuance, owing to illness; and I recall and desire to mention the fact that the chairman of the subcommittee and the members of the subcommittee were kind enough to meet in special session at my request a few days ago to hear the statement of an aged witness, Mr. Frank J. Loesch, who happened to be here in Washington. They held that hearing upon very short notice, and at considerable inconvenience, as I was informed, to the chairman of the subcommittee and to certain of the other members.

I desire to say nothing further.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hattigan, one of its clerks, announced that the House had re-committed to the committee of conference the report of that committee on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes.

#### THE FARMER

Mr. SCHALL. Mr. President, I desire to make a speech to-day of some length, because to-morrow 32 farm coopera-

tives are holding in this city their convention. It seems to me it would be a friendly act to summarize the arguments that appear to me in behalf of the Farm Board and the cooperatives, as well as to air some of the malicious and unjust charges being circulated by organized propaganda against them, to both of which their attention should be called.

Mr. President, the farmers are not able to meet their bills; they do not receive enough from the sale of their products to pay interest and taxes; they are unable to buy the manufacturers' products and output, and the factories of this country are closed because the buying power of the American farmer and producer has vanished.

When the farmer borrowed his money and mortgaged his farm in 1920 wheat was selling at \$3 a bushel, and it would take only 1,000 bushels of wheat to pay off a \$3,000 mortgage. Similar conditions confronted the cotton grower, the farmer who sold livestock, and the producer who sold his dairy products. When they borrowed on their farms in 1920 they were able to sell their products and livestock and their cotton for anywhere from four to six times as much as they receive for these same products now. To-day, with wheat selling at 50 cents a bushel, with cotton prices demoralized, with dairy products and livestock selling for a song, it will take six times the amount of the farmer's products to liquidate his debt.

One of the chief causes of the destruction of the credit of the American farmer and producer was brought about by the Federal reserve bank and its operations in deflating the American farmer. The Federal reserve bank is the financial agency of this Government, but in the enactment of the Federal reserve law and in its practice and operation no provision has been made for the proper financing of the farmer and producer. I have introduced a bill, S. 4058, which if passed will permit Federal reserve banks to discount first liens on improved farm lands, and I hope it may be given such attention that it will remedy this discrimination against the farmer.

The farmer's collateral is excluded and farm mortgages are not allowed to be used as a basis of credit. On the other hand, industry, the banks, the railroad companies, and the trust companies have been taken care of by the Federal reserve bank. The withdrawal of credit will ruin any business; the refusal to finance agriculture, on the part of the Federal reserve bank, is directly responsible for much of the condition that afflicts the farmers to-day.

This condition has not been given the attention it deserves by either of our major political parties or by the Congress of the United States. Because of our failure to take speedy and adequate action to rehabilitate agriculture, we find that the bankruptcy of the American farmer and producer is reflected in our closed factories, in our ruined banks, and the jobless men and women of America. Forty per cent of the population of this country is rural or dependent upon rural activities.

The American farmer and producer constitutes approximately 35 per cent of the buying power of this Nation, and that buying power has ceased to operate. Such a condition can not and must not endure. You can burn down your cities, but if the farm is left intact they will spring up overnight, but if the farm is not paying the cities will rot and grass grow in the streets, a thing which has happened.

When the manufacturers, the banking interests, or the insurance interests have asked for legislation in their behalf, it has been freely and willingly granted by Congress, but when we pass a law to reestablish agriculture, which is the basic industry of this Nation and upon which the prosperity of American labor depends, we find that those who have the privilege of making millions from the toil and the effort of the American farmer seek to poison the minds of the public and the Members of Congress against this law.

During all this time the traders in the farmers' commodities have been in control of the marketing system, they have fought every effort to give to the farmer and producer the cost of production or the right to own and control his own marketing system. The manufacturer, the industrial and

financial magnates have gone along paying little heed to the demands or conditions of the agricultural interests of this Nation.

For years everything seemed rosy—mills and factories were running, labor was well employed, and no one was willing to listen to the cry of the American farmer and producer. To-day our mills and factories are closed and millions of men and women are tramping the streets. When 60,000,000 people have lost their buying power; when there are between six and ten million men and women walking the streets of our country looking for work, it is time that the financial giants and the industrial leaders of our country give some attention to the problems of the farmer.

The only people who are not in a position to fix the price of their labor—the compensation for what they raise—are the American farmers. Unless the agricultural marketing act is upheld and strengthened the farmer will be powerless to bargain collectively for the sale of his products. No marketing system should have the right arbitrarily to fix the price that the farmer and producer should receive for their products. Why should we expect to eat the food or wear the clothes obtained from the products of the farmer for less than cost?

#### FULFILL OUR PLEDGES

In 1928 both major political parties admitted the need of legislative remedy. The Republican platform contained this pledge:

We promise every assistance in the reorganization of the marketing system on sounder and more economical lines, and, where diversification is needed, Government financial assistance during the period of transition.

The Republican Party pledges itself to the enactment of legislation creating a Federal Farm Board clothed with the necessary powers to promote the establishment of a farm marketing system, of farmer owned and controlled stabilization corporations or associations to prevent and control surpluses through orderly distribution.

We favor, without putting the Government into business, the establishment of a Federal system of organization for cooperative and orderly marketing of farm products.

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure its prosperity and success.

#### The Democratic platform promised:

Farm relief must rest on the basis of an economic equality of agriculture with other industries. To give this equality a remedy must be found which will include, among other things:

(a) Credit aid by loans to cooperatives on at least as favorable a basis as the Government aid to the merchant marine.

(b) Creation of a Federal Farm Board to assist the farmer and stock raiser in the marketing of their products, as the Federal Reserve Board has done for the banker and business man.

We pledge the party to foster and develop cooperative marketing associations through appropriate Government aid.

#### PRIVATE COMMODITY GAMBLERS CONTROL CREDIT

Those promises have only been partially fulfilled. The agricultural marketing act, as passed, was not as I wanted it. I was for the equalization fee, and I still think that law is inadequate without the equalization fee, which will furnish the machinery for taking care of the surplus of the farmer and avoid the piling up of grain where the world can see it and thereby continue a menace to higher prices. A measure should be passed to take care of the surplus and feed it out gradually to the foreign market, accepting such salvage as it brings. The protected home market is the thing sought.

During a period of 75 years prior to the enactment of the agricultural marketing act there had grown up a monopoly of commodity exchanges. For the last three decades the farmers have tried, through the cooperative movement, to have something to say about the fixing of the prices of their commodities.

The hearings before the Federal Trade Commission are filled with a record of intrigue, of corruption, of the spreading of false rumors against cooperative organizations, which have resulted in destroying these cooperative agencies. Hundreds of millions of dollars are made by private dealers belonging to these exchanges in the handling of the farmer's products in practically every grain, livestock, or dairy center of distribution. These same members of the commodity ex-

changes are often the stockholders and directors in banks, trust companies, and insurance companies, and because of this they control credit. Private elevator companies and commission merchants have for years loaned to the farmer, at excessive rates of interest, the money so necessary to enable him to move his crops or to sell his stock or products to meet the seasonal demands. When cooperative organizations desired money to assist in moving the farmer's crops, the banks, which were controlled by these same gamblers in the farmer's commodities, refused credit and discriminated against them.

At recent hearings before the House and Senate Committees on Agriculture, as usual when anything is attempted to be done for the farmer, we were admonished not to interfere with private business no matter how extortionate their profits or reprehensible their methods.

What is private business? If it is the banking business, it is the handling of the people's money, and the Government should give some attention to this. If it is the manufacturing business, does not that concern the consumers? When big business puts billions of dollars into foreign loans, they feel they should do so without this Government having a word to say about it; but when it becomes necessary to protect those loans with American troops, they are the first to squeal for Government aid. They are then willing to have Government in business as they wrap your flag and mine about them and to the strains of martial music cheer our boys on their march to the grave.

A living wage to the toilers and farmers of America is our job. Our biggest business is to leave as a legacy to our children and our children's children the opportunity to make a living; to stop forever the centralization of wealth and the enslavement that follows it.

Another slogan they advance for our lock step is that we should not subsidize the farmer. They argue that it should be the "survival of the fittest," that the cooperative and private trader fight it out. When the crops are to be harvested and sold; when the livestock is to be put upon the market, the problem is how to finance those crops and livestock. It is at this point that the unequal status is revealed. The private gambler in the farmer's commodities finds a ready welcome into the banks and financial institutions and can obtain the finance and credit which go to the very heart of this fight. Let the cooperative organizations start for that same bank or financial institution, and stealthy feet stick out to trip him on his way and he is suavely told that he can not receive credit, and the result is that the cooperatives can not finance the farmers in the marketing of their crops. This is not the "survival of the fittest," but of cunning and conniving greed.

The agricultural marketing act gives to the cooperative organizations the equality that is necessary for a fair fight for the "survival of the fittest."

#### INDEPENDENCE

The claim is made that we must not destroy the independence of the farmer; that he has a right to run his farm the way he pleases and to trade with whom he pleases. Under this so-called independent system the farmer has become a bankrupt. He is not an independent individual. He is dependent upon crop and weather conditions, upon surpluses and world markets, upon credit arrangements, including finance bonds and insurance, upon manipulations of the market, and cooperation is his only salvation.

When the farmer sells his grain he has nothing to say about the price. That price is arbitrarily fixed by the private grain trade and, until recent times, has depended upon the foreign market.

The Liverpool price of grain has dominated and dictated what the farmer has received.

#### UNFAIR PRACTICES

An investigation by the Federal Trade Commission, made at the request of the equity cooperative exchange, showed cars of grain shipped by the farmers to private dealers who are members of the Grain Exchange of Minneapolis were handled as many as 11 times by different commission firms, and that commissions or profits were charged against

the farmer's grain every time it was handled. This cost the farmer from 12 to 15 cents a bushel. This law was passed to allow the cooperatives to keep control of the grain from the time it leaves the farmer's hands until it reaches the mill, to put an end to the looting of the farmer. Before its passage the American price for the farmer's grain was from 16 to 17 cents below the Liverpool market.

During the time the Farm Board was stabilizing grain prices our farmers received from 14 to 22 cents above the Liverpool price. The record shows that after the Farm Board ceased stabilization the farmer received 1½ cents above the Liverpool market instead of receiving 16 or 17 cents under the Liverpool market, as was the condition before the passage of the agricultural marketing act.

The average wheat crop of this country during 1929, 1930, and 1931, was approximately 800,000,000 bushels a year. If a saving of 17 cents a bushel were made, this would mean that the farmer received \$136,000,000 more for his grain after the passage of the act than he would have received. Twenty-two cents above the Liverpool price would add to this amount \$176,000,000 more, making a total of \$312,000,000 saved to the wheat farmer, to say nothing of the hundreds of millions saved to the farmer raising other commodities. It must not be forgotten that the power to stabilize the price of grain, whether exercised continually or occasionally by the Farm Board, has a deterring effect upon short selling, and has prevented a further drop in the price of farm products. As a result of the increase in prices in grain there was inevitably a raise in price in livestock, cotton, and other farm products in sympathy with a stability which was given to the grain market during the stabilization operations.

The hearings before the Federal Trade Commission and Congress, with their disclosures of the abuses and unfair practices of the private grain and cotton exchanges, are a sufficient reason for the demand that is now being made by the farmer for legislation that will enable him to control and finance his own marketing system.

The interrelated connections between the banking interests and the private commodity exchanges of this country are well known. These connections have and will always oppose every effort of the producer to get away from the exactions and the tribute which the farmer has been compelled to pay to the gamblers in farm commodities and make plain the necessity of continuing the agricultural marketing act.

A greater emergency confronts this Nation to-day than during the World War when we gave to Julius Barnes unlimited power to fix grain prices. With that unlimited power, an arbitrary price, "a pegged price," but "pegged downward," was fixed. Financial support and the additional enactment of the equalization fee would put teeth into the agricultural marketing act and enable the farmer to market and sell his products without dictation, to enjoy the benefit of the protective tariff in his home market, and to get that equality "between agriculture and industry," which both the Democratic and Republican platforms solemnly promised.

The future of America depends upon the success of the tillers of the soil. The man who plants the seed, who gambles with nature, who takes his chances against drought, floods, heat, and cold is entitled to a fair deal for the "survival of the fittest." The agricultural marketing act does not give to any agency, cooperative or private, a monopoly of handling the products of the farmers. Only through a centralized agency, nation-wide in scope, can we ever hope to make a success of the agricultural marketing act. The "survival of the fittest" slogan will apply to the grain and cotton exchanges and the boards of trade if in fair competition they can render the same or better service to the producer.

The farmers have not forgotten that the traders in wheat, cotton, livestock, and dairy products grudgingly gave their assent to the passage of the agricultural marketing act because they thought thereby to defeat the equalization fee and figured they could control the Farm Board and hang onto the monopoly which they had of handling the farmer's products.

When President Hoover's appointees began to function, to the utter consternation of the traders, they made an honest effort to help the farmer and really to assist in the development and growth of the cooperative movement. This was not at all what the gamblers expected, and immediately a flood of malicious, subtle, false, and destructive propaganda was turned loose upon Congress and the public.

Section 5 of the agricultural marketing act specifically provides certain powers and duties of the Farm Board which are of the highest importance to every farmer and producer:

SEC. 5. The board is authorized and directed (1) to promote education in the principles and practices of cooperative marketing of agricultural commodities and food products thereof.

(2) To encourage the organization, improvement in methods, and development of effective cooperative associations.

Only by this method can the farmers and producers become independent of the gamblers in the farmer's commodities, and he has a right to expect that protection.

Chairman Stone, of the Federal Farm Board, correctly stated the purpose of the agricultural marketing act when he said:

A marketing system operating to their interest (i. e., the interest of the farmer and producer) and adjustment of production to the probable consumer demand are perhaps the most basic needs of American farmers.

Mr. Stone further said:

The agricultural marketing act offers aid to farmers, through organized effort, to make the necessary adjustment. It commits the Government definitely to the support of cooperative marketing. The Farm Board's main job is to assist in the development of the national cooperative movement.

One of the first conclusions reached by the board was that the sales activities of cooperatives handling a particular commodity, such as grain or livestock, should be centralized in a single agency if the interests of the grower were to be served best in merchandising his product.

Local cooperative associations, whose members are the people on the farm, constitute the foundation of all the central marketing organizations, which mean the latter are built from the farmer up. In every instance the plan of organization was developed by a majority of the cooperatives handling the commodity and without dictation from the Farm Board. These central associations are farmer owned and controlled, great care being taken to see that they are set up on a sound financial basis, and that they have competent management. Their services are open to all farmers on an equitable basis.

#### STABILIZATION OF PRICES

In an effort to protect the farmer against a falling market and against a world-wide depression, which have existed during the time these efforts have been carried on by the Farm Board, the price of grain was stabilized. Everyone knows that this action of the Farm Board resulted in upholding to some extent the credit structure necessary to give the farmer a fairer price. As a result of this program hundreds of millions of dollars were saved to the farmers of this country and this money, in these times of world depression, was spent by the farmer with the local merchant and deposited in the local banks, resulting in a distinct, actual benefit, not only to the farmer but to the merchants, to the laboring men, and to the bankers in these communities.

Whatever loss the Government may have sustained as a result of these stabilization operations has inured to the benefit of the farmer, who is certainly entitled to this little recognition, since his Government, under the Democrats in 1920, through the Federal reserve banks, started their deflation policy of the farmer. Any loss as a result of the stabilization of grain prices is worth all that it has cost. The money which the farmers received under such a program is all that has enabled those still left on the farms to stay there.

#### MILLIONS LOST

During war-time control this Government lost hundreds of millions of dollars in order to protect the railroad interests of this Nation and to stabilize the prices which they would receive for their services. The farmer renders just as great and important a service as do the railroads or the financial interests of this country. He is entitled to every bit as much consideration in solving his difficulties and in enabling him to get back on his feet as any other interest in the land.

The business of handling and marketing the farmer's crops, of meeting the unfair and dishonest competition of the commodity gamblers, of watching the price and protecting the seller every hour of the day is just as intricate and as involved and important as any other business.

#### ONE NATION-WIDE COOPERATIVE

In an effort to utilize the services of the cooperative organizations of this country the Farm Board realized that it would be essential to deal with one central organization which would give all of the cooperatives the opportunity to enter into such a national set-up on a fair and equitable basis.

As Mr. Stone stated before the Senate Agricultural Committee in the recent hearing:

Mr. STONE. The objective of the Farmers' National Grain Corporation is to bid a price on grain bought from its members based on the terminal market that is nearest to it, less a sufficient amount to take care of the handling charge of the grain, with a reasonable commission on the transaction. In other words, the Farmers' National Grain Corporation largely operates the same as does a grain merchant on any of the markets, only its objective is entirely different from the objective of the grain merchant. The objective of the grain merchant is to buy grain as cheap as he can and sell it as high as he can to make as much money as he can.

Senator WHEELER. Isn't that the same plan that we have here?

Mr. STONE. No. The objective of the Farmers' National Grain Corporation is to bid a price for the members' grain as high as they can to enable them to get their money back and make a reasonable commission in the transaction. Whatever it makes goes to its stockholders. That, in my opinion, has had a very beneficial influence on the price of grain, even though the price level has been low.

The Farmers' National Grain Corporation was organized under the direction of the Farm Board. It is a nation-wide cooperative organization. It—

Is primarily a merchandising agency and has made no effort to effect any feature of monopolistic control of the product.

The greatest single service the Farm Board has rendered grain producers has been in helping to bring together into one national cooperative agency, Farmers' National Grain Corporation, practically all of the larger grain cooperatives in the country. This nation-wide organization enables growers to carry the producers' influence into the terminal grain markets, to represent their interest in shaping rules and regulations under which grain is to be sold, and to make the marketing system function more directly in the interests of the farmers.

Another service is that of avoiding market congestion. Even with facilities crowded to the limit, judicious handling of supplies through Farmers' National was instrumental in avoiding what otherwise might have been serious gluts at terminal markets during the 1930-31 season. (Second annual report of the Federal Farm Board.)

In carrying out the loan provisions provided for in the agricultural marketing act the Farm Board pursued the only safe and sensible method of dealing with this problem.

That was to loan to one nation-wide cooperative and to enable all cooperatives and farmer producers to enter into such nation-wide cooperative organization and obtain the benefits of such a loan program.

It would have been unbusinesslike for the Farm Board to deal with and loan to thousands of individual cooperative organizations and individual farmers without any reference to their financial standing or their ability to repay these loans.

It was also important and the Farm Board was necessarily interested in the financial structure of the cooperative organizations who would handle the farmers' products and in the ability and personnel of the management of such organizations to the end that they would function efficiently and wisely for the benefit of the producer.

If the Farmers' National Grain Corporation can and does render better service to the producer, it follows that the cooperative organizations will enter into and become a part of its set-up and organization in the marketing of products.

This act has been in force a little over two years, and yet the grain cooperative organizations operating under the provision of the agricultural marketing act handled a total of 196,000,000 bushels of grain in 1931, as compared with 67,000,000 bushels handled by all grain cooperatives operating on terminal markets in 1927-28. This grain was handled at a cost of less than 1 cent a bushel. Contrast this

cost of less than a cent a bushel for handling the grain with the 12 to 15 cents the farmers have been paying for years to the private grain traders for the same service and you must conclude that the farmer is unqualifiedly for the retention of this act. Similar gains and similar growths have been made in all the cooperatives, and similar benefits have accrued to the farmers in the handling of other products. The organizations representing the farmer are unanimous for the retention of this act.

Mr. Louis J. Taber, president of the National Grange of the United States, representing one of the largest farm organizations of the Nation, unhesitatingly approves the farm marketing act. This great organization, the National Grange, recently adopted, among others, the following resolutions:

*Resolved, That—*

2. The nation-wide cooperative marketing machinery, which has been expanded and developed during the two years under the agricultural marketing act as never before in any equal period of American experience, must be further extended and strengthened.

4. The Federal Farm Board, handicapped by a measure inadequate to meet the needs of a difficult situation, has nevertheless contributed greatly toward developing and strengthening the cooperative movement.

Showing the reaction of the American farmer, Mr. E. A. O'Neal, the president of the American Farm Bureau Federation, said:

I want to say for the act that I think, as a farmer—that is the only interest I have personally, and for my farmers—that the act itself has been very, very helpful to the cooperative organizations of the Nation. \* \* \* They have been very much discouraged with the way the surplus was handled, but I say this, that I think frankly the stabilization activities in wheat and cotton by the Farm Board were honest endeavors to do a job for the farmer.

I think the farmer ought to be in charge of his own marketing system, Senator GORE, and anything you can do to help him do it I am in favor of. You have done it for every other group. Why not do it for the farmer?

Mr. John Simpson, president of the Farmers' Union of America, representing hundreds of thousands of farmers, also expressed the need when he said:

We believe it is a fair proposition to put to Congress to say that every consumer should be willing to pay the farmer the cost of production for what they use of the American farmers' products.

Another line that is needed for farmers is finance if the farmers are to survive. Fundamental with this also is the fact that agriculture must be vital to the Nation. This Nation can not afford to see agriculture destroyed. It is a vital part of the Nation. That is the reason why you are seeking a way to make agriculture secure. If agriculture is to survive, the farms must be refinanced at much lower rates of interest. The Farmers' Union is back of Senator FRAZIER's bill that, as I understand, when it will be reintroduced, will provide for 1½ per cent interest rate and 1½ per cent on the principal—3 per cent a year. We are back of that bill because this Government is financing Italy at 1.1 per cent and then gave them a moratorium. We feel like farmers ought to have a rate of 1½ per cent.

There are two major things that we would like to see done. First, refinance the farm mortgages of the country on the basis as outlined in the Frazier bill, and to find some way of building on the marketing act a program of guaranteeing cost of production.

Let me call the attention of this body to the following significant opinion expressed by Mr. Simpson, of the Farmers' Union, in response to a statement of my colleague:

Senator BROOKHART. Over in New York the gamblers get all the money they want at 1 or 2 per cent.

Mr. SIMPSON. Senator, we farmers feel that we ought to be worth as much to the Nation as the gamblers of New York.

Mr. Ralph Snyder, chairman of the National Committee of Farm Organizations, representing 16 farm bureaus and cooperative organizations, in the recent hearing before the Agricultural Committee of the Senate called their attention to the resolution adopted by these organizations in the following language:

Our faith in the efficacy of the agricultural marketing act remains unshaken. We hereby serve notice on its enemies who are working overtime to accomplish its defeat that this act and its proper and effective administration will receive our unqualified

support. We favor any such constructive amendment to it that may strengthen the measure and express our willingness to work to that end with any and all friendly groups.

Let us not forget that Mr. Taber, president of the National Grange, Mr. O'Neal, president of the Farm Bureau Federation, Mr. Simpson, president of the Farmers' Union of America, and Mr. Snyder, representing 16 nation-wide cooperative organizations, are speaking for practically 3,000,000 farmers and producers in the United States, or more than one-half of the farmers of the Nation. The basic principles of this act are sound and workable and the mistakes which have been made, if any, can be overcome and rectified.

If, in the set-up of the national livestock organization, the Farmers' National Grain Corporation, or the American Cooperative Cotton Association, there have been some mistakes made in the administrative features, this by no means furnishes a justifiable basis for destroying the marketing act or passing amendments that will cripple and hamper its operation. The farmers of America can not be organized in a day or a week. The distribution of agricultural products has been built up by the handlers in grain for their own purposes.

It is because of the fear that the efforts that are being made to give the farmers an honest and a fair marketing system may succeed that we find unjustified attacks being made against the Farm Board and the agricultural marketing act. Every opportunity is used by the private grain trade to broadcast unfounded and dishonest charges against the cooperatives. Many of the newspapers of this country are willing allies in this campaign of deception. The cooperatives are semipublic institutions and at all of their meetings they disclose the detailed information of the affairs of their associations and these are given to the public, and rightly so. The mistakes and vicious practices of the private grain trade are seldom known. The privately owned grain institutions keep all of their affairs to themselves, including their intrigues and their manipulations of the market.

#### ORGANIZED PROPAGANDA

The agricultural marketing act has been under constant attack. There was recently held before the Governor of Minnesota a hearing which consumed some 10 weeks of time, involving charges against the Farmers Union Terminal Association, which is a cooperative. Under the guise of seeking to remove the railroad and warehouse commissioners of Minnesota, a complaint was filed with the governor of my State containing 14 separate charges of misconduct upon the part of the railroad and warehouse commission and the Farmers' Union Terminal Association. Half of the petitioner's complaint in the proceedings was devoted to an attack upon the agricultural marketing act and Stabilization Corporation and the Farm Board. It had nothing to do with the matter which was to be heard by the governor. Its only purpose was to destroy the faith of the people in the agricultural marketing act and in the cooperative movement.

At the close of this hearing 11 of the charges made in the petitioner's complaint were dismissed. Three charges remained to be considered by the governor, all of which involved the sale of wheat contained in what is known as Elevator M in the city of Minneapolis, by the Farmers' Union Terminal Association to the Grain Stabilization Corporation.

The complaint of the petitioner in this case attacked the integrity of the officers and officials of the Farmers' Union Terminal Association, a cooperative. The Grain Stabilization Corporation, the purchaser of this grain, made no complaint as to its grade or quality and when the testimony was completed it was clearly shown that there was not a single bit of evidence to sustain the charges made in the proceedings. The governor unhesitatingly found that there was no evidence to justify him in removing the railroad and warehouse commission, and it was ordered—

That said charges be, and the same are hereby, dismissed, and said petition for the removal of said railroad and warehouse commission be, and the same is hereby, dismissed. Dated this 18th day of February, 1932.

In order to understand the exact situation it might be well to explain that the governor's party is Farmer-Labor,



that the railroad and warehouse commissioners are Republicans. The governor has, for cause, the right to remove these officials and fill their places with good Farmer-Labor workers, whose removal would have allowed him to increase his machine by three commissioners and through them 570 husky, partisan workers. He never would have held the hearing if some one had not persuaded him that the chance of removing the railroad and warehouse commission was good, which makes his decision of especial significance.

The governor, in further commenting upon the record in this case, had the following to say:

The testimony given does not justify any finding of misconduct on the part of the Farmers' Union Terminal Association.

Notwithstanding that every charge made to discredit the Farm Board and agricultural marketing act, and the Farmers' Union Terminal Association, was found to be untrue, yet the fact remains that when this charge was made it was broadcast in the headlines of all the papers in the Northwest, creating in the minds of the people and the farmers distrust in the Farm Board and in the agricultural marketing act. Their object was to broadcast the charges and to herald them through the newspapers; then to bring it to bear on Washington to assist their destructive plans. Those who know the conditions in the Northwest realize that the grain traders of Minneapolis were responsible for this hearing. Further information can be secured from the argument of Tom Davis, for years a leading northwest progressive counsel for the Farmers' Union Terminal Association, which I introduced into the record, and a reading of this argument will convince anyone that this hearing was inspired and financed by the Grain Exchange of Minneapolis.

#### FALSE PROPAGANDA

Many of the same charges which were presented to the Governor of Minnesota were issued by one J. W. Brinton in a book entitled "Wheat and Politics." Congress is undoubtedly familiar with this book, for I am informed that every Member has received copies of it.

In this book the author points an accusing finger at the Farmers' National Grain Corporation of being organized within the State of Delaware. Of course, they are organized in the State of Delaware. If they sought the advice of any reputable lawyer, he certainly must have advised them to organize in a State where the laws of that State would not hamper their operation. It might be necessary for them to sell 50,000,000 bushels of wheat in 10 minutes, and if they were organized in many States this could not be done without a lot of red tape, meeting of the board, and a few other things that would restrict immediate action and might entirely frustrate their deal. They must be organized where they have such freedom of action as have their private competitors. Delaware stands alone the most unrestricted State in the Union. Merely because some of the richest and most powerful corporations in the country are organized in that State is no reason why a cooperative should not avail itself of similar opportunity. They should be commended, not condemned, for their sagacity.

Until Mr. Brinton was refused a position with the Farmers' Union Terminal Association he wrote article after article favorable to the Farmers' National Grain Corporation, the Farm Board, and the marketing act.

It would be interesting to know what contact the author of this book has made with the private dealers in grain and cotton and what assistance they rendered in its circulation and distribution.

Mr. Brinton applied to the Farmers' National Grain Corporation and to the Farmers' Union Terminal Association for a position as a lecturer and speaker as late as July, 1931.

Brinton sent his agent, Mr. Hutchinson, to Kansas City, Mo., to sell to the private grain trade and to the members of the grain exchange of that city his book entitled "Wheat and Politics." Mr. Hutchinson, in making a report of his activities in Kansas City, on October 26, 1931, wrote a very enlightening letter to Brinton, in which he says:

While working in Kansas City I promised them that I would not have any correspondence with the office.

Mr. President, the following quotation explains why the grain trade were so careful to exact such a promise:

I never run across anything just like this to sell. Every member of the board would give all his old boots and shoes to see this get to the public, but there were three things that stood in the way:

First was the storage of Government grain in the terminal elevators. They are afraid if anything was done that the grain would be ordered out, and the only people making any money there are those that have grain for storage; and the president of the board, Mr. Theis, was the heaviest interested, and he blocked the game.

Mr. President, the only restraining influence is clearly shown here to be the money they were receiving from the Government for the storage of grain.

Mr. Hutchinson continues:

Second was the liability. Mr. Theis insisted that if the Farm Board did not sue you for libel that they stood convicted of every count on the calendar, and they felt that anyone helping to distribute the book was equally guilty with yourself.

Third, they felt that from your past record that the only reason for writing this book was because you did not get a place with the Farm Board and was merely squawking, and that as you had retained all the evidence that you have in the book and was now making it public that if you were able to secure any evidence of their making purchases that you might use the same in after years.

In other words, Mr. President, they were willing to deal with him, but they did not want to get caught. They were glad to have the falsehood circulated, but feared responsibility. We have here, Mr. President, from the mouth of Brinton's own agent, a picture of the real character of the author of Wheat and Politics.

Again, from the Hutchinson letter more enlightenment:

In this connection I would suggest that you write to Mr. C. E. Thompson, 933 Board of Trade Building, Kansas City. I explained things to him quite thoroughly; he is a bright fellow, is acquainted with the members of the trade, and I believe can do some business.

I worked the live stock exchange, met with the board of directors, and worked it hard, and I believe that something will come of it.

Further on he writes:

At Salina I found quite a little interest, but the three objections mentioned above cropped out; I, however, arranged with the Ted Branson Grain Co. to take over the sale, with the backing of the board of trade.

Mr. President, hundreds, if not thousands, of these books have been purchased by members of the grain trade and sent to managers of elevator companies and to leading farmers and grain dealers all over the country. There is more "chaff and poison" in this book than there is "wheat and politics."

This book not only attacks the farm marketing act but seeks to destroy the cooperative movement through falsehoods concerning its leaders.

Mr. C. E. Huff, now the head of the Farmers' National Grain Corporation, to whom he pays his compliments, was for years the president of the Farmers' Union of America. For over 25 years he was a leader in the cooperative movement in Kansas, where he still has his own farm. His experience was gained as a practical farmer. In 1927 he was the president of the Kansas Farmers' Union, having a membership of approximately 40,000. His work as president of the Farmers' National Grain Corporation has met with the approval of the Farm Board and of the cooperative organizations of the country, who realize that he has handled the business of the farmers honestly and efficiently.

Another "satan" in his romance, Wheat and Politics, is M. W. Thatcher, general manager of the Farmers' Union Terminal Association.

He makes the false charge that Mr. Thatcher was indicted. He never was indicted, as the following letter from the present Governor Shafer, of North Dakota, dated January 16, 1932, will verify:

In this grand-jury session both Lofthus and Thatcher appeared at their own request and testified. The grand jury returned an indictment against Lofthus but none against Thatcher.

I appeared in the hearings above referred to, including the grand-jury session, as an assistant attorney general of North

Dakota. There was no immunity granted to Mr. Thatcher or to any other witness who testified before the grand jury. The State did not ask the grand jury for an indictment against Mr. Thatcher on the perjury charge. This was not because of any intention on the part of the prosecutor to grant him immunity, but because we did not consider that the evidence presented was sufficient to support an indictment.

Further corroboration, if needed, is in a letter from Mr. William E. Green, dated February 4, 1932, who at the time was State's attorney of Cass County, N. Dak.:

The matter was handled entirely by the attorney general of North Dakota and was in charge of Hon. George E. Shafer, now governor, and then assistant attorney general of North Dakota. It is my best recollection that the complaint was prepared by the attorney general's office and sent to me for signature, together with the statements of the facts upon which the complaint was based, and that I signed the complaint on the strength of the investigation which had been made by the attorney general's office. The complaint against Mr. Thatcher was dismissed on motion of the State.

I do know that I never at any time as State's attorney gave any promise of immunity to Mr. Thatcher in return for an offer to testify for the State, nor was any requested. I also recollect being advised by Mr. Shafer at the time of the grand-jury proceeding that he did not intend to ask for any indictment against Mr. Thatcher, because, in his opinion, the evidence presented did not warrant an indictment.

The efforts made by Brinton to injure the cooperative movement by destruction of Mr. Thatcher are as futile as were those of the grain traders in the recent hearing before the Governor of Minnesota.

Every Senator knows the unworthy devices used to destroy the faith of the people in a public servant, as I know the dishonest methods used against me.

One of the chief agencies which spread these unjust charges against the Farmers' Union Terminal Association was a newspaper known as the Minneapolis Journal. This paper is the mouthpiece of the Minneapolis Grain Exchange and the grain gamblers. The Minneapolis Journal has always opposed every progressive movement in this country. I speak from personal experience, for during my last campaign for reelection this same paper spent most of its time in trying to poison the public mind and in distorting and misrepresenting my record as a public servant.

For the success of the cooperative movement, the opponents know that the cooperatives need such men as Mr. Huff and Mr. Thatcher. If they can destroy the faith of the people in such men, they accomplish their purpose to destroy the cooperative movement.

#### EXCESSIVE SALARIES

One of the criticisms leveled at the Farm Board is that they and the cooperative organizations who borrow money from them are paid exorbitant salaries.

In my opinion, the salaries paid to some of the officials of the National Grain Corporation are too large and should be reduced, but in comparison with the salaries paid to executives and managers of competing private grain firms they are not excessive. Many of the technical men employed in the grain trade receive salaries of from \$25,000 to \$40,000 a year. The National Grain Corporation in order to compete, is compelled to procure the best type of grain men obtainable. The individual farmer is not familiar with the technical demands necessary successfully to market his crop. He must have experienced men, and in order to secure them is forced to pay them salaries accordingly.

It would be unfair to handicap a cooperative handling grain and say that they can not pay salaries substantially in line with what their competitors pay. If we are to do this, then we should limit the salaries which can be paid by the private grain trade to their employees. This we can not do.

The salary paid the manager of the Omaha branch office of the Farmers' National Grain Corporation is \$15,000 a year. Contrast this with the salary of \$32,000 paid to the general manager of a private grain company in Omaha. The manager of the Omaha branch before he was employed by the Farmers National was receiving the identical salary, plus a bonus.

A bill is now before the Senate which provides that the Farm Board can not loan money to any cooperative that pays a salary in excess of \$15,000 to any of its employees

except by reason of existing contracts and agreements or of agreements which may be made before this amendment becomes a law.

The Farm Board in making loans to the National Cooperative organizations must have the right to investigate and know their ability to pay. It is illogical to say to a privately owned commodity organization, whether cooperative or otherwise, that they can not receive a loan from this Government unless they pay salaries which will compel them to obtain inferior men. The cooperative organizations are anxious to reduce their salaries, but they can not, in their infancy, do so and succeed. If they did, it would mean failure. That is why the private-grain trade is back of such an amendment and the cooperatives are not.

Another amendment is proposed to take away stabilization. This would hamstring the Farm Board. Take away from the Farm Board the power to finance the cooperatives and we again place them at the mercy of the private trader. Deny to the producer finance and credit, and we destroy the marketing act. The passage of such an amendment means that the political party responsible for its passage is going to say to the farmers that the promises contained in their platforms are not worth the paper on which they are written. It has been asserted that under the operations of the Farm Board the law of supply and demand does not obtain.

Chairman Stone, in answering this charge, says:

Again the groundless charge is made that the cooperative marketing program is intended to set aside the law of supply and demand. The facts are that just the reverse is true. An effort is being made to have the law of supply and demand operate for the seller as well as the buyer. The purpose is to meet organized buying of farm products on equal terms with organized produce selling of those products. Until this is accomplished, the producer will be at a distinct disadvantage.

Let us not be misled by insidious propaganda. If the marketing act is to be amended, let it be amended by its friends, not its enemies. If these amendments are successful, every gambler who has "sold short" in an effort to discredit this administration will rejoice. Every interest which wants to destroy the marketing act will be pleased. Every gambler of commodities of the farmer will laugh up his sleeve.

Surely, my Democratic colleagues will not stand for this. Surely, the Republican Party will not destroy its own child. The farmer is well aware that all salaries, whether paid to the farm cooperatives or the private-grain trade, come out of his pocket, and that the huge profits of the grain trade were extracted from his commodities, making such salaries possible.

The cooperative organizations can not compete against years of experience and valuable contacts unless they can hire men who know the business, who have had these same years of experience and already have these same powerful contacts.

The private farm commodity gamblers would be glad to have Congress say to a cooperative, "You are forbidden to hire men with contact, experience, genius to compete with us."

When in this world depression it is popular to talk of reduction of the cost of government these commodity gamblers have cunningly utilized the slogan of the hour, "Reduction of salaries—curbing of expenses," to put over upon Congress and the farmers their destruction of the agricultural marketing act. It is such genius of knowing how to handle opportunity that demands and gets large salaries.

Why should the cooperative organizations of this country not have the best brains, the best experience, the best connivers that money can buy? Will you tell me why the grain gamblers should want this Congress to give them a law which will enable them to monopolize all of the brains and ability which would make unsuccessful the cooperative movement?

This is a race between commodity gamblers and the farmers. It is a race to see whether or not the farmer shall own and control his marketing system; it is a race toward economic freedom for the farmer; it is a race toward a square deal for the toilers and tillers of the soil. In that kind of a race all that the farmer needs is an even start, and then

he will take care of himself. Give him the same kind of mount, equipped with equal lung power, with equal strength, muscles that are built for the race or intrigue; above all else, give him a horse that has been trained for the race and a jockey who knows the other fellow's game.

These connivers know that the repeal of the act is impossible and they are trying by amendments to accomplish the same end. If the principle proposed in the amendment prohibiting the Farm Board from loaning money to a cooperative that pays a salary in excess of \$15,000 a year is a good principle, let us make its application general.

#### AGRICULTURE MORE IMPORTANT

Not only are salaries in excess of \$25,000 paid to general managers and expert operators in the grain and commodity exchanges, but it is well known that there is practically not a president of a railroad of any size in this country, or a vice president or general manager, who does not draw an annual salary of not less than \$25,000, and some of them draw salaries as high as \$80,000.

I am informed that the Reconstruction Finance Corporation has made a loan of over \$20,000,000 to the Wabash Railroad, whose president, according to reports, receives a salary of \$60,000 a year. This railroad last year did a business of \$60,000,000. The Farmers' National Grain Corporation during the same year handled a business of over \$200,000,000, and the president of the Farmers' National Grain Corporation receives a salary of \$15,000 a year.

If salaries were to be governed by volume of business, the salary to be accorded the president of the Farmers' National Grain Corporation, to be consistent with the salary given to the president of the Wabash Railroad Co., would be three times such an amount, or \$180,000 a year, when as a fact he receives one-twelfth of this amount, although he is the head of an organization that handled more than three times as much business as the Wabash Railroad.

Why did we not hear an outcry that the Wabash Railroad president was receiving too large a salary? What the farmers are wondering about is why the Farm Board and the cooperative organizations are singled out.

The president and vice presidents and chairmen of boards of directors of hundreds of national banks in this country pay their officers salaries ranging all the way from \$25,000 to \$100,000 a year.

The president of the New York Life Insurance Co. in 1928 drew a salary of \$126,600. The vice president drew a salary of \$53,500.

The president of the Metropolitan Life Insurance Co. in 1928 drew a salary of \$200,000, or almost equal to the total salary paid the President of the United States and his entire Cabinet. One of the vice presidents drew a salary of \$175,000; another, \$135,000; another, \$125,000; and two other vice presidents salaries ranging from \$25,300 to \$45,000.

Are we doing anything, can we do anything, to stop the Reconstruction Finance Corporation from loaning money to the banks, railroads, or insurance companies who pay salaries in excess of \$15,000 to their officers? Why should the Democratic Party, who promised in their platform "we pledge the party to foster and develop cooperative-marketing associations through appropriate Government aid," now single out the cooperatives and say that they can not borrow money from the United States without limiting all the salaries they pay the men they hire, while at the same time giving free license to the Reconstruction Finance Corporation to loan money to the railroads, banks, and insurance companies regardless of the salaries they pay?

Why should the Republican Party, who in their platform in 1928 said, "We promise every assistance in the reorganization of the marketing system on sounder and more economical lines and, where diversification is needed, Government financial assistance during the period of transition," in fulfillment of which promise they passed the agricultural marketing act, now say to the farmers that the promise made in 1928 is not good?

Why should either the Republican or the Democratic Party stab the farmers in the back, and by indirection deprive

them of every opportunity to make a success of the cooperative movement? To adopt such amendments is to say to the American farmer and producer that the Republican as well as the Democratic Party have no regard for their promises.

We passed the agricultural marketing act as an effort to fulfill the promise made in the Republican platform. Our Democratic colleagues assisted in its passage in order to show their willingness to fulfill the promises made in the Democratic platform.

The farmers of this country are taking a leaf from the textbook of the power companies, the railroads, and big financial institutions, and like them are becoming less conscious of party. They are wondering if we are willing to continue to give to the farmer the same kind of deal that we have unhesitatingly accorded to the banker and the business man of this country.

#### AN OPEN MARKET

Charges have been made that the Farm Board in handling the products of the farmers limited the handling and sale of this grain to the Farmers' National Grain Corporation and the cooperatives.

In a recent hearing before the Senate Agricultural Committee the following appears:

Senator THOMAS of Oklahoma. Mr. Stone, did I understand you to say this morning that the Farmers' National Grain Corporation was the exclusive agency for the buying and selling on the exchanges?

Mr. STONE. No; it is not.

Senator THOMAS of Oklahoma. What other agencies are used by the Federal Farm Board?

Mr. STONE. There are several other agencies used, and I will be glad to furnish you the names of those which they use.

There was then furnished to the committee the "list of agencies, corporations, firms, and brokers used by the Grain Stabilization Corporation in buying and selling wheat."

The importance of this list is that more than 100 private grain dealers were used by the Grain Stabilization Corporation in the buying and selling of wheat. (See pp. 56-57, Report of Hearings before the Committee on Agriculture and Forestry, United States Senate, on the agricultural situation, November 24, 25, 27, and 28, 1931.)

This is a sufficient answer to the unfounded charge of monopoly.

It must be borne in mind that during all the years that the cooperatives have been fighting for a fair marketing system they have been met at every turn by inability to finance themselves in handling their products. They could not turn to the private banks and the private financial institutions, because these private institutions are too closely allied with the private grain and cotton exchanges of this country.

This is why the Farm Board sought, under the provisions of the agricultural marketing act, to finance the marketing program of the cooperative agencies of this country, and it is one of the chief reasons why the agricultural marketing act was passed. Unless the cooperative organizations of farmers and producers can be adequately and safely financed there is no hope for the cooperative movement in this country. This money that has been spent in an effort to stabilize prices and in assisting the farmers to market their products cooperatively has been well spent.

The Farm Board should be a militant body of men, fighting the propaganda that is leveled against them, and should not apologize for the attacks of the private gamblers in products. The Farm Board has failed to keep the Congress fully and fairly informed of the progress it is making. The Farm Board should demand of the Federal Trade Commission that an investigation be had of the private grain trade and of their methods used to destroy the marketing act.

The farmers are entitled to an investigation covering not only the Farm Board and cooperatives but the private grain trade as well.

The private cotton dealers of this country raised a fund of over \$100,000 for publicity purposes and for the purpose of destroying or securing the repeal of the agricultural marketing act.

I particularly call attention to pages 393 and 394 of the hearing before the Committee on Agriculture and Forestry of the United States Senate on November 24, 25, 27, and 28, 1931.

The private grain trade wants the Farm Board and the cooperatives investigated, and there is no reason why they should not be; but before passing such a resolution let us see to it that an investigation is also had at the same time of the activities of the gamblers in the farmers' commodities.

Such an investigation will convince this body and everybody in this country that the attack now being made against the Farm Board and the agricultural marketing act is unfounded and only a self-serving propaganda. The grain trade's object is to headline through the newspapers that the Farm Board and the cooperative organizations are under investigation, in order to poison the public mind. What should be had is enough money so that the investigation can lay before the people the actions of the Farm Board alongside the actions of the private grain trade, and this will show "who's who and what's what."

To desert the American farmer now would be worse than treason. To take a backward step in this fight for progressive legislation would be rank cowardice. The rights of the farmers, who conduct the basic industry of this Nation, must be safeguarded. We must see to it that the marketing act is not rendered ineffective.

If those opposed to the marketing act can offer anything better for the benefit of the farmer, let them do it, and I am sure Congress will give it consideration. Now is the time when the farmers of America are demanding relief. Now is the time to stand up and be counted. This is no time for unfounded charges against the marketing act or the Farm Board. This is no time for tearing down the only law that can possibly protect the producer.

I call upon my colleagues to join with me in constructive legislation, giving to the Farm Board greater power, giving to the marketing act greater strength, putting, if you please, into the marketing act teeth by inserting the equalization fee.

Our foreign markets for grain have declined to a point where they are relatively unimportant; and this may be a permanent condition. It may be that the same fate in the foreign markets will overtake the cotton producer. Who knows but that Russia in five years will be able to furnish a substantial part of the cotton and wheat which the entire world will require? I am for America and the American farmer and cotton grower. We should be against any step that will not give to the American farmer and cotton grower full protection and full relief. The farmer should have a fair and full price in a domestic market for the wheat and cotton he raises.

We give an American market to American industry and rightly so. Why should not the farmer have the American domestic market 100 per cent?

Shall it be said that we are unwilling to give to the farmers what we willingly grant to the railroads, to industry, and to the manufacturers of this Nation? This discrimination against the farmer must stop. It is the cause of our unemployment.

The Republican Party is demanding protection for agriculture, and in the passage of the agricultural marketing act has taken a forward step in giving that protection to the producers; but we have not done enough. We should do more.

If the Farm Board fails to function as it should, then let us see to it that we have a Farm Board that will function for the benefit of the farmers.

The American laborer to-day is without a market, and men and women are walking the streets begging for work, and why? Because we have failed to protect the producers, the farmers, the cotton growers, and livestock raisers. The direct result of this is that the farmer can not buy; and, having destroyed the market for the manufacturers and producers, you have taken away the chance of men and women to work. Not until the farmers are put on a basis

of economic independence can we ever hope again to give to labor a living wage.

We heard no outcry when industry was given the protection of an American market. We heard no outcry when the railroads were given aid. No complaint was made when the banks and the insurance companies were assisted. The moment an attempt is made to give the farmers the same privileges, however, we find that selfish interests seek to destroy the very industry that means the prosperity of this Nation. None are so dense as those who are unwilling to face the facts. We gave billions to the Reconstruction Finance Corporation for the rearrangement of credit.

The only program that will reconstruct the commerce of this Nation is that which will give to those who produce the raw materials the cost of production. Will the Government deny over one-third of the population of this country the cost of production? The people of this Nation must have food, and are going to have food. It is for the home life of this Nation that I am pleading; for we all realize that no civilization has ever endured unless the tillers of the soil have been protected.

We have arranged for over \$3,000,000,000 of credit for 60 per cent of the Nation. If agriculture were to have its proportion of 40 per cent, it would be entitled to an appropriation of \$2,000,000,000.

Representing the agricultural and industrial interests of Minnesota, I desire to go on record as approving the agricultural marketing act and urging the Congress of the United States to strengthen and uphold it.

I am for America and for American industry and American standards. We shall never have American standards unless we also protect the 40 per cent which represents agriculture. The fight that the producers of this Nation are making for economic justice is a gigantic fight. The opposition to such equality is carried on by powerful private, selfish interests, and there has been no let-up in the efforts of these interests to destroy the faith of the people in the cooperative movement.

If the United States is to endure, the people of this country must have a free and honest market.

#### INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8397) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1933, and for other purposes.

Mr. McKELLAR. Mr. President, at this point I ask leave to withdraw the amendment concerning the 10 per cent reduction, which I offered yesterday afternoon.

The VICE PRESIDENT. Without objection, the amendment is withdrawn.

Mr. McKELLAR. Now, if there are no other amendments to be offered—

The VICE PRESIDENT. The Chair will inquire. The bill is open to amendment. Are there other amendments to be offered?

Mr. FRAZIER. Mr. President, I have two or three amendments yet to offer. I send to the desk an amendment, which I ask to have read.

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. On page 55, in line 3, after the word "activity," the Senator from North Dakota proposes to insert:

*Provided further, That no part of the money appropriated in this act shall be used for the payment of the salary or expenses of a special commissioner to negotiate with the Indians.*

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. FRAZIER. Mr. President, this amendment provides for the elimination of a man known as special commissioner to negotiate with the Indians. The man in question is Mr. H. J. Hagerman, who lives in New Mexico. Mr. Hagerman has been a member of the Pueblo Lands Board, which had to do with the settling of the valuation of lands on the pueblos of New Mexico. There were two other members

on that board with him, and their report was made and their work completed the 1st of last July. At least, their work was supposed to have been finished at that time.

A subcommittee of the Committee on Indian Affairs, in making an investigation, found, after visiting those pueblos and taking testimony, that there seemed to be a great deal of dissatisfaction on the part of the Indians, and also on the part of many white settlers there, with the Lands Board, of which Mr. Hagerman was a member, on the ground that it had been rather arbitrary, and that it had not carried out the instructions set out in the act which authorized the appointment of the board to make the settlements.

On January 6, 1932, the subcommittee of the Committee on Indian Affairs made a report upon this matter, and, after setting forth the reasons why they came to the conclusion, made recommendations which resulted in a bill being introduced by the Senators from New Mexico, which will be referred to later. Another report by the subcommittee, dated February 16, 1932, summed up their conclusions in this language:

The subcommittee recommends that Mr. Hagerman's position be abolished, and that there be no future appropriation for his salary and expenses, and that he be removed from the Government service.

These reports were signed by me as chairman of the subcommittee, by the Senator from Montana [Mr. WHEELER], and by the Senator from Oklahoma [Mr. THOMAS]. There are four members on the subcommittee at present, the senior Senator from Wisconsin [Mr. LA FOLLETTE] being a member, but he did not attend the hearings and, therefore, did not sign the report, as he said he was not familiar with the situation. Therefore the report was signed by only the three members who were present at the hearings. No action has been taken by the department upon this recommendation.

I now want to read an editorial from the New Mexico State Tribune of February 2, 1932, and I might say that when there was some discussion and a hearing held in regard to Mr. Hagerman's situation about a year ago by the Committee on Indian Affairs this paper came to the defense of Mr. Hagerman very strongly. But this editorial is on the other side. It is as follows:

[From the New Mexico State Tribune, February 2, 1932]

#### HAGERMAN SHOULD RESIGN

H. J. Hagerman, special commissioner to the Navajos, should resign. His usefulness in the Indian Service has long since ended.

The Tribune has reached this conclusion reluctantly. During this controversy over the Pueblo Lands Board we have been neither for Hagerman nor against him. But we have seen evidence pile up against the commissioner, evidence that convinces us that his services to the Indians should be discontinued.

Mr. Hagerman has had a long and useful life of public service in this State. We do not question his honesty or his ability.

We do charge that he has long since lost interest in the welfare of the Indians; that he has become an administration bureaucrat, indifferent to the Indian good, if not, indeed, actively arrayed against what has proved to be their best interests. His heart is not with the Indians he represents.

We believe Hagerman should resign for the following reasons:

In his administration oil lands worth millions passed from ownership of the Navajos to private hands.

He has, with Indian Bureau complacency, occupied two essentially incompatible posts, commissioner to the Navajos and member of the Pueblo Lands Board.

As the dominant figure on the Pueblo Lands Board Hagerman has ignored the findings of the board's own expert appraisers and has given to both Indians and non-Indians amounts far below the appraised values of land lost.

As a result of his activities on the lands board it has been necessary to go to Congress asking relief for the Indians he served.

Hagerman's services to the Indians have been such that they are arrayed against him, have been forced to employ counsel to defend themselves against their own appointed protector and to seek relief from the results of his ministrations to them.

He has taken credit for threatened litigation that will cloud water rights of both Indians and non-Indians, rights already conceded by the lands board. The litigation will throw into confusion property values throughout the Rio Grande valley and do inestimable harm to its inhabitants.

If the matter were left to a vote of the Indians in New Mexico, Mr. Hagerman, we are convinced, would be deposed to-morrow.

For these reasons we believe Mr. Hagerman should resign. If he does not resign, Congress should eliminate his salary from the next appropriation bill.

That comes from one of the big daily papers published in New Mexico, the New Mexico State Tribune.

Mr. KING. Mr. President, is the Senator just entering upon a discussion of the Hagerman case?

Mr. FRAZIER. Yes.

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

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. FRAZIER. Mr. President, I do not know whether it will do any good or not, but I know there is a great deal of interest being taken in this amendment. I know there has been a good deal of lobbying done by some connected with the department, from the Bureau of Indian Affairs, and by others from the outside. Therefore I yield for that purpose.

The VICE PRESIDENT. The clerk will call the roll.

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

Ashurst	Couzens	Johnson	Reed
Austin	Dale	Jones	Robinson, Ark.
Balley	Davis	Kean	Robinson, Ind.
Bankhead	Dickinson	Kendrick	Schall
Barbour	Dill	Keyes	Sheppard
Bingham	Fess	King	Shipstead
Black	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah	George	Long	Steiwer
Bratton	Glass	McGill	Thomas, Idaho
Brookhart	Glenn	McKellar	Thomas, Okla.
Broussard	Goldsborough	McNary	Townsend
Bulkley	Gore	Metcalf	Trammell
Bulow	Hale	Moses	Tydings
Capper	Harrison	Neely	Vandenberg
Caraway	Hatfield	Norbeck	Wagner
Carey	Hawes	Norris	Walcott
Connally	Hayden	Nye	Walsh, Mass.
Coolidge	Hebert	Oddie	Walsh, Mont.
Copeland	Howell	Patterson	Waterman
Costigan	Hull	Pittman	White

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

Mr. FRAZIER. Mr. President—

Mr. KING. Mr. President, will the Senator yield before he proceeds?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. FRAZIER. Certainly.

Mr. KING. Just as I was called from the Chamber a few moments ago, the Senator from North Dakota was making reference to some newspaper. Was it a newspaper published in New Mexico?

Mr. FRAZIER. I invited attention to and read an editorial of February 2, 1932, appearing in the New Mexico State Journal. It urges the resignation of Mr. Hagerman and sums up with the statement that if he does not resign his salary should be stricken from the appropriation bill.

I also have another editorial from the Albuquerque Journal in reference to the same subject.

Mr. KING. Does it, too, urge that the services of Mr. Hagerman be dispensed with?

Mr. FRAZIER. Yes. It takes the same position. It comments especially upon the action of Mr. Hagerman on the Pueblo Lands Board.

Mr. KING. May I inquire whether or not it is a Republican paper?

Mr. FRAZIER. I am not posted on the politics of either of these papers.

Mr. President, as I stated previously, after the Pueblo Lands Board had been in operation for a number of years, supposed to carry out the mandates of Congress contained in an act of that body, and had finished their work, it was found by the subcommittee on Indian Affairs, as was stated before that committee by many witnesses in their testimony, that the general feeling was that the land board had not given the Indians or the white settlers a fair deal. After the report by our subcommittee was made, to which I referred a few moments ago, and in order to carry out the wishes of that report on the Pueblo Lands Board action, a bill was prepared by the Senators from New Mexico [Mr. BRATTON and Mr. CUTTING] to authorize an appropriation to pay a part of the liability of the United States to the Indian

pueblos therein named under the terms of the act of June 7, 1924, and for other purposes. That bill is Order of Business No. 223 on the calendar of the Senate at the present time. It provides for paying the Indians what the Committee on Indian Affairs felt they were entitled to and what practically all the witnesses who came before our committee out there in New Mexico felt the Indians were entitled to have.

After the Hagerman board had worked on the proposition for some six or seven years and spent several hundred thousand dollars, it was determined that they have not been fair to the Indians and that a bill ought to be introduced which would give the Indians fair payment for their lands and also fair treatment to the white settlers who had taken land on the reservation.

I also have some letters from Indians out in that section of the country who know the situation very well. A number of Indians appeared before our subcommittee and made very strong statements. Practically all who testified on this particular subject stated that Mr. Hagerman had been of no benefit to the Indians. I have a letter from one of the most prominent Indians of the Navajo Tribe. I shall not mention his name. I have found from our experience on the subcommittee that where Indians have gone on record opposing the Bureau of Indian Affairs they have been penalized and punished because of their testimony. Therefore, I shall withhold the name, but I am going to read the letter. It is dated February 27, 1932, and addressed to me:

Some time ago I saw in the Albuquerque paper that your committee recommended the resignation of Mr. Hagerman. I was very glad to see that.

Mr. Hagerman has been in the service about seven and one-half years and has never done anything for the Navajos. The most we have ever seen him is five or six times at the tribal council at different places. I hate to say this, but he has never done the Navajos any good, and I do not believe he has done the Government any good, either.

His position is unnecessary. Outside of the tribal council, I have seen him only four or five times on the reservation. Mr. Hagerman did not go out among the Navajos; he never talked with them except at the council. In all his actions he never consulted the Navajos.

At each tribal council we brought up the land question. The minutes will show that we asked for more land, but Mr. Hagerman never got up a proposal covering what we wanted. It looks to me as if the Senate committee came out to see what was best for the Navajos and for the Government. I think your committee found out that Mr. Hagerman did not do anything for the Navajos. In fact, several of the Indians told you so. You were convinced yourselves that Mr. Hagerman should be removed.

The Commissioner of Indian Affairs seems to be trying to shield Mr. Hagerman against you people. It looks as if he is taking up much of his time looking after the Hagerman affairs instead of Indian affairs.

I also have letters from other Indians. Another one comes from the official interpreter of one of the tribal councils of the Navajos. He is a man that appeared before our committee, a well-educated Indian. He writes a very intelligent letter. This is under date of March 4, 1932. I am going to read only a part of it and withhold his name also:

The Government has been very generous with its promises, but it has utterly failed in actual performance when it came to keeping those promises. The past winter thousands of sheep have died for lack of food, and many of our people have themselves gone hungry.

Mr. SMOOT (from his seat). Of course, that is not Mr. Hagerman's fault.

#### HAGERMAN IN THE STORM DISASTER

Mr. FRAZIER. The Senator from Utah says sotto voce that is not Mr. Hagerman's fault. Mr. Hagerman was appointed commissioner by the Secretary of the Interior to deal with those Indians. Instead of being out there in the crisis which faced the Indians, the worst they have suffered in the last 50 years, according to the Senators from those States, what was he doing for the Indians out there? He has done nothing for them. He has been here in Washington during that time conferring with the department, coming to Congress and lobbying for his own position, to try to hold his own job.

Mr. SMOOT. I suppose he ought to have stopped the snowstorms out there!

Mr. FRAZIER. He ought to have been on the job and trying to do something to help take care of the Indians.

Continuing with the letter:

The Indians who live some distance from the railroads have been shamefully neglected during the times of the deep snow the past winter.

The wishes of the Navajo people have always been ignored in whatever they demanded. The representative of the Government, Mr. Hagerman, never comes around to talk over our affairs with us or to discuss our needs.

Yet his title is "commissioner to negotiate with the Indians," and the Navajos comprise the great majority of the Indians in that section of the country.

The Government also promised that appropriations would be made for us so that funds would be available for schools and hospitals. But at the present time it is estimated that there are more than 5,000 boys and girls on this reservation of school age for which no schools are provided.

It was a part of Mr. Hagerman's work, if he had any interest in the Indians, to see that schools were provided. We had testimony before our committee, when the same matter came up only recently, showing that the bureau had taken Indian children away off the reservation to boarding schools, hundreds of miles in some instances. I do not blame the parents of those Indian children for protesting against having their children taken off the reservation several hundred miles away from home for years at a time. They want schools on their reservation. We had our attention called to cases on the Navajo Reservation where children of Indian parents were taken by force, if you please, kidnaped from their parents, and taken away to Government schools and kept there, their identity lost; they never came back, and their parents never have known and do not know this day what happened to those children. Mr. Hagerman has been there as commissioner for those Indians all these years.

No effort has been made by the Government to help students who have returned to the reservation from schools, although we have repeatedly asked for it.

At the tribal council meeting at Fort Wingate, N. Mex., last July, 22 out of the 25 delegates, alternates, and committeemen objected to having Mr. Hagerman preside. But the wishes of the Navajos had to give way to those of Commissioner Rhoads, who insisted that Mr. Hagerman be permitted to preside at the meeting. Commissioner Rhoads even went so far as to promise to have Mr. Hagerman removed from office if he continued to be objectionable to the Navajos. We mention this merely to show you how unpopular Mr. Hagerman is with the Navajo people, to whom he is supposed to minister.

The Navajo people have always maintained a high regard for Government officials, and especially for Commissioner Rhoads, but they fail to see why he insists upon upholding and keeping a man like Mr. Hagerman when he knows that Mr. Hagerman is objectionable to the whole Navajo Tribe.

We believe that it is for the best interests of our people that Mr. Hagerman be removed from office and the position he occupies abolished.

I have another letter, from the president of one of the councils out there. I want to say in regard to these councils that when Secretary Fall or Commissioner Burke, under Secretary Fall, appointed Mr. Hagerman to deal with the Indians—he was called "commissioner of the Navajos" at that time—a set of regulations was worked out in regard to the establishment of a Navajo council. Mr. Hagerman was sent out there to put it across. He called the Indians together. Under those regulations they were given a certain length of time to hold a general council meeting to elect councilmen. If within a certain number of days the councilmen were not elected, they would be appointed by the Secretary of the Interior on the recommendation of the superintendent. They went ahead and formed their council.

There was another provision that Mr. Hagerman, the man who represented the department, was to be there, and that they could not hold a council meeting without his being there, and that he should preside at that council meeting. It was also provided that they should sign their power of attorney to Mr. Hagerman, especially granting authority for the signing of oil leases.

The other letter written by the president of the council urges the same thing, that Mr. Hagerman has not been of any benefit to the Indians and that he should resign.

I want to say just a few words about the oil leases. In one corner of the State of New Mexico oil was discovered. After that discovery this position was made for Mr. Hagerman; he was appointed under the Fall administration to go out there and deal with the Indians. He obtained from those Indians a power of attorney to sign oil leases. There was one lease especially that has been in controversy for some time, and there has been a great deal said about it. The lease in question was on what is known as the Rattlesnake structure. One of the first developments in that region where much oil was found was on the Hogback structure, which was about 8 or 9 miles away from the Rattlesnake structure. One of the engineers from the Bureau of Mines, a Mr. Nowels, made a report in regard to the Hogback structure, in which he told how good the wells were and what a high grade of oil was there found. He said that the other leases which were going to be made in the near future embraced lands which were practically as good from a geological standpoint as those of the Hogback structure, and lands in the Rattlesnake structure were among them.

The lease was sold at public auction on the 15th day of October of the year in question. There was only one bidder on the Rattlesnake structure. In the lease there were involved 4,080 acres of land. The one bid was for \$1,000 for the 4,080 acres of land. That was the so-called bonus that went to the Indians. Mr. Nowels made his report, which was transmitted by the Bureau of Mines to the Commissioner of Indian Affairs two days before the lease was made. It was held that that was not sufficient time, but under the regulations the Secretary of the Interior had the right to reject any or all bids. The Secretary of the Interior in this case did not approve of the Rattlesnake sale until the 4th day of December, seven weeks after the sale was made. In the meantime Mr. Hagerman urged the commissioner to hurry up the approval of that lease; and I want to read just a portion of what he stated in his letter. The letter from Mr. Hagerman was under date of November 28, 1923. The sale was made on the 15th of October. This letter is addressed to Hon. Charles H. Burke, and among other things Mr. Hagerman says:

I recommend that they be approved as soon as possible, as the test of these areas, especially the Rattlesnake structure, is highly desirable.

The lease of the Rattlesnake structure had been sold for \$1,000. It embraced 4,080 acres, and I venture to say there is not a man in this Chamber or a man who knows the oil game any place who would have sold a structure of that kind, embracing 4,080 acres, for \$1,000.

Mr. Hagerman said that it was very highly desirable that this lease be approved as soon as possible; and on the 4th day of December, seven weeks after the sale was made, and after they had all kinds of time to study the report of Mr. Nowels that had come in on the 13th of October to the department, the sale was approved and went through. Within a year's time there was sold a half interest in 200 acres of that Rattlesnake structure for \$600,000, and within three years' time another interest in it was sold for between three and four million dollars, according to Mr. Hagerman's own figures. I just mention this to show that, in the opinion of the subcommittee of the Committee on Indian Affairs, Mr. Hagerman did not fairly represent the Indians, that he did not work for their benefit and did not work for what seemed to us to be the best interests of the Indians.

The department has stated that he has been doing a great deal to bring about exchanges of land. There are many acres of what are known as checkerboard lands in Indian reservations. When railroads were built through that region they were given the odd sections of land for a certain number of miles on each side of the railroad track, and much of that land was in Indian reservations. The Indians wanted to get rid of this checkerboard arrangement so that they might have their reservation all in one block instead of being checkerboarded either with railroad lands or with the lands of individuals to whom the railroads had sold.

The outstanding efforts of Mr. Hagerman to rectify this checkerboard arrangement was up in what is known as the Walapai district or reservation. I want to read a paragraph or two from a statement made by an official or attorney of the Indian Rights Association in a letter written by him. He states that Mr. Hagerman and two superintendents had been sent up there by the department to appraise this land and to make some deal, to exchange the lands between the Indians and the railroad interests; and this official of the Indian Rights Association states that on May 21 they called on the officials of the railroad company "and came to an agreement about the division of the spoils and agreed to give the railroad company the eastern portion, the wooded land, where the grass holds out better than on the treeless prairie," and also, to "give the railroad company the valuable springs—Peach Springs."

On May 22 they called the Walapais—

Indians in question—

in council and talked about half an hour or so—only heard from two Indians on their claim, and then adjourned and left for the Mojave Reservation near Needles.

The letter goes on to state that these Indians followed Mr. Hagerman and one of the superintendents away down to another reservation, 100 miles away, and pleaded with Mr. Hagerman in regard to their land claims, but he told them, according to the statement, to go back home and consult with their own superintendent.

So far as I know, that is the outstanding effort Mr. Hagerman has made in regard to the lands of the Indians in whom he is supposed to be interested, whom he is supposed to represent and to be working for.

Mr. Hagerman was appointed to this position as special commissioner; and while holding that office, at least during the first part of his term and while on the land board, he was also head of the Taxpayers' Association of New Mexico. The Santa Fe Railroad, of course, is or was undoubtedly one of the big factors in that association, and Mr. Hagerman admitted that the railroad company put up a thousand dollars—I think it was, or perhaps a little more than that—for the expenses of that association.

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

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. KING. The Senator challenged attention a moment ago to a letter which was written by an official of the Indian Rights Association. Was that Mr. Brosius, who has been connected with that organization for many years?

Mr. FRAZIER. Yes.

Mr. KING. As has also Mr. Rhodes, as I understand, the president of the commission. Is that the Senator's understanding?

Mr. FRAZIER. The present commissioner was a member of that same organization before he became commissioner.

Mr. President, if anyone can convince me that Mr. Hagerman has done anything outstanding for the benefit of those Indians, I will be glad to withdraw my amendment to strike out the item for his salary and expenses. I have another amendment which, if the pending amendment shall be adopted, I will offer, to reduce the amount of the total appropriation by \$8,500, \$6,500 representing his salary and \$2,000 his expenses.

I do not think I need to take any more time. I could read from the hearings for several hours, if necessary, but I do not believe that it is necessary.

Mr. President, the subcommittee, after holding hearings in Washington, in New Mexico and Arizona and visiting the reservations, unanimously came to the conclusion that if Mr. Hagerman ever had any real interest in the Indians or had done anything for their real benefit the time of his usefulness had long since gone by and that he should resign or be removed from the office. We so recommended but the department took no action. I am sorry to be forced to take

this means of bringing about his removal, but I can see no other way out of it.

Mr. SMOOT obtained the floor.

Mr. HAYDEN. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Arizona?

Mr. SMOOT. I yield to the Senator, if he desires.

Mr. HAYDEN. I should like to speak in my own time relative to this amendment.

Mr. SMOOT. I shall not take very long. I myself desire to speak on the amendment.

Mr. President, this is the old personal fight, it seems to me, which has been brought to our attention heretofore. This is not the first time it has come up. When the question arose last year practically the same speech was made then upon the floor of the Senate as has been made to-day.

I want now to call the attention of the Senate to what the Senate of the State of New Mexico has had to say in regard to this "awful" man. I read the resolutions which were adopted by the Senate of the State of New Mexico:

JANUARY 27, 1931.

RESOLUTION OF THE SENATE OF THE STATE OF NEW MEXICO REGARDING CHARGES MADE AGAINST HERBERT J. HAGERMAN

*Be it resolved by the Senate of the State of New Mexico, Whereas the Hon. LYNN J. FRAZIER, chairman of the Committee on Indian Affairs of the United States Senate, has been so flagrantly imposed upon and wrongly informed by designing and malicious persons that he was led to make use of the privileges and immunities of his position to attack the character and official integrity of our fellow citizen and former Governor of New Mexico, Herbert J. Hagerman, Federal commissioner to the Navajo Tribe of Indians, charging Commissioner Hagerman with conniving at and abetting an alleged fraud in the sale of an oil lease on certain lands of the Navajo Indians, the State Senate of New Mexico deems it an act of justice to advise the Hon. LYNN J. FRAZIER and the Members of the United States Senate of the following incontrovertible facts:*

1. That the sale of the lease known as the Rattlesnake Structure was at public auction, which had been duly and extensively advertised and at which a large number of prominent oil interests were represented.

2. That during the morning of the day of the auction the said lease was put up for sale by the auctioneer four times, no one bidding, and when it was put up in the afternoon, a fifth time, there was only one bid, that of \$1,000.

3. That the fact that the lease became valuable was one of the incidents, not to say accidents, of the oil business, just as it was one of the incidents that at the same auction the Gypsy Co. bid in the Tocito structure for \$46,000 and abandoned it after it had drilled two costly dry holes, and E. A. Carlton, of Colorado Springs, bid in the Table Mesa structure for \$18,000 and abandoned it after drilling into nothing more valuable than water.

4. The Commissioner of Indian Affairs, the Hon. Charles H. Burke, was present and actually in charge of the auction; Commissioner Hagerman being little more than a looker-on.

In view of the undeniable facts be it therefore

*Resolved by the Senate of New Mexico, That the charges against the integrity and efficiency of H. J. Hagerman, Federal commissioner to the Navajo Tribe of Indians, is condemned and reprobated as inexcusably slanderous and scandalously reckless as to facts, and that we request the Hon. LYNN J. FRAZIER to make due and honorable correction of the same and that he denounce upon the floor of the United States Senate, where he made the charges, the person or persons guilty of imposing upon his credulity; and be it further*

*Resolved, That copies of this statement and these resolutions be sent to the Hon. LYNN J. FRAZIER and to the Hon. WILLIAM H. KING, United States Senator from Utah, who abetted the scandal, and to United States Senators SAM G. BRATTON and BRONSON CUTTING and Congressman ALBERT G. SIMMS, in order that justice may be done to former Governor Hagerman, who is looked upon by the senate of New Mexico as a man of high character whose integrity has not been questioned in this State.*

A. W. HOCKENHULL,  
President of the Senate.

Attest:

R. H. POOLER,  
Chief Clerk of the Senate.

Mr. President, I have here numerous letters from officials of the Indian associations speaking of Governor Hagerman in the highest terms. I have here an editorial from the New York Times of January 28, 1931. A year ago, when this question was up before the Senate, I received a telegram from Floyd Lee, as follows:

I am sending you to-day, by air mail, copy of resolutions regarding Hagerman which unanimously passed New Mexico Senate.

Those are the resolutions I have just read. The telegram said that he was sending them, and I have just read a copy of them.

Former Senator H. O. Bursum sent me a telegram reading as follows:

Charges against Hagerman very unjust and without justification. Our people believe him honest and capable. The Indian oil lease complained of was sold at public auction to highest bidder, in the same manner as all other leases sold at auction at the same sale, after advertising for bidders. Hope the item of salary eliminated may be reinstated in the bill.

BURSUM.

I have here a letter from the Indian division of the General Federation of Women's Clubs, signed by Mrs. Joseph Linden Smith, chairman.

Mr. FRAZIER. Mr. President, may I ask the date of that letter?

Mr. SMOOT. January 29, 1931.

Mr. FRAZIER. Those are old letters, I take it.

Mr. SMOOT. They are dated last year, because nobody thought the matter was coming up this year after it was so overwhelmingly defeated at that time.

Mr. FRAZIER. Oh, Mr. President—

Mr. SMOOT. I mean to say, nobody out there thought so. We may have known it here, but they knew nothing about it. Therefore I have not written to them, and I did not do so last year. The newspapers in the Senator's State may have called attention to the fact that he intended to make a fight against Governor Hagerman. That may be true. I do not deny that; but this was the time that the fight was made here, and these letters were sent to me as a member of the Appropriations Committee having this bill in charge.

Mr. President, I shall not take the time of the Senate to put in the RECORD all the letters that I have here from New Mexico, and from the women's clubs, and from the Indian welfare associations. I shall not bother with putting them in the RECORD at this time. I only call attention to the fact. As long as the other editorials that the Senator has referred to have gone into the RECORD, perhaps I had better put in the one of January 28, 1931, from the New York Times.

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

The editorial is as follows:

[From the New York Times of Wednesday, January 28, 1931]

A GROSS INJUSTICE—ATTEMPT OF A UNITED STATES SENATOR TO GET RID OF AN HONEST AND USEFUL OFFICIAL

TO THE EDITOR OF THE NEW YORK TIMES:

I want to call attention to a disgraceful attempt in the United States Senate to get rid of an honest official at a time when public interest is diverted to other matters.

On January 21, in the course of a general assault on the Indian Bureau, Senator FRAZIER offered the following amendment to the Department of the Interior appropriation bill:

"Provided, That no part of the moneys appropriated for this act shall be used in payment of the salary or expenses of Herbert J. Hagerman, designated as special commissioner to negotiate with Indians, Santa Fe, N. Mex."

Senator FRAZIER made the following statements:

"1. That there is an appropriation for Mr. Hagerman 'as sort of general superintendent for a tribe in New Mexico and Arizona. There is a superintendent there who has the same duties to perform, and for that district. It is a duplication.'

"2. That Mr. Hagerman was removed from the office of Territorial Governor of New Mexico by President Roosevelt 'as soon as Roosevelt came into office.'

"3. That Mr. Hagerman was appointed as special commissioner to negotiate with the Indians concerning oil leases by the then Secretary of the Interior, A. L. Fall.

"4. That Mr. Hagerman sold the lease of the 'Snake oil lands' for \$1,000, and that within a year the same lease was resold for a million dollars.

"5. That he [Senator FRAZIER] does not believe 'that such a man should be carried on the Government pay roll at all. In plain language, he is, in my estimation, a political fixer for the Indian Bureau in those two States.'

"6. 'There was organized a tribal council among the Navajos for the bureau. Assistant Commissioner Scattergood made the statement that the council functions admirably because there is no dissension among the Indians.'

"7. 'Hagerman tried to organize some kind of a council among the northern pueblos and failed to do so.'"



Rarely has such a collection of misstatements, false inference, and plain untruths been assembled in one short speech.

I should like to take up Senator FRAZIER's statements in order:

1. It is not true that Mr. Hagerman "is a sort of superintendent for a tribe in New Mexico and Arizona," nor is it true that "there is a superintendent there who has the same duties to perform and for that district." The Senator evidently did not trouble to learn the terms of Mr. Hagerman's appointment or to inquire into his duties. His responsibilities cover some 75,000 Indians on more than 20 reservations in the States of New Mexico, Colorado, Utah, and Arizona. He is coordinating officer for the countless ramifications of the Indian Service within that large district.

A list of his duties would cover several typewritten pages. In connection with the Pueblo Lands Board he has helped pass upon 5,532 claims, correcting the wrongs which the notorious Bursum bill was intended to perpetuate.

2. It is not true that Mr. Hagerman was removed from office "as soon as Roosevelt came into office." He was appointed by President Roosevelt and resigned a year and a half later. His honorable record as governor is well known to all in New Mexico.

3. Although Mr. Hagerman was appointed first by Secretary Fall, the inference that he was one of that corrupt crowd is false. Senator FRAZIER passed over the fact that he was appointed in 1923, after the scandals of the Bursum bill and Teapot Dome had been aired, at a time when Fall felt the need of a few honest gestures. Mr. Hagerman had held a number of appointive offices, both State and National, and had been for five years president of the New Mexico Taxpayers' Association, in which nonpolitical office he has been continued unbrokenly. His appointment as special commissioner was a reform measure.

4. Mr. Hagerman did not merely sell the Rattlesnake oil lease (referred to by Senator FRAZIER as "the snake oil lands") for \$1,000. In compliance with the law and authorized by the Navajo Indians, he sold six leases at public auction, after wide advertising, from which the Indians received \$87,600 on what was practically wildcat territory. The geologist's statements on the Rattlesnake structure were so discouraging that it was difficult to get any bid on it at all. Only two of these, of which the Rattlesnake is one, have produced any oil; from these the Indians have received to date \$930,420.38, and the income is continuing.

5. The Senator's personal attack on Mr. Hagerman is best answered after the other points have been taken up.

6. This is a slighting reference to one of Mr. Hagerman's finest pieces of work, the creation for the Navajo Tribes, numbering over 40,000 and previously disorganized and divided into six jurisdictions, of a true representative body elected by the tribe, holding a public annual meeting at which to consult with the Government and make known their needs and grievances. Through this council 40,000 of the most promising Indians in the United States are learning to govern themselves and handle their own affairs. Acting at a time of great corruption, Mr. Hagerman dared to set up an organization which guarantees for all time that no deal can be put over upon the Navajo Tribe without a thorough and public airing. The meetings are attended by representatives of the Indian Rights Association, Eastern Association on Indian Affairs, and other such organizations. The Indians speak their minds freely, all their affairs are aired, and they are learning self-government.

7. This statement that "Mr. Hagerman tried to organize some kind of a council among the Northern Pueblos and failed to do so" was taken up and repeated in substance by Senator KING, of Utah, who offered an amendment canceling the \$300 appropriated for the United States Pueblo Council. In actual fact, Mr. Hagerman, on instructions from Secretary Work, successfully formed a council of all the New Mexico Pueblos, which met three times to consider matters touching the Pueblos as a whole.

Anyone familiar with conditions in the Southwest knows that Mr. Hagerman has been a tower of strength to those who are working to help the Indians. His reports on conditions wherever abuses or neglect occurred have been fearless and penetrating. Thanks to his efforts, and the support received from Commissioner Rhoads in Washington, conditions in the Southwest are better to-day than they have ever been in the history of the Indian Bureau.

To call such a man a "political fixer" and say that he "should not be carried on the Government pay roll at all" is not only false—it is ridiculous. Mr. Hagerman is the type of honest and fearless public official of which this country should be proud.

The Navajo Indians have had long and unhappy experience of the vagaries of our Congress. They are no fools. They have always feared lest Mr. Hagerman might be taken from them because of his very honesty, and, anticipating some such action as Senator FRAZIER's, have repeatedly asked, both in council and as individuals, that he be retained. The esteem in which he is held by those most familiar with his work, both white men and red men, is shown by the instantaneous protest against the Senator's action by the Indians of Arizona, transmitted through Congressman DOUGLAS, of that State, and by the unanimous vote of protest of the New Mexico State senate.

The attempt to deprive this Nation of the services of such a man as Mr. Hagerman shows either gross ignorance or maliciousness.

OLIVER LA FARGE,

Director Eastern Association on Indian Affairs.

NEW YORK, January 27, 1931.

Mr. FRAZIER. Mr. President, that editorial was in the RECORD last year.

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Mr. SMOOT. If it was in the RECORD last year, I will not ask to have it put in at this time if Senators interested in it will read it again.

Mr. FRAZIER. I have no objection to its going into the RECORD.

Mr. SMOOT. Very well. Then I think that is sufficient, Mr. President, without putting in other letters.

Mr. FRAZIER. Mr. President, a few moments ago, in my remarks, I referred to an editorial in the Albuquerque Journal. I did not read it; but since the Senator from Utah has brought up these old statements of a year ago, I desire to read this editorial. It is under date of February 5, 1932, and is headed:

NO BANDS FOR MR. HAGERMAN

There will be no bands out to play and no parade around the plaza in Santa Fe for Mr. Herbert J. Hagerman when he returns from Washington this time.

The special Indian commissioner and member of the Pueblo Indians lands board had successfully prevented himself from being removed from the Interior Department pay roll a year ago when he was accorded such a reception in Santa Fe.

Then he was defending himself as commissioner to the Indians. Now, he has run the gauntlet of a Senate committee investigation into the work of the extinct Pueblo lands board. But he still has hurdles to leap and the indications are that his days as special commissioner are numbered.

He should have been displaced months ago. Only the amazing spectacle of stubbornness on the part of the Indian Bureau to the facts developed at the hearings in New Mexico last summer has held him on. It was evident to everyone else save the bureaucracy of the department that his usefulness had long since ended.

The Journal contended after the hearings last summer that he should resign or be dismissed. Succeeding events have only strengthened that belief.

The recent hearing has developed that the Pueblo Lands Board expended \$400,000 in trying to arrive at just awards to the Indians for lands taken from them and to the white settlers for lands on which they settled from which they are now faced with ejection.

The awards were parsimoniously pared down by the board from the amounts fixed by appraisers, from \$1,892,878 to \$559,226. Mr. Hagerman did this as a member of the board, while at the same time supposedly representing the interests of the Indians.

The bill before Congress would add about \$750,000 to these awards to the Indians and settlers. It seeks to correct the injustice of the awards of the board.

The result of the work of the board has been to complicate instead of conclude the 75 years' indifference and injustices of the Government. Water-right conflicts have been injected into the recent hearings, and nothing has been done by Commissioner Rhoads, of the Indian Bureau, to correct obvious evils in the department so glaringly shown in the hearings here last summer. The partial report of the Senate subcommittee flayed the overhead expenses of the Indian agencies and use of money appropriated for the Indians. All this has been ignored by the department in a supreme effort to save Mr. Hagerman.

Mr. Rhoads was pressed at the conclusion of the recent hearings to throw light on the plans of the bureau of suing for the transfer of white water ownership to the Indians. He was asked to state whether the bureau was going to proceed or not. Yet the last word he gave the committee was to the effect that the Indian Office reserved the right to proceed with these suits, which had in effect been planned before the hearings. These threatened suits bear the earmarks of being used as a device for protecting Mr. Hagerman, but once they are filed none can tell where the matter will end.

Congress will have to be aroused to the necessity for action. It should approve the Cutting-Bratton bill for additional awards to the Indians and white settlers. It should eliminate Mr. Hagerman's salary from the Indian Bureau appropriation, compel a revolutionary change in the administration of the Indian Bureau, and end the threat of water suits.

There is little, if any, division of sentiment in New Mexico over the matter. The obligation to do all this rests upon Congress.

I want to say that the sentiment in regard to Mr. Hagerman has changed a great deal. Even many of those who defended him so staunchly a year ago have rather deserted him at the present time.

Mr. HAYDEN. Mr. President, I desire to take occasion to enter my protest against this method of seeking to remove from office a worthy public official.

I know nothing about the controversies in New Mexico to which Mr. Hagerman has been a party. I am not familiar with the details of the decisions of the Pueblo land board. I speak here in behalf of the Navajo Indians of Arizona, with whom Governor Hagerman has been intimately associated for many years, and in behalf of other tribes of Indians in my State whose welfare he has well guarded.

There is no attack of any kind upon his honor, his honesty, or his integrity. No one has risen on this floor or elsewhere to make any challenge in those particulars. There can be differences of opinion, differences of judgment, as to what should or should not be done in a particular instance with respect to the affairs of any tribe of Indians; but that Governor Hagerman has been honest, that he has been sincere, that he has labored faithfully and diligently is not a subject of dispute.

I have talked many times with Governor Hagerman about every Indian tribe in Arizona. From my conversations with him I know that he is thoroughly familiar with every Indian reservation in the State. He has been in practically every Indian settlement in Arizona, and in talking with him I have found his judgment to be sound as to what is best to be done in behalf of the Indians.

The Senator from North Dakota has mentioned land exchanges within the checkerboard of the grant made to the Atlantic & Pacific Railroad Co. It was to submit his final report on that problem that Governor Hagerman was recently in Washington. In cooperation with the senior Senator from New Mexico [Mr. BRATTON], I have asked to have printed as a Senate document the recommendations made by Governor Hagerman with respect to a settlement of that long-standing controversy. Anyone who will read that document and then say that there is anything in it which is adverse to the interests of the Navajo Indians suffers from some form of dementia. The whole report is pro-Navajo and pro-Indian, and so favorable to them that the chief reaction I have had from it is a vigorous protest from the governor of my State to the effect that Governor Hagerman's recommendations go entirely too far and do too much for the Navajos. No one can read the report—and it will soon be available—without finding that it shows clearly upon its face that it contemplates an extension of the domain to be occupied by those Indians and that they be given permanent title to a vast area of land.

With respect to land exchanges within the Walapai Reservation, to which the Senator has referred, let me say that I attended the hearing at the Valentine Indian Agency. The Senator from North Dakota himself was there, as was the junior Senator from Montana [Mr. WHEELER]. We listened to the evidence during the morning and afternoon. That was the only hearing in northern Arizona when I was privileged to be with the committee. I am sure that when we concluded the hearing that day there was no question in the mind of any Senator there that any unfair advantage was being taken of the Walapai Indians. It was conceded that if there was to be an exchange of lands at all, the proposal presented was fair and equitable to both the Indians and the railroad company.

What happened, as I understand from the extract read by the Senator, was that long prior to the time that the details of this proposed consolidation had been worked out Governor Hagerman went to the Walapai Reservation to make some preliminary investigations with respect to the matter. At that time the Indians wanted Governor Hagerman to say that they should have the entire reservation. That is what they were talking about, and that is what Mr. S. M. Brosius, of the Indian Rights Association—a very sincere man and an old friend of mine—really wants to see done. Mr. Brosius insists that there shall be no consolidation; that the entire 950,000 acres within the exterior boundaries of the Walapai Reservation shall be given to the Walapai Indians.

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

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Utah?

Mr. HAYDEN. I yield.

Mr. KING. The letter from Mr. Brosius, a copy of which I have on my desk, discusses the unfairness of the division, and charges that the Indians were given the inferior parts of the reservation; that the advantages were against the Indians; and the complaint in that letter from which the

Senator read was not because they were not given the whole 950,000 acres but because they were given the worst part of it.

Mr. Brosius is a man of integrity and honor; and he challenges the good faith of Mr. Hagerman and the policy by which the Indians, as he believes, have been deprived of valuable rights.

Mr. HAYDEN. At the time Mr. Brosius wrote that letter he was not in possession of all the facts. He was misinformed as to the areas that were actually to be assigned to the Indians and the character of the land that they were to have. I remember talking with him about that time. Mr. Brosius insisted to me that all the valuable timberlands on the reservation—or the major part of them—were to be given to the railroad company; whereas, as a matter of fact, the best timber on the reservation is reserved for the Indians.

Mr. Brosius specifically mentioned certain springs of water, which, of course, are exceedingly valuable in that arid country, which would be taken away from the Indians. The report shows that the Indians retain title to the most valuable springs. The division of the Checkerboard area as finally worked out is a fair trade, without injustice to anybody.

The exchange was worked out by a representative of the railroad company which owns half the checkerboard and a representative of the Indian Bureau, who made an actual appraisal on the ground of every surveyed section of land within the Walapai Reservation to determine its grazing value. Upon the basis of appraised value the lands are to be consolidated. The Indians will acquire title to over 60 per cent of the lands; and, in addition to that, they get all of the unsurveyed area, which aggregates about 175,000 acres.

I am satisfied that any impartial jury that could examine the facts would decide that the trade was fair, and to the advantage of the Indians, if there is to be a consolidation of holdings at all. I speak for the Walapais. They are my constituents, and I know what they want. They do not want to divide their reservation with the railroad company. They insist that they are entitled to have the whole area upon the ground that their ancestors once occupied it, and therefore the entire reservation should belong to them.

The facts are, however, that at the time white people first came to Arizona and established contact with these Indians there were about 1,500 Walapais. To-day there are about 450 in the tribe, and only a comparatively few of them live upon the reservation. The only possible way that Congress can acquire the entire reservation for those Indians—because the title of the railroad company is perfect—is to buy the railroad lands and give them to the Walapais, which would require a cash appropriation of at least a quarter of a million dollars. I have said frankly to Mr. Brosius that I do not believe it is possible to induce the Congress to appropriate \$250,000 to buy a vast area of land for Indians who do not make use of the land that they now have.

I did not rise to speak entirely of that matter, however. I want to protest that the Senate is not the proper forum in which to determine whether or not somebody shall or shall not be employed in the Bureau of Indian Affairs. The American people elect a President; he appoints a Secretary of the Interior, who selects a Commissioner of Indian Affairs. Those are the responsible executive officials, and it is not a congressional function to step into the inner administration of a particular bureau and say, "This individual employee is not doing just exactly what the United States Senate thinks he ought to do, and therefore he shall be taken off the pay roll."

I have inquired of Senators who have served in this body for many, many years, and I am told, on that authority, that this is a wholly unprecedented motion. It is presented in a disguised form. It does not name Mr. Hagerman. I would have more respect for the motion if its sponsors were frank in naming whom they seek to remove from office.

I repeat my protest and now say that, so far as my contacts with Governor Hagerman are concerned, speaking from my own personal knowledge, I can assert that at no time, in no instance, have I found him failing in any way to look out for and support the best interests of the Indians of Arizona. There is no instance of record, no occasion at any time or at any place of which I know where he has done anything that was not in behalf of the welfare and advancement of those he has been appointed to represent.

That being Governor Hagerman's record, I must denounce this indirect method of seeking to remove him from his office.

Mr. LEWIS. Mr. President, I desire to encroach on the Senate while I pay a little heed to an editorial appearing in one of the leading journals of our community, also to advert to a criticism—in perfect propriety—on the part of one of the members of the distinguished Cabinet of our eminent President.

A short while ago on the floor I alluded to the constant profession of reorganization of departments, and, with it, I charged was the pretension of economy, in the threat to cut away certain of these organizations and release from the salary lists numbers who are enlisted upon them.

I then said, sir, that the distinguished gentlemen who are constantly asserting that this economy was needed, and that these changes should be had, never described what particular branch they favored cutting off, and never designated any particular list of employees whom they asked to have dismissed. I used that to illustrate that there was not in the minds of these eminent political masters any real intent of ridding this Government of any specific number of satellites or parasites. In some spirit of satire and gentle railery I quoted something from Shakespeare's dialogue between Hamlet and Polonius which seems to have been treated as an accusation by me of hypocrisy and lack of good faith on the part of the high officials of our Government.

It is asked where does LEWIS refer to any department that he claims should be abolished? Where, it is asked, have I described any who should be discharged, and where now do I propose any department that I claim should be amalgamated? The accusation is that I have named none, lest I shall "discharge those whose connections with the departments were inherited from the Wilson administration." This comment by my critics leaves the impression that a natural partisanship upon my part forbids that I should designate any department where some of those previously Democrats were still engaged.

Mr. President, I desire to accept the challenge of the estimable gentlemen, and acknowledge their perfect right to criticize. I also add that their criticism strikes me as one that needs to be replied to. I reply that, first, if I had in my power to carry out the need of the country, and the recommendations which have been intimated, I would start with calling the attention of the country to the fact that the department now called the Interior Department has no justification for longer existence in the Government of the United States.

Much of the public land of our country, some of which the distinguished former Senator who serves as Vice President of the United States and as President of this body has seen administered in his renowned State, throughout the West has been disposed of. Very few of the areas, as public land, remain, and little of those which do remain is of any value.

Fifteen thousand seems to be the number of those directly and indirectly engaged upon the salary list of the Interior Department. I propose that the Interior Department now be abolished as an obsolete branch, and whatever there may be of usefulness in it amalgamated with the Department of Agriculture and be treated as the land department. Thus we lessen the salary list, reduce the expenses, and cut off this bureau now more of adornment than of usefulness. The department dwells upon the history of its past rather than upon the value of its present. Rid our Government of that one department and \$15,000,000 would be saved.

I take the liberty of calling the attention of Senators to the fact that the farmers of this country are heartily in favor of this form of reorganization, if I am to judge from a splendid brochure which I see has been printed under the designation of the Hon. Charles Barrett, one of those who has been president of farm organizations and very active in cooperation with them for a considerable number of years, particularly as we have observed him around Congress.

I now take the second. There never was a blunder upon business and government created under an honest anticipation such as the creation of the Interstate Commerce Commission. In the days gone by there were busy gentlemen around the Senate ever impressing us with the great evil there was in the various forms of local government which we speak of as States. They demanded what they called "uniformity," but which to-day has passed into the more commonly designated phrase, often alluded to, of stabilizing.

The final result was that eminent representatives in government, beginning with Senator Cullom, of Illinois, one of my distinguished predecessors, and a Representative from Texas, Senator Reagan, then a Member of the House of Representatives, were the authors and sponsors of the bill known as the Reagan-Cullom bill, the cradle of the birth of the Interstate Commerce Commission. I ask the senior Senator from Utah whether that is not correct.

Mr. SMOOT. That is correct.

Mr. LEWIS. They began the foundation of the Interstate Commerce Commission. There began a system by which a Federal commission at Washington took from every State of the Union little by little, until finally every power was evaporated and destroyed of the right of the State to sit in judgment upon the equity and justice of railroad rates in the shipment from one border of the State to the other. The farmer was denied a voice as to rates from his farm to his market. It was insisted, as asserted by the United States Supreme Court in the Shreveport, La., case, that as a road in a State had connections with roads in other States of the Union over which the products might pass they were treated as interstate commerce, wholly supervised by the Federal Interstate Commerce Commission, and completely denied to the States the privilege to protect their own.

The final result was that there was no more power in the local commissions whatever, and only the Interstate Commerce Commission was authorized to pass upon the question of the rates of freight and passenger rates in the dealings with the railroads.

What has been the result? Time and time again there has been an effort to ascertain the value of the railroads in order to reach what should be a just rate of freight under a measure sponsored by the distinguished senior La Follette. The fight went on, 15 years elapsed, and at the end of that length of time the necessity for the inquiry when it began was at an end. An expense of millions and millions had been incurred by our country, and the Supreme Court of the United States decided, in a case familiar to the distinguished gentlemen now sitting in the Senate, the O'Fallon decision, that the basis of the rulings of the Interstate Commerce Commission had for years been wholly wrong. By this announcement the standards were all set aside.

Now we turn to contemplate them. Sixty-five million dollars of the people's money has this great body expended in 10 years in the pursuit of regulation which has been held to be ineffective and invalid. The people of the sovereign States of the Union have been denied the privilege, under the theory of interstate commerce, of establishing local government or administering their own private affairs among their own people, leaving them without relief and promoting, at the instance of this institution, these large expenditures upon the part of the Government. This leaves us to-day with no source of relief to the shipper, none to the merchants, and no regulation, Mr. Vice President, by which any man can see where is the law that can govern the relative rates of freight by which others can be adjudged, guided by any precedent of the past.

I respectfully assert that with the Interstate Commerce Commission dissolved, and the subject returned back to the

States, where, among the States themselves, they may by their own arrangement between their respective State commissions adjust the matters of their freight rates, added to whatever adjustment may be brought about by the heads of the companies and the managers themselves—that would get results satisfactory to the people and just to the community.

We would then have \$50,000,000 in 10 years expended saved and \$50,000,000 more to be expended in 10 years cut away, or \$100,000,000 saved to the people. The vast number of employees who have been going about the country in different forms of investigation resulting in no final result of benefit to mankind would have been cut off, and that much added to the salvation in the list of preservation.

I now at this moment make a suggestion. I hear these eminent Senators to-day discussing the Indian question. I am not so much learned upon Indians; that is, outside of cities where they participate politically at certain times and earn the title. [Laughter.] I think it is the poet Pope who alludes in a gentle way to "Lo, the poor Indian," alluding to him as seeing God in the wind. But where I exist he creates the wind and is of great value at certain times, depending largely on the count. [Laughter.]

As I look upon this question I observe the title "Committee on Indian Affairs," and, as I heard the distinguished junior Senator from Utah [Mr. KING] and the senior Senator from North Dakota [Mr. FRAZIER] and my friend from Arizona [Mr. HAYDEN], I would imagine that among the Indians there must be a great deal of "affairs" that need some form of attention.

It seems to me, however, that to maintain this bureau to which these gentlemen allude is to indulge in an unnecessary luxury. Why should not the Indians, as a bureau, be added likewise to the Department of Agriculture, joining with the Geological Survey, the Bureau of Mines, and the National Park Service, all there aggregated within the service of agriculture, cutting off these multiplied pending expenditures, and letting this general agriculture department administer them as a part of that which is the public land. For the Indian, sir, being a ward of our country, would not be under the supervision of government in the manner he is if it were not that the desire is to preserve those segregated portions of the lands which we speak of as his "reservation," and treat as his right.

Mr. President, in this connection has it occurred to us that under the title of the Bureau of Education and the charitable institutions there is an expenditure of \$10,000,000, and that it is impossible to ascertain where it has gone, other than that it has gone for salaries in what is called "service"? If these organizations known as the Bureau of Education are to continue, and these charitable institutions, separately, of the Government are to be maintained as branches, let them be added to the Department of Commerce, and address themselves to such attention as is necessary to these several functions through the commerce heads of that department.

But here let not my honorable colleagues misunderstand me. When I refer to this bureau let it not be assumed that I approve of what I observed along the way of some theory of creating for the Federal Government the privilege to pass upon what should be the qualifications of the schools of the different States and likewise the standard of education as applied to the children. I utterly oppose it; and if the time should ever come when the matter is brought before this body and I am licensed by your generosity to speak upon the subject, I shall do all I can to disclose the most vicious example I have ever seen attempted to be foisted under the name of "education."

We have lately been celebrating George Washington's birth anniversary. We can not for the moment fail to recall that he makes great allusion to the education and freedom of the people; and if we are to violate one of the principal precepts in the preservation of the right to education, in the preservation to the citizen of his home and his family as distinguished and free from bureaucracy, then

we offended the memory of George Washington instead of perpetuating him in glory—

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield to the Senator with pleasure.

Mr. KING. In view of the criticism which the Senator is very justly making against the Federal Government injecting itself into our educational system, may I invite his attention to page 10 of the bill, where we find the following item?—

For all expenses, including personal services in the District of Columbia and elsewhere, purchase and rental of equipment, purchase of supplies, traveling expenses, printing, and all other incidental expenses not included in the foregoing, to enable the Secretary of the Interior, through the Office of Education, at a total cost of not to exceed \$350,000, to make a study of the sources and apportionment of school revenues and their expenditure, \$50,000.

There is \$350,000 to ascertain the source of school revenues. We could, by sending a wire to the superintendents of education of every State, within 24 hours obtain the information, and yet \$350,000 was authorized for this useless and unnecessary expenditure, and out of the authorization \$50,000 is carried in the present appropriation bill.

Mr. LEWIS. Mr. President, I appreciate the contribution. I had a moment ago adverted to the matter, but I did not have the figures with accuracy as presented by the Senator from Utah.

I want to say, not to take too much time in discussion away from the main theme, that I observe we have a Shipping Board. My eminent leader on this side of the aisle and others participated with me in earlier days in the creation of that body. I ask why should that which now contributes \$14,000,000 to the deficit be continued? The senior Senator from Florida [Mr. FLETCHER] a while since conducted an investigation into the whole phase and character of the Shipping Board and what had transpired with its administration and what had ended with its ships. From him we have a statement before us now that those ships for which the American people paid have been destroyed, many of them passed into the hands of the monopoly, some buried in the sea, some burned in the flame, all confiscated practically from the Government. We ask what is the use of that Shipping Board—and if it has any use and we desire to establish a form of transportation and shipment, why not annex it to one of the departments of business? Let it go to the Department of Commerce as a part of that organization instead of maintaining this separate expensive branch under very heavy expense put upon our people and inflicted upon the taxpayers of the land.

The last and final matter I take the liberty of offering is the Federal Trade Commission. Mr. President, the Federal Trade Commission likewise was created at a time when I was honored with a seat in this body. The theory was to create something of a supreme court of business. The Federal Trade Commission has in one instance or another done some good service, but ordinarily the investigations of that body have extended through a great period of time to ascertain whether a thing is wrongful or not, fraudulent or just. At the end of that length of time the whole procedure has evaporated and all the results that could have followed are at an end. Hundreds of citizens are brought from their homes and their businesses to give testimony here in the Capital. Pending their long wait, much money, to the extent of millions of dollars, has been wasted with no results of any benefit to the citizens.

Here I now unite the Interstate Commerce Commission. In every one of the great instances where the Interstate Commerce Commission has assumed to pass judgment resort is taken to the courts on appeal or protest, and since everything has to wait until the courts have determined whether or not they will affirm the finding or reverse it, nothing in the form of relief is enjoyed by the citizen. I propose a complete change, that all of these subject matters be turned over to

the jurisdiction directly of the courts, and if the citizen in the State has a grievance where he feels he has been wronged in a matter of his business or there has been an invasion upon it, or by the railroads because of freight rates which they regard unjust, at once they shall have the privilege of going into the Federal court, the nearest tribunal to them, and there set forth their grievances, and, under the system of law which I hope we can amend, have an immediate hearing and a decree involving their rights in order that judgment may be had hastily, for justice delayed is justice denied.

Mr. President, I present these suggestions in answer to criticism of me from eminent sources as to where I will at once begin to cut off. I have named what approximates in figures almost \$1,000,000,000 in the aggregated sum. I leave to the excellent sense of legislators of all parties where to provide the other \$1,000,000,000 to equal the deficit. But, alas, every time anything is suggested in the way of a saving of this kind there arises, as has been well said, the immediate defenders of that particular branch, and then to condemn those who tender it as a sacrifice. Sir, we can, if I may be pardoned the suggestion, imagine the distinguished heads of the great tribunals in protest, as here we catch the very echo from the oaks of Iowa or from the long-reaching eucalyptus of California. The moment the blade is lifted high or the ax leveled, comes the echo:

Woodman spare that tree,  
Touch not a single bough.  
In youth it sheltered me  
And I'll protect it now.

[Laughter.]

Mr. President, I propose the relief, and I trust it may be received by such audience as will recognize there are things to be done and that in doing them we may wrest the community from that clutch which literally grinds at their vitals in strains of taxation.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Tennessee?

Mr. LEWIS. Certainly.

Mr. McKELLAR. The Senator would not omit the bureau misnamed the Bureau of Efficiency, would he? It is really the "Bureau of Inefficiency," and I am sure the Senator would not want to omit that bureau.

Mr. LEWIS. Mr. President, I will say to the Senator from Tennessee that my experience since returning to the Senate has not been able to observe anywhere other than in the Senate a true "bureau of efficiency." Here is one which operates so very efficiently that it heartily has my approval. I should not want to demolish it. If there be another one justly entitled to the appellation which the Senator from Tennessee suggests, I would be glad to have the list, that I might include it in this my list of those whose roots should now be laid under the ax and the further fungous growth be prohibited by turning upon it the light of burning truth. I thank the Senate.

Mr. KING. Mr. President, I regret that the Senator having charge of the bill did not accept this amendment as well as a number of others to which attention has been called. If that had been done, there would be no occasion for extended debate. I have examined the Budget as well as the House hearings and the Senate hearings dealing with items in the pending bill, and I respectfully submit that there is not a full disclosure by the Indian Bureau of all relevant facts which should have been presented in order that a fair and just appropriation bill could be prepared. There is no provision in the bill indicating the existence of a "special commissioner to negotiate with the Indians," nor that any part of the large appropriation carried in the bill was to be devoted to paying the salary and expenses of any such official. There is no law creating such a position and, I submit, no authority for the creation of such an office or authorizing the appointment of any person to fill such a position if created.

#### UNAUTHORIZED SALARIES IN LUMP-SUM APPROPRIATIONS

Mr. President, too many appropriation bills have lump-sum appropriations or so-called special, or even general,

appropriations without anything to indicate in the bills presented the specific purposes for which the appropriations are to be used or the persons or officials or employees who are to be the beneficiaries of such appropriations. It is becoming too common for departments, bureaus, and executive heads to ask for large appropriations upon which they may draw for various purposes not enumerated or specified in appropriation bills. The result is that activities are carried on, positions created, and multitudes of persons employed without Congress being advised by appropriation bills or other measures concerning the same. This policy contributes to swelling the great army of Federal employees and the assumption by the Federal Government of a multitude of activities, many of which are not within the legitimate authority of the Federal Government. Certainly appropriations of the character indicated make for extravagance and inefficiency, for a multiplication of employees, a duplication of service, and for increase in the power and authority of executive agencies. The Indian Bureau has an enormous number of permanent or regular employees—more than 6,800—together with more than 2,000 so-called irregular employees—and a very large part of the appropriation of the Indian Bureau is consumed in paying the salaries, expenses, and compensation of these thousands of regular and irregular employees. My information is that more than one-half of the \$25,000,000 carried by the appropriation bill for the current fiscal year, ostensibly for the Indians, was expended in paying the salaries and expenses of the unnecessarily large army of persons in the Indian Bureau.

#### FALL APPOINTED HAGERMAN WITHOUT AUTHORITY

In conversation with a Senator I was asked to point out the statute creating the office of "special commissioner to negotiate with the Indians" and also to indicate where the Indian Bureau found authority to name Mr. Hagerman for such special commissioner. I insist there is no such authority. However, former Secretary of the Interior Albert B. Fall in 1923 attempted to create this position and named Mr. Hagerman to fill the same. There was no necessity for such action, as there were many officials in the Interior Department and in the Indian Bureau who could have negotiated agreements if agreements were desirable. The agents upon the various reservations knew the Indians and their conditions, and one or more were available to negotiate agreements.

A year ago, when the Indian appropriation bill was under discussion, the Senate adopted an amendment providing that no part of the appropriation should be used for the payment of the salary or compensation of Mr. Hagerman. It was contended then, as it is now contended by the Senator from North Dakota [Mr. FRAZIER], that there was no reason for the appointment of a special commissioner, and that Mr. Hagerman was not a suitable person to fill such position if it legally existed. I think the discussion then, as well as the statements just made by the Senator from North Dakota, indicate the reason why Mr. Hagerman was appointed by Secretary Fall.

#### PROPOSED ACTION A USUAL ONE

The Senator from Arizona [Mr. HAYDEN] has just stated that it is an extraordinary and unheard-of proposition to restrict the use of an appropriation as proposed in the amendment offered by the Senator from North Dakota. As I understood him, this is the first instance where the Senate has attempted by legislation to separate a Government official from a position. I respectfully insist that the Senator is mistaken. In many appropriation bills special items of appropriation and general appropriations have contained restrictions limiting the objects and purposes for which the moneys appropriated might be used. Appropriation bills frequently contain limitations which result in separating from Government service one or more employees. In the pending bill there are provisions which will result in cutting off salaries of employees the retention of whom the Bureau of Indian Affairs contend are important to the service. If the Senator's position is correct, then Congress would be compelled to appropriate for the salaries and compensation of every employee of the Government, whether

needed or not, and to continue forever positions though they should be abolished. Senators know that there are tens of thousands of employees in the Government who should be separated from the service. It would be a most extraordinary situation if Congress was powerless to abolish positions or to limit appropriations in such a manner as would result in separating from the service persons whose services no longer were required.

#### HISTORY OF HAGERMAN CASE

For a number of years Mr. Hagerman has been paid from \$6,500 to \$9,500 annually out of appropriations made for the Indian Service. His was not a statutory position, and, as I have stated, there was no authority for his appointment. A year ago the Senate amended the Indian appropriation bill by prohibiting the payment of any portion of the amount carried in the bill to Mr. Hagerman. Unfortunately, the Senate conferees, when the bill went to conference, yielded to the House conferees, thus eliminating the Senate amendment.

Notwithstanding that the discussion at that time revealed the impropriety of retaining Mr. Hagerman upon the Government pay roll, the Indian Bureau, in an obstinate, capricious, and defiant manner, continued him in its service and paid him out of the funds appropriated for the bureau, many thousands of dollars. I might add that Mr. Cramton was then a Member of the House and was one of the conferees who led the fight, as I am advised, to defeat the Senate amendment. I make no criticism of Mr. Cramton in saying that he was a dominant influence in preparing and passing the House appropriation bills, and as a representative of the House upon conference committees. I might add that Mr. Cramton was not reelected to the House, but was soon thereafter given a position in the Interior Department and is now, as I am informed, employed in that department, in what capacity I do not know, but his activities—in part, at least—concern the Indian Bureau. Because of the attitude of the Indian Bureau and its obstinacy in keeping Mr. Hagerman upon the Government pay roll, it has given an importance to the Hagerman case entirely disproportionate to its merits, but the defiant position of the bureau compels Congress to deal once and for all with this matter.

Moreover the Indian Bureau has so identified itself with Mr. Hagerman and he is so much a part of it and its policies that in discussing the so-called Hagerman case the bureau and its policies and administration are necessarily involved. In other words, Mr. Hagerman is the representative of the bureau, and the bureau puts him forth as its representative and the symbol of its authority, so that when reference is made to Mr. Hagerman the methods and policies of the Indian Bureau are necessarily considered. The great naturalist Cuvier, from the bone of an animal, even though it were extinct, could determine the form and shape of the living animal. Without drawing any analogy, it may be observed that the controlling authorities in the Indian Bureau, having identified themselves with Mr. Hagerman and indorsed his course, approved his policies and demanded his retention as an indispensable part of the bureau, it is inevitable that the bureau and Mr. Hagerman should be regarded as more or less of an entity where the policies and procedure of the bureau are under consideration.

Senators know that the Indian Affairs Committee of the Senate is charged with the duty of making a thorough investigation of the Indian situation. A subcommittee was appointed, of which the Senator from North Dakota is chairman. In the course of that investigation—as the record shows—Mr. Hagerman and his connection with the Indian Bureau were discussed. The committee soon learned that his record in the bureau was unsatisfactory; that the Indians—whose rights it was assumed he was to protect—were hostile to him; and that to permit him to remain in the Government service would be unwise and highly improper. This conclusion was not reached until after a thorough investigation had been made and the interests of the bureau, as well as the Indians, had been fully considered.

The Indian Bureau refused to accept the findings of the committee, or, as stated, the action of the Senate, and asked

that there be further investigation of the matter. The committee, not having completed its work, again considered the Hagerman matter. During the investigations Mr. Hagerman testified at length. Hundreds of pages of testimony were taken, many witnesses testified, and numerous documents were incorporated in the record. After a complete investigation of the entire matter, the committee submitted a report to which I shall call attention. I do not think the junior Senator from Arizona [Mr. HAYDEN] can challenge, nor can any one challenge, the good faith of the members of the committee making the investigation. Probably they never heard of Mr. Hagerman until, in the investigation, he and his relations to the Indian Bureau were brought to their attention. The complaints made to them by Indians and others were of such a nature as to compel them to inquire into the official conduct of Mr. Hagerman. This they did impartially, and reached a conclusion which seems to me inescapable—a conclusion and judgment that would have been reached by any fair and impartial investigator.

Mr. President, I have confidence in the committee and believe that their judgment should be the judgment of the Senate. However, I have examined hundreds of pages of the record and have no hesitancy in saying that their conclusions regarding Mr. Hagerman are just and that it is the duty of Congress, if the Indian Bureau will not do its duty, to remove by legislation Mr. Hagerman from any connection with the Indian Service.

#### TEXT OF SENATE COMMITTEE'S REPORT

The chairman of the Committee on Indian Affairs, for the committee, submitted a report under date of February 16, 1932, with respect to the "Charges of misconduct of Herbert J. Hagerman, special commissioner to negotiate with Indians and a former member of the Pueblo Lands Board." The report is as follows:

Pursuant to said resolutions and within the limits of its authority the subcommittee of the Senate Committee on Indian Affairs has conducted its survey and investigations generally among the various Indian tribes of the United States, and in pursuance of such investigation the subcommittee has held numerous hearings in Washington and within the States of New Mexico and Arizona inquiring into the charges of neglect of duty and misconduct of one Herbert J. Hagerman, special commissioner to negotiate with Indians in New Mexico, Arizona, Utah, and Colorado, and formerly a member of the Pueblo Lands Board. At the numerous and exhaustive hearings which were held in Washington, Mr. Hagerman was present, but in New Mexico and Arizona he failed to appear.

The printed testimony is found in parts 11, 17, 18, 19, and 20, hearings of the subcommittee.

The subcommittee finds that said Hagerman in his said capacity as a member of the Pueblo Lands Board failed, neglected, and refused to comply with the mandate of Congress (act of June 7, 1924, 43 Stat. 636) creating and controlling that board, in that he failed, neglected, and refused to find the fair market value and to award fair compensation to the pueblos when ownership of land and water rights were extinguished through the actions of the board in violation of section 8 of said act of June 7, 1924.

And by reason of such failure, neglect, and refusal to comply with the provisions of the act the Government has been put to great expense, while the board has not disposed of the claims and counterclaims of the Indians and white settlers as was intended by Congress and provided for in the act, but on the contrary has beclouded the situation, has complicated the issues by trying to read into the act and the judicial decisions an arbitrary and fantastic theory, has practically forced the Indians to institute independent suits of wholesale character, and has brought about a situation forcing Congress to legislate anew in order to accomplish the results plainly intended by the said act of June 7, 1924.

The subcommittee further finds that he has in numerous particulars neglected his duties as such special commissioner to negotiate with Indians in New Mexico, Arizona, Colorado, and Utah, with resultant serious injury to the property and the tribal interests of the Indians, and has completely lost the confidence of the vast majority of the Indians of the Southwest, who have petitioned the subcommittee that he shall no longer represent them or act in the capacity of such commissioner, and the committee is of the opinion that he is unfitted for the position assigned to him by the Secretary of the Interior.

The subcommittee further finds that the said office of special commissioner to negotiate with Indians, etc., is an unnecessary extravagance on the part of the Government. It is the belief of the subcommittee that the superintendents upon the various reservations should be held responsible for the management of the affairs of the reservations to which they are assigned and should make their reports directly to the Indian Bureau rather than through some intermediary, and that if there are superintendents or agents incapable of managing the affairs of a reserva-

tion or unable to maintain the confidence and respect of the Indians, they should be replaced by men who have the necessary qualifications to handle the business and social problems involved. The present system of having superintendents report to Commissioner Hagerman makes for delay and inefficiency, stifles the enterprise of competent superintendents, and serves as a barrier behind which the Commissioner of Indian Affairs escapes responsibility.

The subcommittee's conclusions are supported by records, complaints, allegations, and admissions contained in the printed hearings, and in records, documents, and files of the subcommittee.

Wherefore, the subcommittee recommends that Mr. Hagerman's position be abolished, that there be no future appropriation for his salary and expenses, and that he be removed from the Government service.

Respectfully submitted.

#### HAGERMAN AND HAGERMANISM

Mr. President, it seems to me that in the face of this report the Senate should unhesitatingly and unanimously agree to the amendment offered by the chairman of the committee [Mr. FRAZIER] and thus get rid, once and for all, of Mr. Hagerman and close the chapter of Hagerman and Hagermanism. The report says that he should be removed from the Government service. The chairman has called the attention of the Senate to communications received by the committee from the Navajo Indians as well as Indians in New Mexico, other than those belonging to the Navajo Tribe, in which they strongly oppose Mr. Hagerman and declare that they are unwilling that he shall longer hold any position which will bring him into contact with them. It may not be inappropriate to mention that because of the failure of Mr. Hagerman to properly discharge his duty in connection with the Pueblo Indians, the able Senators from New Mexico—one a Republican and the other a Democrat—have felt constrained to introduce a bill in the Senate calling for compensation to the Pueblo Indians because of the wrongs inflicted upon them for which Mr. Hagerman is primarily responsible. I shall refer to this later in my remarks. I may add, however, that this bill, which would, in part at least repair the wrongs done the Indians, is violently opposed by Mr. Hagerman and by the chief officials of the Indian Bureau. Mr. Rhoads and Mr. Scattergood, and I think the Secretary of the Interior, in the face of the report of the committee and the mountain of testimony condemnatory of Hagerman, still doggedly and defiantly support him and also stoutly oppose the bill for the relief of the Pueblo Indians, though everyone who examines into the matter dispassionately and fairly will be compelled to the conclusion that these Indians should be compensated for the unjust treatment to which they have been subjected. Mr. Hagerman was supposed to represent the Indians and protect their rights. The record to which I have referred, composed of hundreds of pages of testimony, reveals the reasons why the Pueblo and the Navajo Indians, lacking confidence in Mr. Hagerman, desire that he shall no longer serve in the position which he is now filling.

Mr. President, it is obvious that if the Indians have no confidence in an official of the Government, he can be of but little service to them, and that it would be unjust to have him superimposed upon them.

#### FACTS HAVE DESTROYED HAGERMAN'S SUPPORT

A few moments ago the senior Senator from Utah [Mr. SMOOT] read into the RECORD a statement made by some State officials of New Mexico more than a year ago, when Mr. Hagerman's case was before the Indian Affairs Committee as well as before the Senate. In that statement they denounce the Senator from North Dakota [Mr. FRAZIER] and indirectly criticize me for supporting him in his contention that Mr. Hagerman should no longer be forced upon the Indians by the Indian Bureau. My information—and it is authentic—indicates that those who supported the resolution of criticism entertain an entirely different view now. The leading newspapers of the State are opposed to Mr. Hagerman and definitely state that he should no longer be continued in the position which he now occupies. Editorials have appeared in two of the leading newspapers—one a Republican and the other independent—which, in effect, support the action of the committee in calling for Hagerman's removal.

It is unnecessary to state what all Senators know. The investigating committee acted fairly toward Mr. Hagerman and only reported against him and in favor of his removal when the record overwhelmingly called for such action. The report that they made a year ago has been reinforced by a further investigation in Arizona and New Mexico at which Mr. Rhoads and other representatives of the Indian Bureau were present. I supported the committee a year ago, and I am supporting them now, notwithstanding the oburgations of the Indian Bureau and the Secretary of the Interior.

Apropos of the critical statement given to the press a few days ago by Secretary Wilbur, in which Mr. Collier and myself were criticized, I desire to have placed in the RECORD a copy of a letter written by Mr. Diego Abeita to Secretary Wilbur, dated March 14, 1932. I have asked the senior Senator from New Mexico [Mr. BRATTON] whether he knows the writer of the letter. He answered in the affirmative. He will correct me if I am wrong, in stating that the writer is an Indian of education and considerable ability and of standing in the community.

Mr. BRATTON. That is a correct statement.

#### A STATEMENT FROM THE PUEBLOS

Mr. KING. The writer of the letter, may I say, is secretary of one of the Pueblo councils, and as spokesman of such council, he takes exception to Mr. Wilbur's criticism. He particularly criticizes the Secretary for his, as I believe, unfair and unwarranted assault upon Mr. John Collier. He also resents the statement of the Secretary concerning Judge Hanna, who has served the Indians for years without compensation.

Mr. President, I ask that the letter, without reading, may be inserted in the RECORD.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

ISLETA PUEBLO,  
Isleta, N. Mex., March 14, 1932.

HON. LYMAN WILBUR,

Secretary of the Interior, Washington, D. C.

DEAR MR. WILBUR: Acting through the election of the All-Pueblo Council, representing 13 pueblos, which met at Santo Domingo on March 12, I, as spokesman of the said council, hereby take exception to your statements to Members of the United States Senate as contained in an Associated Press dispatch of March 9, wherein you refer to Senator KING's knowledge of our affairs as the work of John Collier, "a well-known and well-endowed lobbyist," whose word "can not be depended upon to be fair, factual, or complete."

John Collier is a friend of the Pueblo Indians, and he is recognized as such by us. It certainly is not to the credit of the Indian Bureau that a sense of justice compels him to fight constantly for decent treatment for the Pueblo Indians.

A lobbyist, as we understand the term, is one who hides behind the curtain as he tries to control legislation. John Collier has not hidden behind anyone or anything while trying to obtain justice for us. On the other hand, the success of his actions has depended largely on the knowledge the public has obtained about them.

We resent and consider improper and unfair your designation of him and his associates, whom we have trusted to present our case to the Congress of the United States, as endowed lobbyists. The Pueblo Indians of New Mexico have never paid John Collier one cent to represent their interests against the neglect of the Indian Bureau.

As for our attorney, Judge R. H. Hanna, of Albuquerque, and our other attorneys, they are trusted by us with a task of undoing the harm done us by those whose duty it was to protect us. We regret to tell you that it is necessary for us at all times to be prepared to defend ourselves against the policy of your bureau.

You have told the Members of the United States Senate and the public that the statements of John Collier and his associates can not be considered as facts. In effect, you call him a liar; and this is a direct reflection upon the Indians of New Mexico who have charged him and Judge Hanna with the duty of presenting their side of this matter of the Pueblo Lands Board controversy. We therefore challenge you to prove your statement of March 9. As it now stands it plainly implies that we are a party to dishonest means to obtain justice for ourselves. Since this is utterly false, we demand that you retract your insinuations.

The 10 per cent fee—or, as you figured it out, \$75,000 joint fee—if it is approved, is for the expenses of several law firms who have worked for several years on this matter. This work has been about equal to the work of the Pueblo Lands Board, which cost the Government at least \$250,000 and possibly \$400,000—estimates seem to vary. Indeed, if this lands board had done its task fairly and correctly, we should have been spared this heavy expense. But why didn't they do it? Their methods forecasted

another expensive fight for us, and why didn't your office correct them, when it could have done some good and spared us this expense? \* \* \*

Respectfully yours,

DIEGO ABEITA,  
Secretary Isleta Pueblo Council.

PRESIDENT ROOSEVELT REMOVED HAGERMAN

Mr. KING. Mr. President, the record shows that Mr. Hagerman was brought out of retirement by Secretary Fall, under whose administration oil lands belonging to the Government were leased or otherwise disposed of. These two men were friends and had been political associates. As stated by the Senator from North Dakota, Mr. Hagerman had been removed as Territorial Governor of New Mexico by President Roosevelt. Part 11 of the hearings shows the reasons for President Roosevelt's action; they also show the series of letters passing between the President, Mr. Hagerman, and Mr. Garfield. Mr. Roosevelt's action is stated in the following words:

It is a grave question in my mind whether I ought to remove you instead of requesting your resignation. Under no circumstances would I reconsider this action.

From January, 1923, until the conclusion of the hearings by the committee the record of Mr. Hagerman as special commissioner and as a member of the Pueblo Lands Board has been subjected to an examination by the Senate Indian investigating committee and the Senate Committee on Indian Affairs. Of course, I do not ask the Members of the Senate to examine the nearly 2,000 pages of testimony containing this record. I can only repeat that the record not only justifies but compels the report submitted by the committee and which I have placed in the RECORD. The hearings establish that Mr. Hagerman failed in his duty to the Indians and pursued a course disadvantageous to them and which has culminated in their entertaining for him a feeling of fear and repugnance.

ESTABLISHMENT OF NAVAJO FIAT COUNCIL

The record supports the view that Mr. Hagerman attempted to destroy—and he was largely successful—the Navajo tribal organization which had existed among them for generations. He presented to the Navajo Indians regulations prepared by Secretary Fall, or under his direction, which had for their purpose the destruction of the tribal administrative system and the subjugation of the Indians to a tyrannous and bureaucratic control. These regulations compelled the Navajo Tribe to effect an immediate organization under the ægis of the Secretary of the Interior. The Indians were informed that if they refused to submit to the practical destruction of their tribal organization and the acceptance of these regulations, the Secretary would appoint tribal delegates. These regulations required the tribal council, which was the administrative and representative organization of the Indians, to meet only on Mr. Hagerman's call and only in his presence.

In July, 1923, this rubber-stamp Indian council that Mr. Hagerman, under the regulations referred to, had created, was required to and did sign over to Mr. Hagerman an unlimited power of attorney to deal with certain of their lands. Under this authority he was authorized to sign, in behalf of the Navajo Tribe, all oil and gas mining leases. I have before me these regulations, but I shall not take the time of the Senate to read, or because of their length have them inserted in the RECORD. I shall, however, briefly refer to two or three of the regulations:

Paragraph 1 permits that there should be appointed one commissioner of the Navajo Tribe (Hagerman) who shall meet and confer at general headquarters at a point to be designated by him.

Paragraph 2 provides that he shall have general supervision over each of the superintendents on the reservation and be charged with the general supervision of the affairs of the tribe. Notwithstanding the existence of tribal councils selected by the Indians, and which had been their governing body for perhaps centuries, the regulations declared that this bureau organization was created a continuing body, and that in the event the Indians or any superintendency failed or

neglected to elect a delegate or alternate the Secretary of the Interior was to appoint the same.

Paragraph 17 provides that the tribal council was to meet at such time and place as may be designated by the commissioner (Hagerman), after notice in writing, for the consideration of such matters as may be brought before it.

Paragraph 19 provides that no meeting of the tribal council shall be had "without the presence of the commissioner" (Hagerman).

Paragraph 20 gives the right to the Secretary of the Interior to remove any member of the council upon proper cause shown, and to require the election or appointment of some other delegate.

It is a matter of common knowledge that the Indian tribes from time immemorial have enjoyed their own tribal councils. The progress of the Canadian Indians is in part due to the recognition of the government of the tribal councils among the various tribes. These organizations have been of benefit and have been recognized by them as their official organizations. The new plan was to convert the tribal council or tribal governmental organization into a creature or rubber stamp of the representatives of the Interior Department. This seems to me to have been unwise, unfair, and unjust to the Indians.

POWER OF ATTORNEY TO HAGERMAN

On July 7, 1923, this rubber-stamp council was called to meet by Mr. Hagerman, and acting under his direction there was executed and delivered to him an unlimited power of attorney, under which he was authorized to execute in behalf of the Navajo Tribe all oil and gas mining leases.

I should add that for a number of years prior to 1923 it was believed that the Navajo Reservation contained valuable oil deposits. Oil had been discovered upon the public domain in the same region, and legislation had been enacted by Congress providing for leasing the same. Requests were made for legislation providing for the leasing of Indian lands supposed to contain oil deposits. After Mr. Hagerman had obtained this power of attorney, he disposed of an oil structure of great value, containing an area of 4,080 acres, to two men, both of them his friends, and one of them, as I am advised, an intimate friend. The bonus consideration paid to the Navajo Tribe was only \$1,000. In less than a year these individuals had conveyed a one-half interest in 5 per cent only of the structure, receiving therefor \$300,000. In less than three years thereafter they disposed of a one-half interest in the leased oil structure for more than \$3,000,000.

THE RATTLESNAKE OIL LEASE

The record shows that near Shiprock, N. Mex., and on the Navajo Reservation, there are two neighboring oil structures, one called the Hogback, the other the Rattlesnake. In the summer of 1923 it was established that the former possessed great value because of the quality and quantity of oil which it contained. It was of the highest grade and gave evidence of indefinite production. Less than 9 miles away, and as part of the same geological formation, was the Rattlesnake structure. Early in 1922 the Federal Bureau of Mines began an investigation, at the request of the Indian Office, of the Navajo oil fields. Some time prior to October 2, 1923, Mr. Kenneth B. Nowles, of the Bureau of Mines, reported that the Rattlesnake oil structure was equally as good as the Hogback from a geological standpoint.

The Senator from North Dakota [Mr. FRAZIER] referred to the testimony regarding this matter in his address a few minutes ago. The record of this report appears on page 4823, part 11, of the hearings. The Indian Bureau did make this report public. An affidavit, however, filed with the Senate Indian Investigating Committee August 4, 1931, shows that Mr. Nowles was in contact with Mr. Hagerman prior to the leasing of the 4,080 acres of the structure to the two friends of Mr. Hagerman. I refer to part 19 of the hearings, pages 10389 and 10390. I should add that the regulations, under which the proceedings were conducted resulting in the two friends of Mr. Hagerman obtaining a lease upon the structure, reserved to the Secretary of the Interior the authority to reject any and all bids. Secretary Fall had left



the department and his successor had been named. Mr. Hagerman urged upon the department that the lease be issued without delay, and on December 5, 1923, after the Secretary had withheld for seven weeks his approval, the lease was approved by him. As I have stated, in less than a year thereafter one-half interest in 200 acres of the 4,080 acres was sold to the Continental Oil Co. for a \$300,000 bonus paid to whites. The Navajo Tribe, however, received for the lease of the entire structure but \$1,000 as bonus. The Continental Oil Co. thereafter acquired a one-half interest in the Rattlesnake structure for between three and four million dollars of bonus.

I do not contend that this transaction proves any corruption upon the part of Mr. Hagerman or those who acquired the oil fields. It is, however, a fact to be considered in connection with the entire record and with the general attitude of Mr. Hagerman toward the Indians. It is to be weighed in determining whether he earnestly and loyally discharged his duty to the Indians who were under his supervision and whose rights he was supposed to sacredly guard and protect. It bears upon the question as to whether he was negligent or indifferent in the discharge of his duties and whether there is justification for the Indians believing that he should no longer have authority to handle or control any of their property or have any concern in their affairs.

#### MISREPRESENTATION OF NAVAJOS IN OIL LEGISLATION

I now call attention to a matter which it is contended proves that Mr. Hagerman was careless or indifferent to the rights of the Indians and failed to observe his duty as a guardian of the Indians. As Senators know, many reservations have been created by presidential order. About three-fifths of the Navajo Indian Reservation belongs in this category. My recollection is that all Indian reservations created since 1868 have been by Executive order. Treaty making with the Indians was ended by Congress in 1868; however, Congress, by various enactments, including the general allotment act, has recognized the substantial identity of Indians' vested rights in treaty grants and Executive orders. That is to say, reservations created by Executive order gave to the Indians a valid title to the lands and mineral wealth therein. However, it was contended by some, including Secretary Fall and the Indian Bureau officials, that the Indians did not obtain valid and indefeasible titles to lands included within Executive order reservations. The contention, as I understand, was that the Indians, though not trespassers, acquired no rights which Congress or the public were bound to respect.

On June 9, 1922, Secretary Fall, holding that the Navajo Indians had no title to the lands within the Executive order reservation, sought to bring them within the provisions of the general leasing act of February 25, 1920, which authorized the leasing of oil and other mineral lands by the Secretary of the Interior. The validity of his order announcing his view, which, as stated, was a denial of the ownership of the Indians in and to the minerals within the reservation, was challenged. Manifestly the view of the Secretary was unjust to the Indians. They had occupied the lands within the Navajo Reservation, as well as other lands, for centuries, and the Executive order relating to a part of the lands which they and their ancestors had occupied for generations was, it seems to me, but a confirmation of their title. For the Government to question their right and to seek to deprive them of either the surface or the minerals beneath the surface of their ancestral domain and of the lands within an Executive order reservation was a most unethical, unjust, and reprehensible act. Fortunately, Attorney General Stone, in an important opinion dated May 27, 1924, repudiated the view of Secretary Fall and declared that the Indian title to Executive order reservations was coequal with treaty title, and that the general leasing act of 1920 had no application whatever to such lands.

#### ATTEMPTED DESTRUCTION OF NAVAJO LAND-TITLE CLAIMS

It is obvious that if the position of Secretary Fall had prevailed the Navajo Indians would have been deprived of the oil and gas developed within their reservation. Senators know that much of the reservation is arid, barren, and rocky.

To have deprived the Indians of whatever oil resources might be found within the reservation would have been an act of the greatest injustice. Following the opinion of the Attorney General, the Indian Bureau attempted to secure the passage of a bill known as S. 3159, Sixty-ninth Congress, first session, the object of which was to deprive the Indians of a considerable part of the oil royalties derived from leases to Executive order reservations. This measure was an attack upon the Indian title to their lands and was an effort to prevent them from receiving the full benefits arising from the leasing of their own property. When this bill was pending in Congress Mr. Hagerman came to Washington to urge its passage. Senators will bear in mind that he was supposed to be the protector of the Indians. It was his duty to defend their rights and to guard them against any attack, whether by private persons or by the Federal Government itself. Under the regulations to which I have referred the Indians could only speak through the council, and their council could only meet when called by Hagerman and in his presence. Even though under the regulations of the Interior Department he was given such arbitrary and improper authority, the obligation rested upon him to advise the Indians of their rights, of the holding of the Attorney General, and to take such course as would protect them against the efforts of the Indian Bureau to deprive them of any part of the royalties or benefits arising from the leasing of their lands. Certainly it was his duty to explain the entire situation to the Indians and to advise them of their rights and against any course that would be disadvantageous to them. He appeared before the Senate Indian Affairs Committee and testified on February 25, 1926, in substance, that the Navajo Indians, through their council, had indorsed the plan and measure and were glad to surrender 37½ per cent of the royalties, and if necessary would surrender 50 per cent. The council had not taken that position nor had they authorized Mr. Hagerman to make any such statements or representations. His testimony will be found in the printed Senate hearings of the Sixty-ninth Congress, first session, March 10, 1926, page 1000.

The bill was finally defeated, and legislation enacted providing that all royalties should be deposited in the Treasury to the credit of the Indians. In addition, the executive department was prohibited thenceforward from changing the boundaries of Executive order reservations. In this instance, Congress protected the rights of the Indians. The bold attempt of the Indian Bureau to deprive the Indians of their property did not succeed and, as stated, Congress went to the extent of providing by law that the boundaries of Executive-order reservations should not be made subject to attack by the Executive.

Mr. President, I regard this assault by the bureau and Mr. Hagerman upon the Indians as most unfair. I can not help but view the conduct of Mr. Hagerman as that of disloyalty to the Indians whom he should have protected. Mr. Hagerman appeared before the Senate investigating committee in January and February, 1931, and under cross-examination by the junior Senator from Montana [Mr. WHEELER] was forced to admit that the Navajo tribal council had never authorized him to surrender 37½ per cent of their royalties to which they were entitled. If Senators will read the cross-examination, they will discover that Mr. Hagerman misrepresented the attitude of the Indians when he testified adversely to them in support of the Indian oil leasing bill offered in 1926, which was then under consideration. The junior Senator from Arizona [Mr. HAYDEN], I feel sure, was not aware of these facts or he would not have stated, as he did in his address to-day, that he knew of no action of Mr. Hagerman that was detrimental to the Navajo Tribe. I repeat that Mr. Hagerman incorrectly stated the facts as to the position of the Navajo Tribe, and the record shows that he had not been authorized to make the statements made or to yield any of their rights with respect to oil royalties. His attempt, during the cross-examination by Senator WHEELER, to explain his testimony before the committee in 1926, was most pitiful, and reveals that he was not frank and that he had not correctly stated the facts as to the desires and wishes of the Indians.

## HAGERMAN AND PUEBLO LANDS BOARD

I now invite the attention of the Senate to Hagerman's record in matters pertaining to the Pueblo Lands Board, of which he was a member from 1924 to 1931. The examination of the record contained in part 20 of the Senate Indian investigating hearings establishes, in my opinion, that Mr. Hagerman, when recently testifying before the Senate Indian Affairs Committee on the Pueblo bill, failed to state the facts and apparently sought to misrepresent matters of material importance. His testimony with respect to the Pueblo Lands Board record becomes of more significance because Commissioner Rhoads and Secretary Wilbur have chosen to believe him in the face of his recent testimony, which, if believed, would establish that he not only failed to state the facts but misrepresented them before the Federal court two years ago. If his statement were true, it would force the conclusion that the two other members of the Pueblo Lands Board were not frank and accurate in their statements before the Senate investigating committee in their hearings last year.

For many years the Pueblo land situation was a controversial matter between the Indians and the white settlers in New Mexico. The Pueblo Indians had resided for many centuries on the lands in question and had received grants from the Spanish Crown, but many white settlers had entered upon some of the most valuable lands of the Indians and had established homes and engaged in agricultural activities. They had possessed themselves of the ancient Indian irrigation ditches and diverted water from various streams and used it in the irrigation and reclamation of the lands occupied by them. The record, I think, discloses that the white settlers entered upon the lands believing that they were subject to entry and that they could obtain valid titles to the same. The Indians unceasingly contended that they were trespassers and that their occupancy was illegal. The greater part of the Pueblo irrigated area was occupied by these white settlers, but the title to the same remained in the Indians. This situation, as I have indicated, was provocative of controversy and constant irritation. The white settlers in good faith were occupying the lands, making improvements thereon, and by their labors adding to the wealth and prosperity of the State. The Indians, owners of the lands, were suffering great want.

## THE SETTLEMENT WHICH CONGRESS ENACTED

In order that the matter in controversy might be determined, Congress passed an act on the 7th of June, 1924, so that the complicated issues might be determined. Under the law the white settlers were permitted, under certain conditions, to remain on the Indian lands, and acquire title thereto, the Indians to be compensated for the "fair market value" of the land whose title was to become extinguished. Under the provisions of the law the white settlers who had been on the Indian lands for 25 years with color of title, or 35 years without color of title, and who had in good faith paid the taxes continuously, were to obtain title to the land so occupied by them. The Indians, by this act, were to surrender their title, but were to have a just and fair compensation for the lands so to be given to the white settlers. The compensation was to be the "fair market value of their lands less the improvements placed thereon or therein by the white claimants." There was an additional proviso that the Indians should be compensated for the amount of their loss, which necessarily would be an amount greater than the market value of the land, because it took into account the loss of the use of the land for a period of many years during which the same had been occupied by the white settlers, although a perfect legal title was in the Indians.

## THE APPRAISERS DID HONEST WORK

In order to carry out the provisions of the act the Pueblo Lands Board was created, with three members. This board consisted of Mr. Hagerman, who represented the Secretary of the Interior, and the Attorney General named a representative and the President of the United States named a third. The outcome of the work of the board and consequent court actions have been to vest provisionally in the white settlers title to approximately 5,000 disputed parcels of land,

and to return to the Indians about 500 parcels. The record shows that Mr. Hagerman was a dominant figure and power in the board. The lands board appointed a board of appraisers, who were sworn officials and whose duty it was to appraise the values of all the lands in controversy. The record shows that these appraisers were men of character and integrity, who seriously and faithfully attempted to discharge their responsibilities. The appraisals, however, were low, but on the whole, so far as I am able to determine, were fairly equitable; certainly they were fair to the white settlers. Their appraisements and reports were duly submitted to the Pueblo Lands Board. Obviously this board should have approved their findings and appraisements, unless facts were brought to their attention showing error or mistake.

The Attorney General's representative and the President's representative were not residents of New Mexico; they were not familiar with land values or with the conditions upon the reservation. The first appraisals taken up by the Pueblo Lands Board were those dealing with the Tesuque pueblo. There the lands board awarded the Indians the full value which the appraisers had found, and Congress promptly voted the award of money without discussion. It seemed to have been conceded that the appraisements were fair and that the action of the lands board in approving the same required an appropriation in harmony therewith.

## PUEBLO COMPENSATION SLASHED TWO-THIRDS

Immediately thereafter the Pueblo Lands Board, in dealing with the appraisals made with respect to the Nambé pueblo, reduced the appraisal figures of its own appraisers by two-thirds, and thereafter the lands board adhered to this policy and awarded to the Indians about one-third of the values found by the appraisers. There was no reason to justify this rejection of the findings of their own appraising board; no new facts were developed, but, arbitrarily and capriciously, under the control of Mr. Hagerman, the work of their own appraisers was rejected and the Indians were denied the awards to which they were justly entitled. Moreover, with respect to over 19,000 acres to which the title of the Indians was extinguished by the action of the lands board, not one cent of award was given.

## NEW WHOLESALE LITIGATIONS MADE NECESSARY

Mr. Hagerman's position was not that of a disinterested judge; certainly not that of a friend and guardian of the Indians. The explanations given by him to justify the action of the lands board in rejecting the findings of the appraisers, as well as of the law itself, are not frank; they do not rest upon facts; indeed, in my opinion, they are pretexts which can not be accepted. The action of the board was regarded as so unfair, and, indeed, so violative of the law under which the controversies were to be settled and compensation to be awarded, that the action of the Pueblo Lands Board was challenged by the tribes through independent suits as authorized by the act of June 7, 1924. The result is that the situation is chaotic, and litigation is in progress and more litigation is threatened, which will be highly disadvantageous to the white settlers as well as to the Indians, and harmful to the peace of the community.

In an action brought before the Federal district court of New Mexico—brought because of the action of the board—Mr. Hagerman testified that the making of compensation awards was left to him by his associates. This testimony appears in part 11 of the hearings of the Senate Indian Investigating Committee at page 4468. He then proceeded to explain that the awards, which the Indians contended were unfair and unjust, had been based not upon the appraisals by the board of appraisers which he and his associates had named but by going back 40 years in time and taking the estimated value of the lands with their appurtenant waters as of that date. This value, he testified, had been estimated at \$25 an acre. In some instances \$10 an acre had been added to cover possible Indian improvements upon the Indian lands 40 years before the appraisal. This position, of course, was an untenable one. The constitutionality of the act of June 7, 1924, was dependent on the award of present "market value" to the Indians. Their title to the land was a perfect fee simple title and their ownership was

an ownership in present. The extinguishment of their title under the act was to be accomplished only by a form of condemnation procedure as of the present, not of 40 years ago. The act required the board to find the present market value; that is, the value as of the date that the Indian title was extinguished, and it was this value that the board's appraisers found but which Mr. Hagerman cut by two-thirds. The appraisers observed the law in finding what they conceived to be the present market value of the land with the appurtenant water. As Senators know, the Pueblos are located in what has been called an arid or semiarid region where water is important for the irrigation of the lands to make them productive. The water was, of course, an appurtenant to the land. The white settlers claimed not only the lands occupied by them and upon which were their improvements and homes, but also the water which they had used for domestic and irrigation purposes.

The court gave the settlers by final decree the land with its appurtenant water. The Indians, having the legal title to the land and the water, of course, claimed that they should be compensated for both; the Indians regarded the water as appurtenant to the land. That was the view of the appraisers; that was the view of all fair-minded persons; it should have been adopted by Mr. Hagerman and the award should have been made in harmony with this view. No wonder that the Pueblo Indians fear Mr. Hagerman and are opposed to his being retained in the position which he now occupies.

#### HAGERMAN'S REVERSAL OF HIS OWN TESTIMONY

As an excuse for rejecting the findings of the appraisers, Mr. Hagerman later, as I believe, adopted another position, and in doing so inaccurately stated what had been testified to by himself upon a former occasion. At any rate, he reversed his position. His new explanation was recently submitted to the Senate Committee on Indian Affairs in opposition to the pending Pueblo bill offered two months ago by the two Senators from New Mexico who believed that a great injustice had been done the Indians by the Hagerman board, and sought to repair the injustice by asking Congress to make an appropriation to partly, at least, compensate the Indians for the lands of which they were being deprived. Undoubtedly the two Senators would not ask the Federal Government to appropriate \$765,000 to the Pueblo Indians in part compensation for their lands if they had believed that Mr. Hagerman's board had not dealt unjustly with the Indians. Mr. Hagerman in his testimony stated, with many repetitions, that the reason for the low award which rejected the findings of the board of appraisers was that the Indians were not entitled to an award for the water because it still belonged to them. In cutting the appraised value two-thirds, he is now attempting to do an injustice to the white settlers, or at any rate to create a situation which inevitably would result in litigation and prove a source of irritation both to the Indians and to the white settlers. As I have stated, the act of Congress was in effect a measure for the condemnation of the land and the water appurtenant thereto. The findings of the appraisers cover land together with the water used thereon. As a matter of fact, the awards made by the Hagerman board declared that they were in fact given to compensate for the land and the appurtenances thereto which included the water. The lands without the water would be of but little value to the white settlers, and any effort to deprive them of the water used by them for so many years could not be defended. If Hagerman's latest position is sound, there will be litigation for an indefinite period. The whites will resist the efforts to deprive them of the water, and if the Indians are compelled to accept the view of Mr. Hagerman and the Interior Department, they may feel constrained to seek in the courts to recapture the water which the whites have used and which has been decreed to the whites, with the land, by the lands board and also by the court. Mr. Hagerman's present position belies the testimony of Mr. Warner and Mr. Jennings, his associates on the lands board.

The awards of the board, as the report shows, establish that the water was treated by the board as being appurtenant to the land, and in the awards made the compensa-

tion awarded was expressly stated to be a compensation for the land together with the appurtenant water, but in an amount only one-third the value found by the appraisers. In part 20 of the record of the investigating committee, at page 11312, Mr. Hagerman's testimony may be found.

Mr. President, these matters are relevant to the issue now before the Senate. With this record, and with the hostility aroused among the Indians by reason of the position taken by Mr. Hagerman, it seems manifest that to further continue him in a position of control and authority over the Indians would be not only unwise but a serious mistake. The evasion of the lands act of 1924 by the Pueblo Lands Board has resulted in throwing back upon the courts the whole tangled subject of adjusting more than 5,500 claims and counter-claims.

#### THE WHOLE SETTLEMENT NOW JEOPARDIZED

As I have stated, the extinguishment of the Pueblo titles under the act of 1924 was made subject to the consent of the Indians themselves. The Pueblo Indians were given the right by the act to institute independent suits at any day within two years after the report of the Pueblo Lands Board had been filed. The Pueblos could reject the settlement contemplated in the act of 1924. In other words, they were not to be deprived of their lands without their consent, and it was assumed that the Pueblo Lands Board would make a fair and just finding and the Indians were content to leave the white settlers in possession of the lands which they had occupied, with the appurtenances thereto, if and when the Indians were assured a fair compensation for their property. Faced with the partial or total confiscation of their lands these tribes have proceeded to file omnibus suits in ejectment against the whites occupying the lands in question. The Pueblos have given as a reason for bringing these suits that their property is in part being confiscated because of the low awards of the Hagerman board and because of the board's refusal to make any award whatever for more than 19,000 acres to which the board by its findings sought to extinguish the Indian title.

The Indians do not want to engage in litigation; they desire an amicable adjustment of the matter; they believe that the white settlers were entitled to consideration. The settlers had, for many years, occupied and improved Indian lands; the Government had failed to protect the Indians; it had permitted the occupancy of the Indian lands, the building of homes and improvements upon the lands by white settlers, and, as I understand, the Indians felt that the white settlers had equities which should be recognized. If the awards of the board had been fair; if they had followed the plain directions of the act of Congress creating the board, and the findings of their own board of appraisers, there would be no litigation and the whole controversy would have been ended, and the white settlers and the Indians would have lived side by side in amity and peace.

#### CONGRESS NOW COMPELLED TO LEGISLATE AGAIN

The disturbed condition came to the attention of the Senate investigating committee nearly a year ago, and the members of the committee proceeded to New Mexico and conducted extensive hearings. The committee found that the Pueblo Indians were right in their contention, and that the Government, because of the unjust finding of the Hagerman committee, should make an appropriation that would afford reasonable compensation to the Indians for the lands and water of which they were being deprived.

Mr. President, my colleague in his statement a few moments ago seemed to imply that the contest here is between the chairman of the committee, Senator FRAZIER, and Mr. Hagerman. I respectfully insist that this is not the issue at all. There is no contest between Hagerman and the committee. The committee were charged with the duty of investigating the Indian problem and the condition of the Indians. It was their duty to visit the Pueblos as they had visited other tribes and to ascertain the conditions of the Indians. After their investigation they found that Mr. Hagerman ought not longer to be retained by the Indian Bureau. The two Senators from New Mexico—one a Republican and one a Democrat—believing that the Indians had

not been fairly treated, introduced the bill to which I have referred. The suits in ejectment by the Pueblo Tribes have been permitted to lie inactive pending the anticipated action by Congress corrective of the action of the Hagerman board. I regret to say that at the expiration of one year after the filing of the first of these suits in ejectment, the Federal district court entered a nonsuit with prejudice for want of prosecution. I do not want to comment upon the conduct of the court. I can only say that to me it is inexplicable. The case has been appealed to the circuit court of appeals, where I hope the rights of the Indians will be fully protected.

In view of the situation the Indians have been compelled to go forward with litigation which they do not desire, and the pueblo of Picuris is now making service on more than 400 white settlers. The suits are in ejectment, and, as I have stated, they revive the whole controversy and disturb the peace of the white settlers as well as of the Indians and cause a condition harmful to the community. Yet even the white defendants acknowledge, I am informed, that in face of the Hagerman board's action the Indians have no other choice.

#### SECRETARY WILBUR'S UNJUST ATTACK

At this point I desire to refer to the assault made a few days ago by the Secretary of the Interior upon Mr. John Collier. The statement contained a charge that Judge Hanna, an attorney for the Indians, was to receive a large fee, and the implication was that it was to constitute a part of the "fund of the Indian Defense Association," with which Mr. Collier is connected. Judge Hanna is one of the ablest lawyers of New Mexico, a man of character and standing. This criticism of Judge Hanna is unwarranted and is not creditable to the Secretary of the Interior. Judge Hanna has labored for years for the protection of the Indians, but with little compensation. He is still fighting their battles, with no promise of compensation. Of course, the Indians will be glad to compensate him if they can for the years of service rendered in their behalf. Whatever he may be paid by the Indians, contrary to the indictment of Mr. Wilbur, will not be a "fund" from which Mr. Collier's association may draw. Mr. Collier is merely a secretary of the organization which has done so much for the protection of the Indians. His organization has had the courage to fight the Indian Bureau and to protest against the injustices to which the Indians have been subjected. It is unfortunate that there are not more organizations interested in the welfare and protection of the wards of the Government.

Mr. BRATTON. Mr. President—

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). Does the Senator from Utah yield to the Senator from New Mexico?

Mr. KING. Certainly.

#### JUDGE HANNA AND THE PUEBLOS

Mr. BRATTON. Being familiar with the entire situation and having enjoyed a personal acquaintance and a close association with Judge Hanna for several years, I take this occasion to express my emphatic disapproval of the statement emanating from the Secretary of the Interior recently to the effect that the moving spirit in that legislation is to bring about the payment of enormous attorney's fees.

The statement is not true in point of fact. The purpose of the legislation is to compensate the Indians for the lands lost through negligence on the part of the Government. The bill authorizes an appropriation of about \$775,000. It contains a provision for the payment of an attorney's fee in such sum as the attorney and the tribe or tribes may agree upon, and in no case to exceed 10 per cent. It has two safeguards. One is that no fee shall be paid until and unless the Indians agree. The other is that in no event shall it exceed 10 per cent.

A 10 per cent maximum is the usual provision in measures passed by Congress remitting Indian claims to the Court of Claims. In cases of that character it is not known in advance how much work the attorneys must do. In this case we know that several attorneys, Judge Hanna being the

chief one, have represented the Indians for seven or eight years in various matters of substantial controversy. They have appeared for them in some 23 or 25 different cases in court involving different matters.

It is true that the bill contains a provision authorizing the payment of a fee in such sum as the Indians may agree upon with the attorneys, but in no event to exceed 10 per cent. In my judgment a fee of 10 per cent of the total authorized sum would not be excessive. I do not know what the Indians and the attorneys may agree upon; but if they agree upon the maximum of 10 per cent, I should say it would not be unreasonable. The Indians will benefit if the legislation should pass with that sort of a provision in it.

So I join the Senator from Utah in expressing my disapproval of the statement of the Secretary of the Interior criticizing the legislation upon that ground.

Mr. KING. May I ask the Senator if the appraisal made by the board's appraisers had been followed whether there would have been any further legislation required and whether there would have been any of this litigation which is now before the courts?

Mr. BRATTON. That is true. If the figures fixed by the appraisers had been adopted by the board and the awards made accordingly, and the appropriations made in harmony, all of the controversy now confronting us would not have arisen; the situation would have been closed in a manner reasonably satisfactory to everyone concerned.

Mr. KING. Mr. President, the Hagerman board have spent a minimum of \$250,000 to meet their expenses. For eight years they have kept 20,000 people in a state of turmoil, and by their conduct have finally precipitated a situation worse than was the condition in 1924. My information is that not only are the Pueblo Indians hostile to Mr. Hagerman, but the white settlers feel that his services should promptly be dispensed with.

#### HAGERMAN'S ASSAULT ON PUEBLO SELF-GOVERNMENT

Mr. President, in 1926 Mr. Hagerman, as the record of the investigating committee shows, attempted unsuccessfully to destroy the ancient intertribal organization of the New Mexico Pueblos. His purpose, apparently, was to create an organization which would be under his thumb and which could only move as he directed. As a member of the Pueblo Lands Board, all of the Pueblos were compelled to appear before him, sitting as a judge, in their contests over land titles with the whites and in their efforts to secure compensation from the Government. An elementary sense of the fitness of things, it would seem, would have prevented a person sitting as a judge from interrupting his judicial work in an effort to destroy the civil and communal institutions of the Indians appearing before his tribunal. In November, 1926, after the Pueblos had denounced the Indian oil leasing bill to which I have referred, Mr. Hagerman, presumably with the support of the Indian Bureau, summoned the Pueblo governors to Santa Fe. He told them that the time had arrived for the Pueblos to organize themselves into an organization which would be "official," meeting on Indian Bureau premises under Indian Bureau auspices, and generally conforming to the precedent which he had established with the Navajo tribal council. The Pueblos refused to allow Mr. Hagerman to organize them. They departed from Santa Fe and met in their own council of all the New Mexico Pueblos, at Santo Domingo Pueblo, and adopted a resolution couched in courteous language, repudiating the Hagerman and bureau scheme. I have before me copies of the resolution, one in Spanish and one in English. I will read a sentence or two from the latter.

SANTO DOMINGO PUEBLO, N. MEX., December 10, 1926.

Sotero Ortiz, chairman of the meeting, stated the following motion:

"I make a motion of recommending in this meeting that each pueblo shall write to the Commissioner of Indian Affairs, telling him that we will be glad to meet with them if they call us through this council, not otherwise."

Mr. Ortiz's motion was duly seconded.

The motion was then explained, discussed, and restated in Spanish, as follows:

"The resolution was that the Council of All the New Mexico Pueblos recommends to each New Mexico pueblo that it shall

immediately write a letter to the Commissioner of Indian Affairs, stating courteously that the pueblos are anxious at all times to confer with representatives of the Indian Bureau and will at any time attend a meeting for this purpose when called by the officials of the bureau, through the officers of the Council of All the New Mexico Pueblos, in the manner prescribed in the by-laws of the Council of All the New Mexico Pueblos. It is likewise recommended to each pueblo that in its letter to the Commissioner of Indian Affairs it shall state that it will not send a representative to any meeting of the so-called United States All-Pueblo Council or any general meeting except a meeting called through the officers of the Council of All the New Mexico Pueblos, and in accordance with the by-laws of that council."

The resolutions or recommendations above quoted were then voted upon and passed, as follows.

Then follow the names of the various pueblos that joined in adopting the resolution.

The record shows that the rubber-stamp council that Mr. Hagerman and the Indian Bureau attempted to create was not formed, though, as I am advised, the bureau and Mr. Hagerman still pretend that such an organization exists. However, the bureau renewed its efforts in 1927 and in 1928, but on both occasions, as the record shows, failed. Since 1928, neither Mr. Hagerman nor the bureau has tried to assemble the rubber-stamp council which they attempted to create and to which they gave the name of the United States Pueblo Council. I should add, however, that Mr. Hagerman has assumed and assisted the existence of such an organization, and the Indian Office each year has put into the Budget a \$300 appropriation for the expenses of this ghost council never created and which never meets. When the Indian appropriation bill a year ago was before the Senate this appropriation for the ghost council was challenged and stricken from the bill.

The Indians have believed that Mr. Hagerman and the bureau have desired to destroy their organization and to create a pliable Indian council to be dominated by Mr. Hagerman and the bureau. I should mention that each pueblo in New Mexico lives under a communal organization that existed hundreds of years ago. This organization was examined into by Spain when it took possession of the New Mexico area more than 300 years ago. Under Spanish influence the communal organization was developed into a complete system of domestic self-government. Its various branches, legislative, executive, and otherwise, are chosen by members of the tribe, and the governor and subordinate officials are chosen by election, and they serve without pay. Each pueblo has a body of civil and criminal law traditional in character, and a kind of supreme court which makes and modifies the basic custom law or organic law of each tribe. These pueblo organizations were maintained in full authority by Spain and later by Mexico, and in 1852 treaties were negotiated with the tribes by James S. Calhoun, the first Indian agent sent into New Mexico by our Government. I might state that these treaties, guaranteeing the domestic sovereignty of the tribal governments, were never submitted to the Senate for ratification, but were buried in the Indian office files. President Lincoln, however, in 1864, placed in the hands of each pueblo governor a silver-headed cane bearing his autographed signature in token of the acknowledgment by the United States of pueblo tribal sovereignty within domestic limitations. These Lincoln canes, along with canes several hundred years old, presented by the Spanish crown, are the indispensable tokens of authority passed on annually at each pueblo to the newly elected officers.

#### ATTACKS AGAINST PUEBLOS RENEWED

Hostile as the Indian Bureau is to tribal organizations, it never disturbed the pueblo domestic governments, but after the failure of his pueblo council scheme, Mr. Hagerman became one of a group, which included the local Indian Bureau attorney, that prepared a bill introduced as H. R. 12615, Seventy-first Congress, second session. This bill proposed to subordinate the pueblo governments absolutely to the Indian Office. Section 3 went so far as to provide that the pueblo governments, with their political, judicial, and other branches, should be made over to conform to "rules and regulations and methods of procedure" to be laid down by the Secretary of the Interior.

The Pueblos denounced the bill, and their opposition and that of their friends prevented its passage. Mr. Hagerman's connection with this bill is shown by the testimony shown on page 4453, part 11, of the Senate investigating committee's hearings. His efforts in trying to secure the passage of this bill increased the animosity of the Indians toward him; and yet, as I have stated, the bureau is determined to force his authority upon these Indians as well as upon other Indian tribes.

The reason is clear why the Pueblos condemned Mr. Hagerman before the Senate investigating committee at its hearings in New Mexico. They regarded him as the enemy of their property rights as well as of their civil liberties. He has continued his opposition to them, and only recently appeared before the committee in opposition to the bill offered by Senators BRATTON and CUTTING, which was designed, as I have stated, to bring relief to the Pueblo Indians. It is believed by the Indians and others that he has influenced Commissioner Rhoads, so that the latter and his assistant, Mr. Scattergood, are bitterly fighting this just measure. To continue Mr. Hagerman, as special commissioner over the Pueblos, is to invite a complete destruction of the influence of the bureau over the Pueblo Tribes.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. KING. I yield.

Mr. ROBINSON of Arkansas. I have been necessarily absent from the Chamber during a part of the debate, attending other business of the Senate. I should like to have the Senator state now whether Mr. Hagerman's position as special commissioner was created by authority of law or by mere act of the department?

Mr. KING. The position was not created by any act of Congress, and in my opinion there is no authority of law for such a position. Mr. Hagerman, who was a friend of former Secretary Fall, was given this high-sounding title of special commissioner to negotiate with the Indian tribes. The position was created solely by the fiat of the Secretary of the Interior and at a time when there was considerable interest in the oil lands owned by the Government and by the Indians. Mr. Hagerman has been continued in this position, drawing a large salary and a considerable sum annually for expenses. The present Secretary of the Interior, the Indian Commissioner, and Mr. Scattergood are fighting with an intensity that is remarkable to keep him in office and to force him upon the Indians who are hostile to him.

Mr. ROBINSON of Arkansas. Can the Senator state from what item in the appropriations of the Interior the special commissioner, Mr. Hagerman, is paid?

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

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. KING. I yield.

Mr. FRAZIER. In reply to the Senator from Arkansas I will state that I have another amendment prepared to be offered if this amendment striking out the title goes through to deduct from the appropriation on page 54, line 19, the sum of \$8,500, which covers the salary of \$6,500 and \$2,000 expenses for the special commissioner to the Indians.

Mr. KING. May I add that Mr. Hagerman's name is not mentioned in the bill nor is there any reference to the position which he holds. His large salary and expense account are taken out of a lump-sum appropriation. This is an example of the pernicious practice which obtains of making large lump-sum appropriations which may be used for many purposes by heads of departments. That evil is particularly conspicuous in Indian appropriation bills. Many lump-sum appropriations are carried in this bill. It is impossible to determine what they will be used for except in a general way; but in some such appropriations large amounts are taken to pay individuals who are given some title or designated to fill some position not authorized by law. I repeat it is a vicious practice and should be prohibited.

#### SENSATIONAL NAVAJO ABUSES UNDER HAGERMAN

While Mr. Hagerman was serving on the Pueblo Lands Board he was connected with the Navajo Reservation in

Arizona. The able Senator from Arizona [Mr. HAYDEN] a few moments ago referred to Mr. Hagerman and stated in substance that his work for the Navajos had been satisfactory. I can not help but believe that the Senator is unacquainted with Mr. Hagerman's activities and his relations to the Navajos. I should add that between 1923 and 1928, when Secretary Work separated Mr. Hagerman from his Navajo assignment, a number of sensational abuses prevailed on the Navajo Reservation. Some of them are cited in detail in part 11 of the hearings of the Senate investigating committee beginning at page 4479.

Mr. President, it is no pleasant task to discuss the Hagerman case or the maladministration of the Indian Bureau and the wrongs to which the Indians have been subjected. I would not do so if I believed that the Indian Bureau had acted wisely and justly toward our Indian wards. I would not discuss Mr. Hagerman except for the fact that the Indian Bureau and the Secretary of the Interior, in the face of all opposition, were determined to force him upon the Indians against their will and in the face of the record submitted to the Senate by one of its important committees.

#### KIDNAPING OF INDIAN CHILDREN

As showing the lack of interest in the Navajo Indians by Mr. Hagerman, who was placed over the various agents on the reservations in a number of States, I shall briefly refer to some of the happenings upon the Navajo Reservation. A year ago during the discussion of the Indian appropriation bill I referred to some of the abuses upon reservations. For seven years under Mr. Hagerman's jurisdiction the cruel and brutal kidnaping and enforced confinement of Navajo children went ahead unchecked. The practice was inhuman and was a direct violation of an act of Congress which a Federal court had construed. After many of these abuses had been discussed in the Senate a year ago Mr. Hagerman and Commissioner Rhoads began to pay some attention to this evil, and an order was issued forbidding the continuation of this inhuman and illegal practice. When Mr. Hagerman was testifying before the Senate investigating committee, he did not even attempt to claim that during this seven years of his authority he had made a single move to correct this wrong or to call it to the attention of the commissioner or the Secretary of the Interior.

If Senators are interested in these kidnaping abuses, they will find the facts disclosed in part 11 of the hearings, pages 4481 to 4485. I have the hearings before me, and they are available not only to Senators but to the public. I shall not consume the time of the Senate by reciting other abuses which went forward under Mr. Hagerman's incumbency, with nothing done, or even claimed to have been done, by him to correct them.

#### THE LEUPP SCHOOL CASE

I mention one matter, however, because of the position just taken by my friend from Arizona, conveying the impression to me, if not to others, that Mr. Hagerman's work upon the Navajo Reservation had been valuable and satisfactory. The matter I refer to shows financial waste and administrative blundering that are inexcusable. I refer to the Leupp Boarding School on the Navajo Reservation, 25 miles from Winslow, Ariz. This school, through a peculiar quirk in the bureaucratic mind, was located almost, or, as I am advised, actually, within the stream bed of the Little Colorado River; at any rate, it was so close to the water that whenever the river was flowing slightly over normal, the sewage system could not be operated, and when there was a slight rise above the level just mentioned, the school was isolated by a flood of shallow water. At any time it was apparent that the waters of the river might destroy the school and drown the occupants. Four hundred Navajo children were placed in this school and kept there. The Government during a 15-year period has sunk nearly a million dollars in the plant of this school. The Navajo Indians have protested, and they voiced their protest to the Senate investigating committee when it was at the school. The district engineer of the bureau, Mr. Neuffer, had issued warnings that the school could not be protected by dikes or drains, but neither the Indians nor the engineer could per-

suaude the bureau. Six weeks ago, or a little longer, there was a rise in the river and the waters drowned out the school, driving the children to the hillsides, where some lived in tents and others were transferred to the railroad. The school is now abandoned.

#### A CRUEL AND AWFUL CONDITION

Before the investigating committee testimony was produced showing the cruel, deplorable, and indeed, awful condition which existed at this school during Mr. Hagerman's administration. The record is summarized in the printed hearings on Senate Resolution 341, on February 23, 1927, of the Senate Committee on Indian Affairs, page 48 et al. The record reveals that the Indian children were mistreated, that they were denied proper food or care, and were exposed to diseases and epidemics which were the result of this indifference of those in charge. The record shows that children were kidnaped and taken by force, oftentimes from their parents by force, and placed in boarding schools. When complaints were made by employees, they were ignored and the employees discharged. I have before me this testimony, but I shall not take the time of the Senate to read the same.

#### NO EFFORTS AT CORRECTION BY HAGERMAN

Notwithstanding the distressing and deplorable conditions upon the Navajo Reservation, Mr. Hagerman made no effort to bring about reforms. When he was testifying before the committee, he made no claim that he had interested himself to correct these abuses. His attorney, when defending Mr. Hagerman before the Senate committee at Santa Fe in May last, made no claim that Mr. Hagerman had attempted to correct the abuses at the Leupp school or any of the other abuses testified to by witnesses and established by documents submitted to the committee. There has been no denial of the record with reference to the situation at the Leupp school. I think the record shows that Mr. Hagerman, while drawing his salary and large sums for expenses, paid but little attention to the Navajo Reservation under his control. The Indians at Ganado, one of the large Navajo centers in Arizona, testified that he had made but one visit to this center and had not conferred with the Indians, but had stopped only long enough to buy gas for his car. The superintendent of the Fort Defiance jurisdiction, the largest and most accessible of the Navajo Agencies, testified before the Senate investigating committee that Mr. Hagerman had visited Fort Defiance only twice during the superintendent's tenure, which had lasted for two and a half years. At Ignacio, the headquarters of the Utes, the testimony showed that but one solitary visit had been made by Mr. Hagerman.

#### HOPPI REPRESENTATION DICTATED BY HAGERMAN

The spokesman of the Hopi Indian Tribes testified that their only contact with Mr. Hagerman had taken place when he interviewed them in a dictatorial manner with respect to the question, which was a delicate one, relating to the Hopi-Navajo tribal boundary. The Hopi spokesman testified that Mr. Hagerman had summoned the Indians to Flagstaff, 80 miles away, had dictated through the superintendent, Mr. Miller, as to what delegates should represent the Hopis; and at Flagstaff had conducted the intertribal negotiations in star-chamber fashion, totally destroying the confidence of the Hopis. This testimony appears in the hearings of the Senate Indian investigation committee, part 18, pages 9382 to 9386.

#### STATEMENT OF S. M. BROSIUS

The record shows that Mr. Hagerman pursued similar methods in dealing with the Walapai Tribe of Arizona, as described by the attorney of the Indian Rights Association, Mr. S. M. Brosius, appearing on page 4610 of part 11 of the Senate Indian investigation hearings. I might add that Mr. Brosius for years has been connected with the Indian Rights Association, of which, I understand, Commissioner Rhoads was at one time president. Within the past few days, Mr. Brosius has visited me and protested against the course pursued by Mr. Hagerman in dealing with the Walapai Indians. I have a letter dated February 27, 1932, containing copy of a letter written by him to Senator FRAZIER, and copy of a letter written to Commissioner Rhoads under

date of August 15, 1930. I also have a copy of a letter written by Mr. Brosius to Miss Clara D. True, under date of August 23, 1930. In that letter he refers to the "serious matter before him" in dealing with the Walapai Indians. He states that he has "made a start by appealing for justice." He then adds that the Atlantic & Pacific Railroad Co. obtained a grant of land, part of which was located on the Walapai Reservation. He refers to the fact that the railroad did not receive the consent of the Indians. He then adds:

For more than 50 years the Indians have been objecting to the odd-numbered sections going to the railroad. While Commissioner Burke succeeded finally in inducing the powers that be to institute suit for the Indians, there is now an effort to force settlement of the issues by giving the railroad company the better portion of the reserve lands and give the Indians more land, but the worthless portion, or least valuable portion.

District Superintendent Faris and Governor Hagerman were appointed to go to Walapai and settle the issues. The above two, together with Superintendent Wattson, of the reservation, met the railroad officials on May 21 and came to an agreement about the division of the spoils and agreed to give the railroad company the eastern portion, the wooded land, where the grass holds out better than on the treeless prairie. And also gave the railroad company the valuable spring—Peach Springs. On May 22 they called the Walapais in council and talked about half an hour or so—only heard from two Indians on their claim—and then adjourned and left for the Mohave Reservation near Needles.

#### HOW TO SETTLE INDIAN GRIEVANCES

This is the latest way to settle Indian grievances. Settle the differences before you see the Indians, then meet the redskins afterward and talk briefly, without disclosing what their decision was.

The Walapais followed Governor Hagerman and Faris 100 miles to Mohave-Needles and asked for further interview. Hagerman told them to go back home, that they had finished their investigation at Valentine (Walapai reserve), and their report was on the way to Washington. To go back home and talk with their agent, Wattson.

Mr. Brosius thereafter adds:

That it seems to me proper to show that Hagerman was not a disinterested judge to decide the case of the Walapais.

It would seem that Mr. Hagerman ought not to have authority over these Indians as desired and demanded by the Indian Bureau. The Senator from Arizona in his remarks a few minutes ago indicated that the letter of Mr. Brosius was "ancient history." The Senator must be in error, the letter is quite recent and Mr. Brosius within 10 days visited me and reaffirmed what is stated in this letter. If Mr. Brosius's view is accepted, it would seem that Mr. Hagerman is too closely allied to the railroad and may have arranged an exchange of lands disadvantageous to the Indians. It is apparent from the testimony in the record that whatever deal was consummated between the railroad and Mr. Hagerman it was without the consent of the Indians. Mr. Hagerman summoned them into council, talked a half hour or so, heard only two Indians, and then adjourned the meeting and at once departed for Needles, 100 miles away.

This episode reflects the general attitude of Mr. Hagerman toward the Indians over whom he is supposed to exercise a paternal care.

#### EXCHANGE OF LANDS—NO ACTION ACROSS SIX YEARS

Mr. President, one of the first assignments of Mr. Hagerman after his appointment by Mr. Fall was to expedite exchanges and consolidations of land between the railroad, the public domain, and other parties, including Indians, in the State of New Mexico. These exchanges and consolidations had been authorized by the act of March 3, 1921, applicable to New Mexico. They were desired by all parties because the checker boarding of landholdings made grazing operations unsatisfactory and costly. The testimony before the investigating committee at its hearings in the Southwest last May, established that from 1923 to 1930 practically no exchanges or consolidations had been consummated. It is fair to say that regulations governing exchanges and consolidations, promulgated by the Commissioners of the Indian Bureau and the General Land Office, as well as by the First Assistant Secretary of the Interior, were cumbersome and undoubtedly retarded operations under the law. However, Mr. Hagerman, who was presumed to advance the interests

of the Indians, exhibited an indifference in the matter that is not compatible with the position which he held.

I should state that Secretary Work separated Mr. Hagerman from his Navajo assignment in 1928 for the reason that the latter was inactive, but Commissioner Rhoads restored to him his position and gave to him a wider assignment covering four States.

#### NAVAJO ALLOTMENT RIGHTS DENIED

I think the record will show that Mr. Hagerman after being reappointed by Mr. Rhoads made no effort to carry out the provisions of the law directing the allotment to the Navajos of portions of the public domain. There were more than 6,500 Navajos resident on the areas within the public domain in New Mexico which had been their home from time immemorial. Of course, their title was based on occupancy, but under the general allotment act of 1887, the Secretary of the Interior is empowered to vest title to each one of them to 160 acres of the public domain.

Without going into the details, I think I am safe in asserting that these Indians were entitled to an allotment as a matter of right, and not as a matter of discretion upon the part of the Secretary of the Interior. If their allotment rights were nullified, they would be compelled to buy with tribal funds or reimbursable moneys obtained from the Government lands upon which they might subsist. Mr. Hagerman in 1930 succeeded in having allotment agents removed and in 1931 he favored a policy that would result in the Indians being compelled to secure lands, not from the public domain but by purchase from the railroad company. As a matter of fact, of the lands purchased before November, 1930, 73 per cent of the acreage had been obtained from the Santa Fe Railroad and a larger per cent thereafter was tentatively arranged to be purchased for the Indians from the railroad. These purchases were made by Mr. Hagerman with tribal and reimbursable funds exclusively.

Mr. President, I have further data that I could submit showing the relations of Mr. Hagerman to the Indians over whom he had control and whose interests it was his duty to promote. I shall, however, pretermitt a presentation of the same. These data which I omit, together with the data which I have submitted, lead me to the conclusion that it is unwise and certainly unfair to the Indians to permit the Indian Bureau to retain him any longer on the pay roll of the Government. I have no feeling in this matter. I am, however, deeply concerned in the welfare of the Indians. I have tried to be their friend for many years and expect so long as I am in public life to do what I can in a proper way to protect and defend them.

#### HAGERMAN IS A SYMPTOM AND AN EXAMPLE

The Indians have been the victims of injustice; they have been robbed and pillaged; they have been driven from their ancestral homes by the pressure of the white race and often by the military forces of the Government. They have had occasion to fear the white man, and by reason of the treatment accorded them they have too often been driven to regard him as an oppressor rather than a friend.

The Indian question is still unsolved; the present administration has failed to remedy existing evils or to adopt measures which, in my opinion, will promote the advancement, happiness, and civilization of the Indians.

#### INDIAN BUREAU POLICY TYPIFIED

And the attitude of the Secretary of the Interior and the Commissioner and Assistant Commissioner of the Indian Bureau toward the Hagerman affair is illustrative of the reactionary policies which have too long characterized the Indian Bureau. It has defended officials when they have been guilty of derelictions of duty, even flagrant offenses. It has ignored recommendations made by disinterested parties, and often by its own officials, which were calculated to effectuate reforms and to remedy proven evils. Its policy seems to have been to retain in position all persons who found refuge in the Indian Service; to constantly add to the personnel; to increase salaries and secure larger appro-

priations to be expended in multiplying positions and in extending the power and the authority of the bureau.

Before concluding, and in proof of the statement that the present officials of the bureau, as well as the Secretary of the Interior, have been determined to protect and to retain Mr. Hagerman, I call attention to an incident which occurred at the close of the hearings on the Hagerman case.

A JURY VERDICT IN ADVANCE OF THE TRIAL

A year ago, when the Hagerman matter was before the investigating committee, the Indian Bureau requested that the case be not closed until further investigations were had. This was assented to by the committee, and later it went to New Mexico to take evidence. Every opportunity was afforded Mr. Hagerman and his attorney and the bureau to present data explanatory of Mr. Hagerman's conduct or in extenuation of the derelictions charged against him. Mr. Hagerman, though he had testified before the committee in Washington, did not appear in New Mexico, where he resides. He sent his attorney, however, who was given every opportunity to speak for and present evidence on behalf of Mr. Hagerman, his client. At the conclusion of an exhaustive investigation into the Hagerman matter, and before the committee had had any opportunity to express an opinion or submit any finding, Commissioner Rhoads arose, and taking a paper from his pocket, proceeded to read what he claimed was a decision or judgment of the Secretary of the Interior and the Indian Bureau.

I have before me a photostatic copy of this remarkable document. Apparently Mr. Rhoads had forgotten—or else he was wholly indifferent to the extraordinary nature of his proceeding—that this document had been written in Washington and was dated April 17, 1931. It contained the signature of Secretary Wilbur, as of that date; also, his own signature and that of Mr. Scattergood. The facts in regard to this extraordinary situation in brief are these: The investigating committee went to New Mexico for the purpose, among other things, of investigating the Hagerman case. Commissioner Rhoads had specifically requested that such investigation be made, supplemental to the one which had occurred several months before in Washington. Mr. Scattergood accompanied the committee and was with it when it began its investigation on April 20. Commissioner Rhoads joined the committee about May 1 and was with it, as was Mr. Scattergood, throughout the entire investigation which dealt specifically with Mr. Hagerman. The investigation terminated May 8. Thereupon, as I have stated, Mr. Rhoads arose and read this remarkable document which evidently had been written in Washington and bears the date of April 17, 1931, and which he had doubtless carried in his pocket without revealing it to the committee during the several days spent in the investigation of Mr. Hagerman. This extraordinary performance indicates the determination of the Indian Bureau to ignore any recommendations of the Senate or its investigating committee and to contemptuously treat officials of the Government charged with important legislative responsibilities. If I were disposed to be critical, I would say that this fact alone demonstrates that perhaps Mr. Rhoads and Mr. Scattergood lack a proper appreciation of their responsibilities, and would justify Congress in questioning their findings and their claims concerning Indian matters under their jurisdiction. If a jury decided a case before it heard the evidence, and prepared their verdict before they went into the jury box, their verdict would be promptly set aside and the court and the public would have reason to question their future decisions.

Mr. President, I ask that this extraordinary letter or verdict of the jury in the Hagerman case, dated before the case was tried and heard, be inserted in the RECORD.

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

DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE COMMISSIONER OF INDIAN AFFAIRS,  
Washington, D. C., April 17, 1931.

As the reputation and character of H. J. Hagerman, special commissioner to negotiate with Indians, has been unjustly attacked and misrepresented, the Bureau of Indian Affairs makes the following statement:

A careful review of H. J. Hagerman's past and present record demonstrates the absolute integrity and sincerity of the character of H. J. Hagerman. We desire to affirm that in our experience of Indian work rarely has anyone served the Indians with more idealism and devotion nor more effectively advanced their welfare.

C. S. RHOADS,

Commissioner.

J. HENRY SCATTERGOOD,

Assistant Commissioner.

Approved:

RAY LYMAN WILBUR, Secretary.

Mr. SMOOT. Mr. President, I have a letter addressed to the President of the Senate by Secretary Wilbur which I ask to have printed in the RECORD.

Mr. ROBINSON of Arkansas. Mr. President, I understand the letter is a reply to an article by Mr. Charles S. Barrett, printed in the RECORD of yesterday's proceedings at my request, and assuming that if Mr. Barrett desires the privilege of answering the statement it will be accorded him. I have no objection.

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

THE SECRETARY OF THE INTERIOR,  
Washington, March 16, 1932.

THE PRESIDENT OF THE SENATE.

MY DEAR MR. PRESIDENT: I note in the CONGRESSIONAL RECORD of March 15, 1932, a statement by Charles S. Barrett, inserted by Senator ROBINSON of Arkansas, entitled "Abolish United States Interior Department" (p. 6249). It may interest you to note the genesis of Mr. Barrett's attack, and I hope that you will place this statement in the RECORD, so that it will be publicly understood that an effort is being made by a lobby, conducted by Charles S. Barrett, against the Interior Department appropriation bill to influence the administrative and quasi-judicial functions of the War Minerals Relief Commission.

The only point of contact that Mr. Barrett has had with this department over a period of years occurred about a week ago, when he injected himself into the adjudication of a war minerals relief claim involving \$622,000 filed by the Chestatee Pyrites & Chemical Corporation, now before the department. He called at my office on March 10, 1932, to secure information about this claim and was given a complete statement of its status. Before he left he asked for payment of \$622,000 that afternoon. He called again later in the day with the two claimants, Messrs. Pratt and Ashcraft, and was referred to the Assistant Secretary of the Interior, whom he left almost immediately with the statement that he was going up to the Senate. An hour later he called a representative of my office on the phone and, with considerable vituperation, announced that he was going to "get the Interior Department" for not having settled this claim for \$622,000. He stated that since he had left the Interior Department he had seen 16 Senators, that he was going to have the Interior Department abolished, that he had stopped consideration of our appropriation bill on the floor of the Senate, that he had more "power" than many people gave him credit for, that he could "break" the officials in the department, that "skulduggery" existed in the department, that everybody knew we could not stand the light of day, and made similar threats to unduly influence the adjudication of this claim. He was told that he could not compel me to handle a matter of this import because of any political or other pressure which he might bring to bear on the department.

He has concentrated within the last week on bringing pressure to bear on me from various sources which I have, in the interest of the public and for the good of the Government, been compelled to ignore, although consideration of the claim is going forward expeditiously regardless of his efforts. He has now placed before Congress an irresponsible recommendation to abolish the department which I would not consider worthy of answer except that it is damaging to the reputation of the officials of this department.

The facts in the claim are as follows:

The claim of this corporation was filed informally on March 4, 1919, in the amount of \$914,172.73 for alleged loss incurred in producing and preparing to produce pyrites for war purposes.

On October 15, 1919, the Secretary of the Interior made an award to the claimant in the sum of \$223,529.17, which was accepted conditionally. Following consultation between auditors for the Government and representatives of the claimant, the amount of the claim was reduced from \$914,172.73 to \$909,925.69.

On September 29, 1922, under an amendment to the act, the Secretary of the Interior made a second award of \$469,784.62, which was accepted and paid, thus making a total of \$693,313.79 paid on the claim.

In February, 1929, the Congress further amended the act to permit claimants to file in the Supreme Court of the District of Columbia a petition for review of the decisions of the Secretary on questions of law. This claimant filed two suits. One covered interest on borrowed capital, which had been denied in the consideration of the claim by the Secretary, and the other suit covered other items in dispute. By agreement of counsel the suit as to interest was made a test case. It was carried to the Supreme Court of the United States, and that court on December 7, 1931, held that interest should be considered in fixing the amount to be allowed claimants.



On December 15, 1931, the Secretary received the decree of the court and proceeded to carry out its mandate. Immediately there arose the legal question whether interest was to stop at March 2, 1919, or be paid to the date of settlement, and the solicitor and the Attorney General were requested to give opinions on the question. While waiting for the opinion of the Attorney General (not yet received), George A. Pratt, of the Chestatee Co., and Lee Ashcraft, the chief creditor, requested that the interest be computed to March 2, 1919, and paid, without prejudice to either side, and on March 14 the Secretary ordered this to be done, with the result that, on March 16, 1932, there was certified for payment a third award to this company amounting to \$44,451.45.

The items contained in the second suit will be adjusted promptly upon termination of the litigation.

Of the amount of \$909,925.69 first claimed, the department has paid \$737,765.24, and the claimant now claims that approximately \$622,000 is still due.

It will be seen that the Chestatee claim has had preferred consideration in the department since last December, as it was a test case for the payment of losses for interest on which the Supreme Court made its decision. It has been my policy in all these war minerals claims to expedite action. The Chestatee claimants have been before the department almost continuously since January presenting their cause, and everything has been done to advance final settlement. However, there is now no question for action in this claim before the Department of the Interior. The two pending items, payment of interest from March 2, 1919, to December 31, 1931, and the question of appealing on the decree of the Supreme Court of the District of Columbia for alleged losses of approximately \$100,000 being now with the Attorney General for decision.

Sincerely yours,

RAY LYMAN WILBUR, *Secretary.*

Mr. McKELLAR. Mr. President, as I stated this morning, at the proper time I intend to offer a motion to recommend to the Committee on Appropriations with instructions to report the same back to the Senate with amendments providing an aggregate reduction of 10 per cent in the amount of the appropriations contained in the bill as received from the House of Representatives. I ask unanimous consent to have the motion printed and lie on the table.

The VICE PRESIDENT. Without objection, the motion will be entered and printed and lie on the table.

Mr. McNARY. Mr. President, I should like to address an inquiry to the junior Senator from Utah [Mr. KING]. Is it the wish of the Senator to have a roll call on the pending amendment?

Mr. KING. I will follow the desire of the chairman of the Committee on Indian Affairs, the Senator from North Dakota [Mr. FRAZIER].

Mr. FRAZIER. Mr. President, I am not particular about there being a roll call.

Mr. McNARY. I particularly wanted to know whether we could dispose of that amendment at this time. If there is to be a roll call, we can not. If the debate is concluded, we may.

Mr. KING. The debate is concluded as far as I am concerned.

Mr. BRATTON. I shall take just a few moments before the vote is taken, whether by roll call or otherwise.

#### PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, the Senate Committee on Territories and Insular Affairs have reported to the Senate a bill for the independence of the Philippine Islands, placing a limitation of 15 years.

The House committee, with practically the same unanimity as the Senate committee, has reported a bill whose philosophy is the same as the Senate bill, with a limitation of eight years.

The unanimity in the reports of these two committees is but a reflection of the attitude, as I understand it, of both Democratic and Republican leaders in both Houses. So it is quite evident that within a short time the subject will be debated in both branches of our Congress and some sort of a bill will be passed.

While the hearings were voluminous and many witnesses heard preceding the congressional discussion, some expert magazine writers and observers are beginning to investigate and discuss this question.

There has been some informal discussion of our ability to hold the Philippines under war pressure from a first-class

power, and our position there seems to be so little understood that I ask that an extract from an article in Current History for March, 1932, by Mr. Roy Veatch, describing the Conference for the Limitation of Armaments, which met in Washington in 1921, and the outcome of that agreement, may be inserted in the RECORD. Mr. Veatch makes it perfectly clear and understandable that in an effort to secure a limitation of armaments we deliberately and purposely (whether advisedly or not) agreed to an abandonment of the defense of the Philippines, and quotes several outstanding naval authorities:

In opening the Washington conference, Secretary of State Hughes made an unexpected offer to scrap the whole of the American building program of capital ships on which \$350,000,000 already had been expended. Japan, in turn, was to cancel her program and to accept a ratio of battleship strength with the United States of 3 to 5. In addition, strong pressure was brought upon Japan to end her long-standing alliance with Great Britain and to relinquish her recent gains in China.

Japan would not accept such a ratio of naval inferiority unless she were guaranteed security in her own waters. Her own formula went to the heart of the problem with a demand that naval bases should not be developed in Guam and the Philippines. On this question hung the fate of the conference. The United States yielded finally and joined with Great Britain and Japan in an agreement (art. 19 of the naval treaty) to maintain the status quo as regards the fortification of naval bases in all the outlying possessions of these powers in the Pacific. This settled, Japan yielded on nearly every other point.

Most naval men in the United States were outspoken in their condemnation of the Government's policy of "scuttling" the naval building program and of relinquishing the power of absolute command of the seas. But their most vehement attack on the treaty was directed at the surrender of the right to fortify the Philippines and Guam, which to them was a disastrous anticlimax to the policy they had assisted in developing with such energy and consistency since the Spanish War.

Capt. Dudley W. Knox, United States Navy (retired), says in his book, *The Eclipse of American Sea Power*: "Without adequate bases at Guam and the Philippines to serve the American fleet these extensive and populous islands are virtually defenseless." In an address before the American Society of International Law in 1922 Rear Admiral Harry S. Knapp, United States Navy (retired), said: "The United States has yielded the possibility of naval equality in this region. \* \* \* Our military prestige has received a blow; and with the waning of military prestige political prestige wanes also. The treaty may very well mark the beginning of a decreased influence in the Far East, with attendant loss to our proper, if selfish, trade interests and to our altruistic purpose for China and Siberia."

The present Chief of Naval Operations, Rear Admiral W. V. Pratt, United States Navy, was the expert naval assistant to the American commissioners at the Washington conference. Although a friend of the treaty, he admitted that "the active defense of our Philippine possessions, if such ever becomes a necessity, must now rest entirely upon the back of our floating naval establishment, geographically placed many thousands of miles away."

In other words, the Philippines could not be defended in case of war with Japan, and it is well understood that the Navy would abandon them, expecting the first blow to be struck there. They are a liability, not an asset, in time of war in the Pacific.

In the same issue of this magazine Mr. Raymond Leslie Buell, research director of the Foreign Policy Association, discusses the element of time and the responsibility of the American Congress for the situation that now exists:

Although the aim of the administrative and educational policy of the United States in the islands has been to stimulate self-government, the economic policy dictated by Washington has made the Philippines artificially dependent upon the United States. Had a system of nondiscriminatory tariffs been established levying equal duties upon all imports, regardless of origin, a vigorous foreign trade would have developed with Japan, China, Indo-China, and the Dutch East Indies. But, despite the protest of the Philippine Assembly, the American Congress many years ago inaugurated free trade between the Philippines and the United States. At the same time exorbitant duties have obstructed trade with foreign countries, such as China or Japan. Thus the economy of the islands has become dependent upon the American market, located 7,000 miles away, and immediate independence by abruptly closing this market would jeopardize the economic and financial existence of the islands.

Until November, 1931, every political leader and party of importance in the Philippines was unanimous in the demand for immediate and complete independence; but, on November 9, Manuel Quezon, president of the Philippine Senate and leader of the Nationalist-Consolidado Party, which has a majority in the legislature, presented a 26-page memorial to the legislature. He stated frankly that, in view of the economic issues involved, the Philippines should substitute a demand for gradual independence instead of the traditional agitation for absolute and immediate independence. He proposed two alternatives:

(1) Immediate establishment of an independent government, with free trade between America and the Philippines for a period of 10 years, limiting the amount of sugar entering the United States free of duty to 1,000,000 tons and of oil to the amount that is exported at present, and with restriction of laborers going to the United States.

(2) Immediate establishment of an autonomous government with all the consequent powers, including that of enacting measures considered necessary to meet the responsibilities of an independent government, when independence is granted, with the restrictions necessary to safeguard the rights of sovereignty of the United States in the Philippines. For a period of 10 years the trade relations between the United States and the Philippines and the labor immigration into the United States would be governed as stated in the first plan. At the end of 10 years absolute independence of the Philippines to be granted or the Filipino people to decide through a plebiscite whether they desire to continue with this kind of government or prefer to have one that is absolutely independent.

If the American Congress should refuse to accept either of these alternatives, Senator Quezon declared, the Filipino people should then demand independence at all costs.

Continuing, Mr. Buell, in his interesting article, says:

Filipinos assert that the United States has repeatedly promised independence. Presidents Taft, Roosevelt, and Wilson encouraged the Filipinos in their national aspirations, and the American Congress provided in a preamble to the Jones Act of 1916 that it was the purpose of the people of the United States "to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein." Finally, the Filipinos urge that they are able to support a stable government. The racial and linguistic differences among the Filipinos are no greater, it is maintained, than such differences in Egypt, Iraq, Switzerland, or Yugoslavia. The proportion of literacy—only 50 per cent—is higher than in independent nations like China, Colombia, Mexico, Brazil, Portugal, Russia, and Siam. Despite Japanese aggression on the Asiatic mainland, Filipinos do not believe that the problem of defending themselves against attack, once independent, will be difficult. They expect the Philippines to become a member of the League of Nations, and some of them urge a neutralization pact with the United States, Japan, Russia, China, and other powers.

Since the passage of the Jones Act in 1916 colored peoples in many parts of the world have received their freedom or at least a large measure of self-government. Thus, Egypt to-day has virtually thrown off outside control over its administration; India has been promised a measure of self-government considerably greater than that enjoyed by the Philippines. Great Britain has announced its determination to surrender its mandate over Iraq and to support the application of this State for membership in the League of Nations. It seems probable that France will take similar steps to relinquish its control over Syria. The people of the Philippines are fully as able to govern themselves as the people of Egypt, India, Iraq, or Syria. They have been promised independence by the United States, and they have been educated with independence as a goal. It is difficult to see, therefore, how the United States, which has always prided itself upon being "nonimperialistic," can oppose the movement for self-determination in the Philippines.

Mr. President, these two articles briefly but effectively tell the story, first, that of the Pacific disarmament treaty of 1921, in which we agreed to retain the status quo as of 1922 in the defenses of the Pacific islands and the opinion of naval men.

The second article explains why some years are required for a balancing of economic conditions, and admits the claim of the Filipinos that these conditions were created by the United States Congress and not by the Filipinos, further substantiating their position that as we gave Spain 10 years at the conclusion of the Spanish-American War to adjust its trade relations before our laws were changed, that at least the same treatment should be accorded the Filipinos for a similar period of readjustment.

#### SMITH WILDMAN BROOKHART

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by Prof. Ivan L. Pollock to the Political Science Club of the State University of Iowa in February, 1932.

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

A public man presents a problem, a situation to be analyzed and explained. In the present generation increasing attention is being given not only to the social environment out of which public men emerge, but also to the analysis of the individual qualities of the leaders, and finally to the interrelation of these qualities to the environment.

Professor Merriam has suggested the following basic qualities as a working list of the common attributes of the political leader:

1. Unusual sensitiveness to the strength and direction of social and industrial tendencies with reference to their party and political bearings.

2. Acute and quick perception of possible courses of community conduct with prompt action accordingly.

3. Facility in group combination and compromise—political diplomacy in ideas, policies, and spoils.

4. Facility in personal contacts with widely varying types of men.

5. Facility in dramatic expression of the sentiment of large groups of voters, usually with voice or pen, fusing a logical formula, an economic interest, and a social habit or predisposition in a personality.

6. Courage not unlike that of the military commander whose best-laid plans require a dash of luck for their successful completion.

I shall not attempt to present what I have to say about Senator BROOKHART in the order of these basic qualities but suggest them as valuable tentative norms, and I have kept them in mind in presenting the data I have before me.

SMITH WILDMAN BROOKHART was born of pre-Revolutionary English stock in a log cabin on a farm in Scotland County, Mo., in 1869. He was educated in the public schools of southern Iowa and the southern Iowa Normal at Bloomfield. He studied law in law offices at Bloomfield and Keosauqua and was admitted to the bar of Iowa in 1892. For a time he taught school and later practiced law and farmed. He was married relatively early in life and has four sons and two daughters. He operates his own farm just outside the city limits of Washington, Iowa, and produces fine crops of fruit and blooded livestock.

Senator BROOKHART is gifted with tremendous physical vitality and maintains a very high degree of physical fitness. There is not a stronger man physically in the Senate. He is big framed, broad shouldered, and short necked, with an abundance of brown hair. He has a round, stubborn, short-nosed face with many fine wrinkles around a really remarkable pair of gray eyes—the eyes of a sharpshooter. Physical fitness he regards as a necessity. He is not a drinking dry but a teetotaler as to liquors, tea, coffee, and tobacco in all forms. He has the physical capacity for the stress and strain of political campaigns, and for political contacts of all sorts. He is an ideal campaigner, first, because his morals and integrity are sound to the core; and second, because of his physical vitality. Mr. Louis H. Cook has said of him that "He can make a dozen meetings in a day, six days a week, and wind up as keen eyed and clear skinned as a child. He never believes that anyone is going to vote against him and never worries about the result." This untiring energy serves excellently in the arduous work in the Senate.

Psychologically, also, the Senator is well equipped for the hurly-burly of political life. He is endowed with an equable temperament that leaves him calm and placid after many trying situations that would unnerve less firmly balanced men. He maintains his good humor and evenness of disposition in the face of repeated rebuffs and defeats and galling criticisms. He is not cursed with an inferiority complex; but has rather an overwhelming assurance that he can not be wrong. In his committee work and on the floor of the Senate he is persistent but always fair and courteous. He is sometimes blunt and crude in his expressions, and somewhat given to calling names. He occasionally gets mad and voices his reactions in undignified terms, as in his recent reply to an insinuating attack by Representative CYRENUS COLE. In his personal relations with other Senators he is jovial and anything but a recluse. He takes his senatorial duties seriously and is absolutely honest. There is no pose in BROOKHART, only a very simple and unaffected democracy. His manners and contacts are genuinely democratic.

Senator BROOKHART is not an orator of the Bryan caliber but he is a convincing speaker and can hold a crowd. His manner is disarming and his arguments plausible. "Although called an 'economic illiterate' by his former colleague, the late Albert B. Cummins, he always has a mass of facts and figures at his tongue's end, and these can seldom be contradicted successfully." "His speeches win over many people who came to sneer at him." He believes what he says. He is a hard hitter who takes himself with the utmost seriousness and has not a particle of fear in his make-up. Moreover, he never makes a formal speech in the Senate unless he is prepared to defend his position.

Senator BROOKHART has the distinction of being one of the best rifle shots in America. He joined the Iowa National Guard in 1894 and served almost continuously until the World War. He was a lieutenant of the Fiftieth Regiment Iowa Volunteer Infantry in the Spanish-American War; a major in First Iowa Brigade, Mexican border service; and major and lieutenant colonel of Infantry during the World War. While in the Iowa National Guard he became its champion marksman and its leader in rifle training. He was captain of the America Palma Rifle Team which won the world championship in 1912, and has been elected four times as president of the National Rifle Association of America. During the early years of the World War many European and American military authorities had concluded that infantry marksmanship was of no great importance; that a poor shot would get more hits in battle than a good shot. BROOKHART went to Washington and "sold" the contrary idea to Secretary of War Baker, and was made chief instructor in marksmanship at Camp Benning and at Camp Perry schools and doubtless thereby made a substantial contribution to American success in the war.

As a small-town lawyer-farmer of the thinking type, reared in Iowa and beginning his professional career in 1890, SMITH BROOK-

HART naturally turned his attention to politics. He served three terms as county attorney in his home county and was ambitious to represent his district in Congress, but the Burlington Railroad would not let him. J. W. Blythe, general solicitor of the Burlington, with headquarters in BROOKHART'S district, ran the politics as well as the railroad. Instead of making peace with the railroad and so getting to Congress, BROOKHART elected to fight the railroad. He supported Cummins as governor of Iowa, was a Bull Moose, and chairman of the Republican State convention in 1912. From that time on BROOKHART was more progressive than the controlling leaders of the Republican Party in his State. He broke with Cummins when the latter reversed his policy on the railroad question at the close of the war.

When Senator Cummins came up for reelection in 1920, the regulars were inclined to let him have the nomination by default; but BROOKHART, who is no respecter of "regular" amenities, came out as an opposing candidate for the Republican nomination. The chief issue in the campaign was Cummins's famous railroad bill. BROOKHART polled 97,000 votes to 115,000 for Cummins. This was a very respectable showing and made BROOKHART the obvious leader of any radical movement which might follow. Normally there would not have been another senatorial election in Iowa until 1924, but Senator William S. Kenyon resigned in 1922, thus bringing another election two years earlier. BROOKHART immediately announced his candidacy. The Iowa Old Guard was frantic and bungled the situation. Instead of giving the prestige of temporary appointment to an outstanding leader, Governor Kendall, who was friendly to BROOKHART, appointed Charles Rawson, Republican State chairman and old-time regular, with the understanding that he would not be a candidate at the primary. The Old Guard tried in every way to defeat BROOKHART—that is, every way except the one way that would have been effective. They did not present a real leader with a real policy and an honest appeal to the people. They tried rather to keep the people from having anything to do with it.

The direct primary has always been anathema to the Old Guard, and the scheme was to prevent any choice at the primary, thereby throwing the nomination into a stacked State convention. Iowa has a 35 per cent law. Three harmless candidates came out to divide the vote and prevent a nomination. It was soon evident that they were not making headway, and so Clifford Thorne, a very able man, also from BROOKHART'S home town of Washington, was brought out as a fourth candidate, and finally a gallant soldier as a fifth candidate. Against these odds BROOKHART got nearly 42 per cent of the vote and was nominated. He frankly accepted the challenge of the Old Guard and made his campaign on a BROOKHART-against-the-field basis.

Now there are all kinds of Republicans in Iowa, and a candidate is usually safe as long as he can be classified as one of them. As the chosen candidate of the Republican Party, BROOKHART was anxious to be in good standing. But when the State convention met on August 2 it openly snubbed the colonel. The convention commended the work of Senator Cummins and of Governor Kendall, but it didn't even permit BROOKHART to make a speech nor did it seek his advice in drafting the State platform. It repudiated BROOKHART'S whole platform but did not go so far as to repudiate him as the Republican candidate. BROOKHART took his snubbing philosophically and, without help from the organization and with little support from the press, waged his own campaign and was elected by a majority of 160,000 votes. And he spent less than \$500 doing it.

The Baltimore Sun said of this election: "The fight upon BROOKHART was the more violent because his platform was in conflict with almost every important policy of the administration. For example, he stood squarely against the sales tax but stood out from first to last for the soldiers' bonus. He opposed the repeal of the excess-profits tax. He demanded the repeal or a radical modification of the Esch-Cummins Act, and he swallowed almost whole the platform of labor and farmer organizations. He denounced Newberryism in every county in the State."

Quotation from Louis H. Cook:

"Insurgents are nothing new in Washington. They come and go. Their best ideas are stolen and become orthodox. Most of them wake up some morning to find themselves conservatives, and the folks back home either heave a sigh of relief, or proceed to elect other radicals, depending somewhat upon existing economic conditions.

"So when SMITH W. BROOKHART, United States Senator, arrived from Iowa back in 1922, the elder statesmen received him with a quizzical air and started out to teach him the rules and the unwritten laws of what was once termed the greatest deliberative body in the history of mankind.

"Both in Washington and in Iowa it was assumed that Senator BROOKHART, although elected as a crusader, would settle down in his seat, damn Wall Street and the railroads just often enough to keep him solid with the home folks out on the prairies, and make his peace with the regulars of his party.

"There seemed no particular reason why he should not. He had safely arrived at a dignity to which many aspire, but few are chosen. The United States Senate is one of the most select and exclusive of clubs, membership is so desirable. \* \* \* Even the Republican organizations at home were willing to meet him half way. It never pays to quarrel with the man who controls the patronage.

But! BROOKHART did not follow the easy path. He takes himself seriously, he has no fear, and he considered himself bound to work for the fulfillment of his campaign promises. His first major accomplishment was to direct the successful filibuster

against the notorious ship subsidy bill fostered by President Harding. This action demonstrated ability but did not make him popular with the regular Republican organization. His next assignment was chairman of the select committee of the Senate to investigate the administration of the United States Attorney General, Harry Daugherty. The task was one which the Senator was anxious to do.

The work was accomplished in the face of presidential opposition and opposition from the regular Republican organization, which sought to pack the committee for a whitewash. BROOKHART bore the brunt of the burden with the assistance of WHEELER, of Montana, and ASHURST, of Arizona. Daugherty was forced to resign. In Mr. Daugherty's forthcoming book it is reported that BROOKHART and ASHURST are given special attention, both being pointed out as traitorous Bolsheviks against whom the Attorney General was seeking to save the country.

BROOKHART easily won the nomination in the June primary in 1924, but he played a lone hand and had a hard fight in the election in November. He was sympathetic to the candidacy of Robert M. La Follette for the Presidency and very outspoken in his criticism of Calvin Coolidge. Early in the fall he wrote to Chairman Butler, of the National Republican Committee, demanding that the committee secure the resignation of General Dawes as Republican candidate for the Vice Presidency. He was perfectly frank in his attitude toward the Republican platform and Candidate Coolidge. On October 3, 1924, he opened his campaign with this attack:

"I belong to the farm bloc; the President belongs to the Wall Street bloc.

"I was snubbed by the Coolidge-dominated Republican machine in the State because—

"I was against Newberryism. The President was for it.

"I was against the ship subsidy. The President supported it.

"I was in favor of repealing the Esch-Cummins railroad law, and the President opposed its repeal.

"I was in favor of investigating corruption in the departments. The President opposed the investigation.

"The President favored the Mellon tax bill. I helped amend the bill to revise reduction in favor of the common people.

"I favored the soldiers' bonus bill. The President vetoed it, and I voted to pass it over the veto. It succeeded.

"I favored the postal employees' bill. It was vetoed, and I will vote to pass it over the veto.

"I oppose giving Muscle Shoals to Henry Ford. The President favored selling it without much regard to price."

On the same day as this speech was made, the Republican central committee of Iowa issued a statement to the Republican voters of the State, characterizing the attack on the Republican nominees by Senator BROOKHART "as a repudiation and bolt from the Republican Party."

The Iowa Homestead, one of the few newspaper supporters of the Senator in the State, said: "BROOKHART has placed his allegiance to the voters above his allegiance to a rotten and water-logged party leadership."

Coolidge carried the State by a large majority, but BROOKHART scaled through with a bare 1,300 votes over his Democratic rival, Steck.

When BROOKHART took his seat in March, 1925, on the governor's certificate that he had been reelected under the Iowa laws, he was disciplined by the Republican organization along with Senators Ladd, FRAZIER, and La Follette for their opposition to Coolidge and Dawes during the campaign. This discipline was in the form of demotion from seniority standing on committees. In the meantime, a contest had been instituted by the Democratic nominee. After a long and bitter contest, the Senate, on April 12, 1926, adopted by a vote of 41 to 45 the report of its Committee on Elections and Privileges, which, after recounting the Iowa ballots and disregarding the Iowa election laws, reviewed the case and declared Daniel F. Steck elected. To the Republican organization Steck was given the toga on the ground that he was a better Republican than BROOKHART. The contest was bitter in the Senate. Senator JAMES WATSON, Republican floor leader, insisted that party regularity was necessary and that Senators who did not fully support the major platform and the party candidates during national campaigns were not Republicans and not to be considered as such in making committee assignments. Senator WATSON, Republican floor leader, and Senator Ernst, chairman of the Committee on Privileges and Elections, frankly admitted that the regulars, both Republican and Democratic, saw a good chance to make BROOKHART a horrible example of discipline and used it. The Republican organization in Iowa opposed BROOKHART'S election in 1924 and aided and abetted Mr. Steck in his contest. It chortled with satisfaction when the Senate finally ousted BROOKHART and seated the Democratic contestant.

The ousting of BROOKHART, however, cost the venerable Cummins his seat. The Brookhart-Steck contest was finally decided on April 12, only about seven weeks before the Iowa June primary of 1926. BROOKHART immediately launched his campaign for the senatorial nomination on the Republican ticket in opposition to Senator Cummins, showing no more respect for the veteran Cummins than Cummins had 20 years before shown the veteran Allison. The result vindicated BROOKHART. He was nominated by 71,000 votes over Cummins and elected by a huge majority in the November election. On June 8, 1926, "The newspaper Iowa depends upon" ran the following headline: "The Republicans of Iowa have nominated Col. SMITH W. BROOKHART for United States Senator. They have defeated Senator Albert B. Cummins."

Thus, within the last 10 years BROOKHART has gone through three bitter primary campaigns and three general elections, winning every time. Three times elected to the United States Senate without either the support of his own party leaders or substantial financial backing. The Republican leaders in Iowa have used every possible political weapon against BROOKHART and are undoubtedly now assembling their munitions of war for another drive against him in the present year. The question asks itself, How does he do it?

BROOKHART is essentially the product of the economic and political conditions of the agricultural Middle West, as they have existed during the past 40 years. His background is that of revolt, not so much against political bosses and patronage as against industrial oligarchy, against railroads, against powerful banking interests as instruments of attack upon agrarian prosperity and upon democracy. Agricultural distress and fear of plutocracy are the bases of his attitude.

In 1922 we had the low price of farm products and the high price of everything else: High interest, deflated credits, high freights, high taxes, and opposition to the Esch-Cummins law, to the Federal Reserve Board, to ship subsidy, and to Wall Street influences generally.

In 1924 BROOKHART's platform was much the same as his 1922 platform had been. Louis H. Cook says: "BROOKHART never had but one political speech. He wrote it back in 1920, revised it in 1922, and has stuck to it ever since." Certainly he has continued to charge the Federal Reserve Board with deflating the farmers; to charge that railroad rates should be based upon the value of the stocks and bonds of the systems; to maintain that business should be limited to earnings of not to exceed 6 per cent; and to urge that agriculture and commerce should be conducted as cooperative ventures on a profit-sharing basis. The nonpartisan league of Wall Street continues to be his obsession.

Colonel BROOKHART gets support in Iowa because the people believe that he is sincere and because he voices a lot of protests which touch a sympathetic spot in the hearts of common people. He is a leader of the people, voicing the views of the masses of citizens as against the views of men who represent the oligarchies of business and partisan politics. He is honest and fearless and the mouthpiece of inarticulate, unorganized people with grievances. Some years ago during the campaign a disgruntled regular opposing BROOKHART before a farm audience made this query: "Why do you support BROOKHART? You don't expect him to help you any, do you?" Some one from the audience spoke up in answer, "Well, maybe not. But he hollers for us, and that's more than anybody else does." It is something "to holler" for people who are in distress, and it is service to do all that one can do to help even though that be not enough to save them.

It is charged that BROOKHART never has been representative of the political thought of Iowa. It may be true, but how is the political thought of a people to be determined? He certainly represents the political thought of many individual Iowans even though it may not be that of the self-constituted guardians and directors of the Republican Party organization in the State. The farmers do vote for him.

Why does the intelligentsia of Iowa try to appear so superior to BROOKHART? This question puzzles me and I have not found a satisfactory answer. Why does BROOKHART have no support from the Iowa press? Why does The Register conduct a constant sniping campaign against the Senator? For one reason he is not regular in the accepted sense. He thinks for himself and acts on his own convictions even though it may be at his own expense politically. BROOKHART is not a good follower. He is not amenable to party direction. He is too forthright, too individualistic.

BROOKHART has powerful enemies. He is painted as a radical, he is caricatured as crude by the big out-of-State newspapers, and I venture to say that many good people in Iowa have gotten their whole impression of BROOKHART from this artificial source of information. His mistakes are played up; his crudities are emphasized. They are accepted at their face value and some good people blush when they have to admit that they have such a man for United States Senator.

They would not need to blush if they followed his work in Congress. He is working at his job. He gives a good account of himself in committee work and in committee hearings. He is fearless on the floor of the Senate and a study of his record will show that fundamentally he is consistently representing the best interests of the common people of the United States. To take this stand, if one's interpretation is sound, may not be good politics, but it approaches statesmanship.

Party irregularity is serious, but having a proper leaven of irregulars may cause the party to rise and prevent its sinking into a static lethargy from which no good can come.

BROOKHART has been called "an apostle of agrarian revolt." His first responsibility as United States Senator as he sees it is to battle relentlessly for the best interest of the American farmer. His panacea for all farm ills is cooperation, which he preaches in season and out of season. His objective is to secure for agriculture a basic equality with other industries, and this can only be done by governmental control of the exportable surplus. His stand on banking, on the railroad question, on the tariff, on power control, and on taxation is in each instance determined by the relation of each of these or the effect of each upon agriculture. To use his own words, he says:

"I think most of our economic organizations have been formed with little regard to the ultimate welfare of agriculture. I think agriculture has been an incident all the time. I think the farmers

have been numbered as so many units as a basis for profit, and somebody else has arranged the rate of profit. \* \* \* Agriculture from the economic standpoint has never had a square deal in the United States. Its economic condition always has been at the mercy of somebody else. It has always been the victim of other economic organizations. The farmers are entitled to a system of laws that will raise agriculture to the same artificial level of all other great industries—the only alternative would be to repeal the laws that have given these discriminations."

It is fashionable among BROOKHART's political enemies to attack his economic platform as unsound. If we go back to fundamentals we find that BROOKHART bases his program for farm relief on what he calls cooperative economics in contrast to competitive economics. He maintains that competitive economics based on the so-called law of supply and demand, which is a fiction rather than a law, has broken down. He holds that under present-day conditions of combinations, of consolidations, of monopolies, and of artificial conditions interposed by law wherein it is estimated that from 80 to 95 per cent of the people who go into competitive business ultimately fail, failure of the system is obvious. That any system which results in such percentages of failures is without defense and must be rated as a failure per se.

In his proposed system of cooperative economics in which he envisions cooperation in production and in processing, in distribution, in marketing, and in transportation, in credit, and in education, BROOKHART means cooperation as a complete economic system that will do everything in human civilization that competition is now doing. He simply means a system organized and operated primarily for service rather than for profit. He means business organized on the principles of the Sermon on the Mount.

BROOKHART works to secure the acceptance of his cooperative economics, but he is a realist also and does not stand and wait for the better day to arrive. Agricultural relief is needed now. He favored the original McNary-Haugen bill but sought to substitute his own plan of export control patterned after the war-time grain control act administered by Mr. Hoover and Julius Barnes for the succeeding farm bills. He supported the export debenture feature of the Federal Farm Board act and voted for the act without the debenture feature only because it was the best that could be had at the time. He opposed the Smoot-Hawley tariff bill and voted against it.

The annual accretion of wealth in this country for the past century has been about 4 per cent. Out of this margin must come all dividends and profits. BROOKHART maintains that agriculture deserves its share, and since the cards have been stacked against the farmer he advocates the extension of the functions of the Federal Farm Board to enable it to consider our whole agricultural effort as one big farm with a surplus of some two billions' worth of products which must be handled as a single problem. He would relate earnings to the actual rate of wealth increase and empower the Farm Board to purchase the agricultural surplus at a rate which would pay the actual cost of production plus 4 per cent.

The board being the sole agency for handling the surplus would be in a position to dispose of it without serious loss. Since the population is increasing and the agricultural surplus is decreasing, he maintains that the surplus problem will disappear within a reasonable time. This, he holds, would do for agriculture what steel and other industries have been able to do through organization, combination, and tariff protection. He compares the deflation of agriculture from 1919 to 1923, which amount is estimated at \$32,000,000,000, with the permission extended to the railroad companies under the Esch-Cummins Act to inflate to the amount of seven billions after having received a direct subsidy from the Government of \$529,000,000 during the first six months of operation after being turned back to private control.

I quote a paragraph from a speech made by the Senator in 1929:

"If we are going to handle this proposition, I want to handle it as any business man would handle it if it were his single proposition. The United States is the big farm of this Congress. This big \$2,000,000,000-a-year surplus is the big surplus the Congress should handle, and since it has given this advantage to the railroads by law, by enactment of Congress; since it has given an advantage to the banking industry of the United States by creating a governmental reserve bank, controlled and operated by the Government, a board appointed by the President and confirmed by the Senate; since it protects the patented industries of the United States by law; since it fixes the value of every public utility by law and fixes a return of at least 7 per cent, and that when the American people are producing only 4 per cent; I say, since the Government has done these things for all these industries, it owes it to agriculture to do as much and go into the Treasury of the United States for that whole three thousand million dollars to make right the wrongs it has done."

BROOKHART relates his stand on almost everything with its effect on agriculture or else compares the attitude of the Government and administration with its attitude to comparable problems in agriculture. In reply to President Hoover's telegram requesting support for his moratorium last summer, Senator BROOKHART gave a grudging support and read the President a lecture on the urgent necessity for a special session of Congress for the purpose of properly considering the moratorium proposal and the equally important necessity of looking after our own suffering agriculture, our great army of unemployed, and our pathetic horde of starving people at home. He urged upon the President's attention the truth of the old proverb that charity begins at home.

Senator BROOKHART has opposed the President's Reconstruction Finance Corporation proposal until it was amended in conference to provide \$200,000,000 for closed banks. He sees in this gigantic project another raid upon the Treasury of the United States engineered by the same great banking corporations at whose door must be laid the responsibility for the present crisis. He maintains that the only benefits will accrue to the railroads and the great banking houses, to wealthy bondholders, and to speculators. He turns the table on the President and the bankers and applies the term Bolshevik to the whole proposal, stressing the point that he is termed Bolshevik when he seeks aid for agriculture and for citizens of the country who are in desperate need. He emphasizes the fact that the desirability of Government in business depends upon whose ox is being gored. He calls upon the President and Wall Street to aid now in the search for "rugged individualism." He maintains that the Government aids banking, transportation, shipping, not as service agencies, but as profit takers at the expense of the whole people.

Time will not permit a review of BROOKHART's stand on other measures, but his position on outstanding problems may be noted in a sentence:

National economics: Relate earnings to the actual annual accretion of wealth.

Taxation: Graduated upon ability to pay as measured by income, excess-profits tax, and estates tax. Opposes sales tax.

Banking: Revision of Federal reserve law. Restrict use of funds for speculation. Federal authorization of cooperative banking. Inflation to normal price level.

Railroads, inland waterways, shipping, busses, antisubsidy: Effective regulation in all phases of Government ownership and operation. Revision of Esch-Cummins law.

Power, communications, radio: Safeguard public interest. Development for use or service, not for profit. Government operation of Muscle Shoals.

National defense: Adequate defensive arms only. Against extravagance.

Veterans' relief and bonus: Adequate but not extravagant.

Universal conscription: Only with conscription of wealth.

Chain stores: Favors the Capper-Kelly bill of Seventy-first Congress.

Tariff: Revision downward. Limit earnings of protected industries to 5 per cent.

Lame-duck sessions of Congress: Opposed. Favors constitutional amendment.

Corruption: Aggressive opposition and relentless exposure.

Injunctions: Restrict use of injunction in labor controversies.

Agriculture: Place agriculture on a basis of equality with other industries. Improve conditions by removing discriminations:

(a) Provide surplus control.

(b) Adequate credit. Overhaul Federal farm-loan system. Authorize establishment of cooperative banking.

(c) Export debenture to counterbalance the tariff then the equalization fee.

(d) Development of cooperation—

1. One man, one vote—capital does not vote.

2. Limited earnings on capital.

3. Trade dividend.

Prohibition: Favors enforcement. Opposes revision.

Foreign affairs: Cautious to point of suspicion. Opposed to entangling alliances. Objects to having Government pull chestnuts out of the fire for international bankers. League of Nations, opposed to United States membership in. World Court, opposed to membership. Debt cancellation, opposed to cancellation. Favors use of American capital and energy at home. Opposed to tariff that encourages American capital to build manufacturing plants and use foreign labor behind foreign tariff walls. Favors Kellogg Peace Pact.

It did not make BROOKHART an "economic illiterate" to disagree with Senator Cummins on the railroad question in 1920. Cummins was wrong. BROOKHART was not "an economic illiterate" and his disagreement made him a United States Senator. Moreover, BROOKHART has increased in stature during the past 12 years. His energy, his physical strength, his persistence against great odds, his curiosity, his honesty, his courage, his self-confidence, his innate democracy, his desire to serve the best interests of his people have enabled him to achieve a position of real influence in the United States Senate. His colleagues in the Senate respect BROOKHART as an adversary even when convictions on issues can not be reconciled. BROOKHART's social philosophy is fundamentally sound. It may be that he does not have the constructive genius to secure its acceptance and to properly implement it, but his claim that the Government should play no favorites stands and nobody can succeed with a program without a majority. A radical in the United States Senate during the second decade of the nineteenth century was a voice crying in the wilderness. It remains to be seen what such a radical may accomplish during the third decade.

#### RECESS

Mr. McNARY. Mr. President, I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 5 o'clock p. m.) the Senate took a recess until to-morrow, Thursday, March 17, 1932, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 16, 1932

The House met at 12 o'clock noon.

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

Heavenly Father, as we are confronted with hard duties and at times with oppressive cares, we ask for grace sufficient to live each day right, neither being overpowered by temptation nor overwhelmed by burdens. Blessed Lord, we pray for that strength which triumphs over weakness, hope over fear, faith over doubt, and good cheer over despair. Father, make our lives large and full, so that they shall be altogether worth while. O take them and impart unto them such a spirit and such a satisfaction so that they shall be rich and helpful. By the manifestation of the truth, walking in the might of honor and uprightness, may we commend ourselves to the favor and esteem of all men. We thank Thee for Him who commands our supreme love. He is not only the Light of one age and one land but the Light of the world and the greatest personal revelation of a merciful God. All glory be unto His holy name, Amen.

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

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate insists upon its amendments to the bill (H. R. 7912) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McNARY, Mr. JONES, Mr. KEYES, Mr. HARRIS, and Mr. KENDRICK to be conferees on the part of the Senate.

#### THE BECK-LINTHICUM RESOLUTION

Mr. HESS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

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

There was no objection.

Mr. HESS. Mr. Speaker, the Beck-Linthicum resolution, as embodied in House Joint Resolutions 203 and 209, proposes a substitute for the present eighteenth amendment. It is designed to recognize and restore our traditional dual form of government, giving to the State control of local matters and to the Federal Government jurisdiction over national affairs. It is this duality which has been the distinguished feature of our Federal Constitution and from its inception has received the encomium of the best thought in the world.

The eighteenth amendment was a radical departure from this duality, in its failure to accept prohibition as a local matter.

The mere fact that what may fit Kansas, the only State out of 28 States which the recent Literary Digest poll shows to favor existing conditions, while New York, very much to the contrary decidedly opposes, is proof of the local nature of prohibition and likewise proof that you can not have one unbending, rigid prohibition law for both States. It is idle and futile to expect it to operate well. In the final analysis laws must fit the community for which they are intended; this in order that they may merit and command respect and observance.

When you multiply the problem of observance to include 48 States, composed of varied stock and ancestry, having varied ingrained habits and views on a proposition which only in the last 12 years has become acutely personal and criminal, it is easy to understand why national prohibition has failed.

The constant Federal appeal to the States for their help, as necessary, is significant. If State help is so sorely needed, that leads to the inevitable conclusion that the subject

matter might as well be left entirely to the State's decision within its own jurisdiction.

Unfortunately, judicial construction has made nugatory section 2 of the eighteenth amendment, giving the States concurrent power with Congress.

I am satisfied that investigation would disclose that many Members of Congress who voted for submission of the amendment did so because of section 2, with full expectation that due regard would be given to it. Thus a doubt is raised whether the amendment without section 2 would have received votes sufficient for submission.

This same doubt, but much more seriously, arises as to the ratification by the State legislatures. Who can tell to what degree section 2 influenced the concurrence of 46 States? It is not reasonable to believe that they were unaffected by it; that they wished to surrender their sovereignty in abject submission to the rigid will of Congress, overriding their own representatives in Congress. It is much more reasonable to believe, not having our hindsight now on the judicial construction given, that many legislators, perhaps in number sufficient to prevent ratification, relied on section 2 as affording some measure of development to the home-rule desire of the people of each State, consonant with local conditions.

Be such doubts dismissed as unimpressive, as dealing with accomplished facts, have you not to-day similar reaction, in that State after State which ratified the eighteenth amendment, now is repealing its prohibition laws? Such action means more than to make clear their legal and justified contention that national prohibition, being a supreme, all-pervading Federal law, must be enforced by Federal authority, with little help, particularly financial help, from the States. Can we not readily conclude, therefore, that the present desire, whatever may have been their past decision, is now firmly set on provisions, such as will be found in the Beck-Linthicum resolution?

This resolution is the joint product of many minds. It is presented by Members of the House, regardless of party lines. It follows recommendations made, I believe, by a majority of the members composing the Wickersham commission. Above everything else it restores to the States a power rightfully theirs. It applies and amplifies what section 2 was intended to cover.

While direct repeal of the eighteenth amendment would be preferable perhaps as simpler procedure, since that when accomplished would automatically restore jurisdiction to the States, this resolution carries appropriate safeguards to permit dry States to be as dry as they please.

The new amendment has other decided merits. Not the least is that it will stop recurrent congressional elections on the issue. It will relieve Federal courts of their crowded dockets and restore them to their old dignity. It will practically abolish the national prohibition department, saving considerable money. It will divert to the Government revenue now adhering to the pockets of criminal racketeers. It will put an end to the farce of "bargain-day" penalties, and of making room for new inmates in overcrowded prisons.

Vote for the resolution and place the liquor problem with the States. There, if I may venture to say, the ideal solution would be through local option, confined to the smallest political units of township and municipality. This would produce local laws responsive to the will of the local community, and that community will should not be overridden by the votes of others.

#### ANTI-INJUNCTION BILL

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the conference report on House bill 5315, the anti-injunction bill, be recommitted to the committee of conference.

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

Mr. DYER. Reserving the right to object, being one of the conferees, I am in hearty accord with the request of the gentleman from Texas.

The SPEAKER. Is there objection?

There was no objection.

#### KIDNAPING BILL

Mr. COCHRAN of Missouri. Mr. Speaker, I have handed to the Clerk a bundle of petitions signed by mothers in St. Louis urging the Congress to pass the bill I introduced making it a Federal offense to kidnap a person and move that person into another jurisdiction. The petitions were prepared and the signatures secured by the St. Louis Times, one of the leading newspapers of my city.

Mr. Speaker, the petition of the mother is a most sacred petition and her right to be heard and her voice heeded is undisputed.

My bill does not seek to supersede the responsibility of the local authorities, but all I ask is that the Federal Government assist in apprehending the violator when the victim is taken across the boundary of the State where the victim was seized. The commerce clause in the Constitution prevents the States from extending its police power to an adjoining State, and it at the same time gives the Congress the constitutional authority to enact such legislation as I suggest.

I ask that the petitions be referred to the Committee on the Judiciary where the bill is under consideration.

I might add the petitions contain thousands of names and represent many more thousand mothers as some petitions are signed by the entire congregation of churches, as well as represent all the members of numerous lodges and societies.

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

There was no objection.

#### CHANGE OF REFERENCE

Mr. JONES. Mr. Speaker, I ask unanimous consent that Senate Joint Resolution 116 and House Joint Resolution 334 referred to the Banking and Currency Committee be referred to the Committee on Agriculture.

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

Mr. McFADDEN. Reserving the right to object, this measure was properly referred to the Banking and Currency Committee, and I think it should remain there, and therefore I object.

#### EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, there is such a splendid editorial in the Washington Post this morning that I hope our friend from Massachusetts will not adhere to his regular rule and object to all editorials. I ask unanimous consent to extend my remarks in the RECORD by publishing that splendid editorial. It is of vital interest to every red-blooded American in the United States.

The SPEAKER. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD, including an editorial. Is there objection?

Mr. UNDERHILL. Mr. Speaker, all editorials look alike to me, and I object.

#### SALES TAX

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter which I this day have written to the Secretary of the Treasury on the subject of the sales tax.

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

There was no objection.

Mr. LAGUARDIA. Mr. Speaker, under leave granted to me I hereby file a letter that I have this day mailed to the Secretary of the Treasury, the Hon. Ogden L. Mills. I believe the reference, therein contained, to a speech made by the honorable Secretary on December 14, 1931, and inserted in the CONGRESSIONAL RECORD of December 15, 1931, will be of special interest to the membership, now preoccupied on the subject of sales tax.

The letter follows:

MARCH 16, 1932.

HON. OGDEN L. MILLS,

*Secretary of the Treasury, Washington, D. C.*

MY DEAR MR. SECRETARY: I heard your radio speech last Saturday advocating the so-called manufacturers' tax in the pending revenue bill. I am somewhat confused in reconciling your present enthusiasm for the sales tax with your learned and scholarly address delivered before the Economic Club of New York on Decem-

ber 14, 1931. The December 14 speech was so impressive, instructive, and informative that the distinguished gentleman from Oregon, the Hon. WILLIS C. HAWLEY, who is now sponsoring the sales-tax provision of the bill, had it inserted in the CONGRESSIONAL RECORD on December 15, 1931, the very day after you delivered this address. This was inserted by unanimous consent of the House of Representatives because we all felt that it was worthy of being made a matter of public record and that we could send it to our constituents at Government expense. This speech was made about three months ago. The condition of the Treasury is no different now than it was then. The deficit is no greater now than it was then. The administration has within the last few days stated that business conditions are a little better to-day than they were three months ago. I am firmly convinced that you spoke with deliberation, and I know you did with conviction, on December 14, when you stated:

"The attainment of our goals necessitates additional revenue in excess of \$900,000,000 in the year 1933. In the development of a program we considered many forms of taxation. We weighed, for instance, the merits of the general sales or turnover tax, but rejected it, not only because it bears no relation to ability to pay and is regressive in character, but because of the enormous administrative difficulties and the almost inevitable pyramiding of the tax in the course of successive sales.

"We studied the limited manufacturers' or producers' sales tax, which is being administered with a fair degree of success in Canada. In Canada a tax is imposed at the rate of 4 per cent on the manufacturers' sales price, or the import value of all goods not exempt, which are produced or manufactured in Canada or imported into Canada. Retailers are exempt. It is distinctly not a turnover tax. Practically all raw materials of farms, mines, fisheries, etc., are exempt, as are most small manufacturers or producers, such as customs tailors, shoemakers, plumbers, opticians, et al. The extent of the exemptions is very great. They fill 10 closely printed pages and cover thousands of specific items and classes of items. \* \* \* The tax is unquestionably passed on and adds, therefore, to the cost of living.

"With some 200,000 manufacturing establishments in the United States, our much more extensive and complicated industrial mechanism, our tendency to set out administrative procedure with almost meticulous accuracy in our statutes, and our reluctance to grant administrative discretion or the authority to administrative officers to make final decisions, it is more than doubtful whether the Canadian sales tax would meet with the success in our country that it has across the border. Certain it is that many months would elapse before the necessary administrative machinery could be firmly established in this country. And we are in need of additional revenue now.

"In any event, we concluded that, on the whole, it is wiser for us to resort to these forms of taxation with which we have had experience and are thoroughly familiar, rather than to embark on new and untried ventures. If this conception is sound, we have but to take a step backward and to relinquish temporarily the benefits of the tax reductions effected in the period of expanding revenues. It isn't necessary to retrace many steps and to return either to the revenue act of 1918 or of 1921, but what we desire can be accomplished by returning in principle to the general plan of taxation existing under the revenue act of 1924, with such changes as are appropriate in the light of existing conditions. The advantages of such a program are manifest."

I am in entire accord with you and, in keeping with the authoritative information contained in your speech, many of us are vigorously opposing the sales tax or manufacturers' tax, whichever you desire to call it, in the revenue bill.

Will you be good enough to give us your latest views on the subject?

With kind personal regards, I am,  
Sincerely yours,

F. H. LaGUARDIA.

#### THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill, and pending that, I would like to see if I can get an unanimous-consent agreement as to closing the general debate on this bill. This morning I brought the matter up before the Ways and Means Committee and asked their advice as to how and when I should suggest closing debate. We have already had five days of general debate, which is an unusually long time. In the committee this morning the gentleman from North Carolina [Mr. DOUGHTON] said he had requests from a number of gentlemen who desired to speak. He said it would be agreeable to him under the circumstances if general debate was to close when the House adjourned to-morrow. The Committee on Ways and Means directed me to make that request; and, therefore, I ask unanimous consent that when the House adjourns to-morrow general debate will be closed on the revenue bill.

The SPEAKER. The gentleman from Georgia asks unanimous consent that when the House adjourns to-morrow

general debate shall be closed on the revenue bill. Is there objection?

Mr. FERNANDEZ. Mr. Speaker, I reserve the right to object. Some of us from Louisiana would like to have a few minutes' time to discuss the bill. I shall not object if I am assured that I can get at least 10 or 15 minutes to-day or to-morrow.

Mr. CRISP. Mr. Speaker, the only reply that I can make to the gentleman is that I yielded half the time allotted to me to the gentleman from North Carolina [Mr. DOUGHTON], opposed to the bill, to be allotted by him. The gentleman from North Carolina has used more than I have of the time allotted to me. As I understand it, the gentleman is opposed to the bill. Therefore, of course, he should get his time from the gentleman from North Carolina.

Mr. FERNANDEZ. Unless I am assured of some time, I shall be constrained to object.

Mr. CRISP. Mr. Speaker, I move that when the House adjourns to-morrow night general debate upon the bill be closed.

Mr. DOUGHTON. Mr. Speaker, will the gentleman withhold that motion for a moment?

Mr. CRISP. Yes.

Mr. DOUGHTON. Mr. Speaker, being in charge of the time on the majority side of the House, for those who are opposed to the bill, I have had many more requests for time than I anticipated. I have done all that I could to give those who oppose the bill on this side an opportunity to be heard and to agree to use as little time as possible. I did not know that debate would be concluded as early as it is desired; but I must say that the gentleman from Georgia [Mr. CRISP], in charge of the bill, has been very generous in the matter of debate. I have requests on this side from those who oppose the bill for something like seven or eight hours, not including any time to be used by myself. I would rather take no time than have them denied time.

I am going to support the chairman in this matter because I agreed to this this morning in the Committee on Ways and Means. I hope no one who is opposed to the bill on this side will object, and I ask those on this side who have asked for time in opposition to the bill, to be reasonable, and agree to cut the time they have requested in half, so that time may be allotted to others.

Mr. CRISP. Mr. Speaker, I wish to accommodate gentlemen, I want everybody to be heard and am willing to ask that the House take a recess from 6 o'clock to-morrow evening to 8 o'clock, and that general debate be had from 8 o'clock until 10.30 o'clock to-morrow night.

Mr. HARE. Mr. Speaker, reserving the right to object, I happen to be one of those who asked for time in opposition to the bill. I asked for 20 minutes. In view of the suggestion of the gentleman from North Carolina, I should be very glad to renew my request and make it for 10 minutes.

Mr. LINTHICUM. Mr. Speaker, will the gentleman from Georgia yield?

Mr. CRISP. Yes.

Mr. LINTHICUM. I want about 10 minutes' time on the oil schedule. I do not know whether I am going to vote for the bill or not. It is getting better all of the time. I may eventually vote for it, but I would like to have 10 minutes from one of these gentlemen. I do not want to pledge myself one way or the other.

Mr. CRISP. Mr. Speaker, I shall take the chance on the gentleman voting for the bill, and yield him 10 minutes' time.

Mr. PARKS. Mr. Speaker, will the gentleman from Georgia yield to me?

Mr. CRISP. Yes.

Mr. PARKS. With a bill of this importance, and with so many other matters that do not amount to very much taking up considerable time, why should not there be an additional day of general debate?

Mr. CRISP. My only answer to the gentleman is that the request would mean seven days of general debate. There never has been that much general debate on any tax measure since I have been here. Furthermore, at the conclusion of general debate, debate does not stop. The bill will be

read by sections under the 5-minute rule, and Members of the House will be given an opportunity to discuss the bill under the 5-minute rule, and I shall have no disposition to cut them off from doing that.

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

Mr. CRISP. Yes.

Mr. DOUGHTON. I wish to say to my friends on this side that it was the desire of the majority of the members of the committee to close debate to-day, and they doubtless have the votes to do it. I do not want to be contentious about the matter. I hope that no one on this side of the House who is opposed to the bill will object to the request of the gentleman from Georgia, because I think he has been fair with us.

Mr. WHITTINGTON. Mr. Speaker, may I ask the gentleman a question?

Mr. CRISP. Yes.

Mr. WHITTINGTON. Has the committee any other amendment that it has agreed to adopt which it is ready to announce to the House?

Mr. CRISP. No. The committee has not. It is my purpose to call the Committee on Ways and Means in session each morning while this bill is being considered, so that the committee may consider any amendment it desires to consider with a view as to whether or not it should be offered as a committee amendment as the bill progresses. This morning the committee was occupied in another way and did not take up the question of whether or not it would recommend any amendment making further exemptions to the bill.

The SPEAKER. The gentleman from Georgia asks unanimous consent that general debate on the tax bill end when the House adjourns to-morrow. Is there objection?

There was no objection.

Mr. CRISP. Mr. Speaker, to accommodate gentlemen I ask unanimous consent that when the Committee of the Whole rises to-morrow afternoon at its usual time the House shall take a recess until 8 o'clock, to remain in session until 10.30 p. m., the night session to be confined exclusively to debate on the tax bill.

The SPEAKER. The gentleman from Georgia asks unanimous consent that when the Committee of the Whole rises to-morrow afternoon at its usual time the House shall stand in recess until 8 o'clock p. m.; that during the evening session general debate in the Committee of the Whole shall be confined to the revenue bill and continue until 10.30 o'clock p. m. Is there objection?

Mr. UNDERHILL. Reserving the right to object, the gentleman from Georgia has very clearly stated, I think, that we have had a long period of general debate on this bill, also that there will be plenty of opportunity under the 5-minute rule to discuss the bill.

Mr. CRISP. Mr. Speaker, I think I am close enough to the gentleman from Massachusetts to express the hope that he will not object.

Mr. HAWLEY. Mr. Speaker, I join with the chairman of the committee in his suggestion.

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

Mr. UNDERHILL. Mr. Speaker, in deference to the gentleman from Georgia, I shall not object.

There was no objection.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Georgia [Mr. CRISP] that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the revenue bill (H. R. 10236).

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill of 1932, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. HAWLEY. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman already has that permission. Let the Chair state for the benefit of those who intend to speak that the House has already granted unanimous consent that all Members may have the privilege of extending their own remarks on this bill for five legislative days after the conclusion of the consideration of the bill.

Mr. REED of New York. Mr. Chairman, there was a time when the production of petroleum was limited to a few well-known localities. To-day the production of crude oil is quite evenly distributed throughout the United States, and more and more fields are entering the picture. This industry has developed to a point where it has become one of our chief industries and one that plays an important part in our economic stability as a nation. There are several States that produce petroleum in such large quantities that any curtailment in the production and sale of oil has a most depressing effect upon all classes of business.

I have in my congressional district an oil-producing section. The low price of petroleum has placed a heavy strain upon the banks, the merchants, and other business enterprises. It has created a tragic situation among those who depend for their employment upon the oil industry.

The oil producers throughout the United States have shown a most commendable spirit and an unusual degree of foresight in an honest effort to curtail production to save the market. This effort might have succeeded in a more marked degree had the industry been protected from foreign competition. The fact is, however, that ever-increasing imports of petroleum and petroleum products have nullified the efforts made by domestic producers to stabilize the market by restricting home production.

I do not wish to have the inference drawn from my remarks that there has been overproduction of oil in the United States during the last 10 years. The fact is that had it not been for the large volume of imported oil, our domestic demand would have absorbed the oil produced in this country. The difficulty all along has been that during the time—1929 to 1930—that our producers in the United States had curtailed production to the extent of 109,000,000 barrels, there were imported into this country 105,000,000 barrels of oil. During the year 1931 the domestic oil producers reduced their production 48,000,000 barrels, while the foreign producers shipped into our market 47,249,655 barrels of crude petroleum, valued at \$39,220,620, and refined petroleum, 24,998,016 barrels, valued at \$16,215,281. Other petroleum products were imported in comparatively large quantities. Just so long as foreign producers can destroy every effort made by domestic producers to rehabilitate the oil industry in this country the responsibility for the prostrate condition of the oil industry will rest upon the inactivity of our Government. The oil producers of the United States have done their best to meet the crisis, only to find themselves hamstrung by foreign competition.

I am reliably informed that the American petroleum industry normally employs more than a million persons. A large percentage of these million persons are out of employment. Considering the families of those who labor, it is safe to say that 5,000,000 persons are affected by the present deplorable condition in the oil industry.

Such a reduction in a pay roll is not only a hardship to those who labor in the oil industry and their families, but it accentuates the unemployment in a multitude of other industries. While our oil industries are prostrate, unable to earn a return on their investment, burdened with local and State taxes, and thousands of their faithful employees without work, their foreign competitors, more or less free from the heavy taxation of the States, have been able to pay hundreds of millions of dollars in dividends. It is manifestly unfair to the oil producers and to labor to permit so distressing a condition to continue.

A recent report of the United States Tariff Commission shows quite conclusively that the cost of producing petro-



leum in the United States and delivering it to the Atlantic seaboard is \$1.03 per barrel more than the cost of producing oil in Venezuela and delivering it to the same points.

It has been the policy of the United States since its inception to protect American industry.

With such a differential between the cost of production of petroleum abroad and at home the domestic industry can not hope to survive without protection. The failure to afford this protection will eventually destroy the small independent producer and place production in the hands of a few large concerns. Such a result would be unfair to the independent producers and an unwise public policy to pursue.

I believe that the proposed tax on imported oil will do much to alleviate the difficulty in which our oil producers find themselves. The facts found by the United States Tariff Commission would warrant, it seems to me, even a larger tax than 1 cent per gallon on crude petroleum, fuel oil, gas oil, and gasoline derived from crude petroleum imported into the United States.

I hope that the proposed tax will tend to restrict oil imports sufficiently to afford the oil producers of the United States some measure of much needed protection. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. CRAIL].

Mr. CRAIL. Mr. Chairman and my colleagues, I wish to discuss a feature of this bill which is of much importance to the people of California, as well as to the people of the mid-continent field. There has been a great deal of acrimony, hard feelings, and personality enter into the debate in regard to the excise tax on the importation of oil from foreign countries. I do not want to indulge in this acrimony or become involved in any personal controversy, but I do think it is my duty to urge upon my colleagues the adoption of that feature of the tax bill which is before the House.

Oil is one of the largest industries in the country. It was the third largest industry in the United States until two years ago. In California it was the largest industry. At the present time the oil industry is prostrated. It is paralyzed. In my State there are thousands and thousands of oil workers out of employment. In the United States there are hundreds of thousands of men and women out of employment who were engaged in the oil business. The official statistics of the State of California show that 63 per cent, almost two-thirds, of all the men and women who were engaged in the oil industry are out of employment at the present time because of the condition in which it now is.

In addition to that the owners of the oil lands who have been receiving royalties are now suffering. Nearly all of the small independent companies have thrown up the sponge in defeat or are now in the hands of receivers. Gasoline at the present time is selling in California at a cut-throat price. Gasoline has been sold generally at as low as 6½ cents a gallon, and at the present time the largest companies are selling gasoline at 9½ cents a gallon. They must pay a tax of 3 cents a gallon to the State of California and in most cases 4 cents per gallon to the retailer. You can figure out that that leaves about 2½ cents for the price of gasoline to the manufacturer, which is less than the cost of manufacture.

Mr. MICHENER. Will the gentleman yield?

Mr. CRAIL. With pleasure, to the gentleman from Michigan.

Mr. MICHENER. The gentleman favors a tax on oil, I take it?

Mr. CRAIL. I would favor an emergency embargo, but that is not before the House at this time. In lieu of an embargo I would favor a tariff duty of more than \$1 per barrel on oil.

Mr. MICHENER. But the gentleman does favor a sales tax on oil?

Mr. CRAIL. I am arguing for a protective tariff duty on petroleum and its products which are now admitted to this country duty free. I claim this importation of oil duty free has been the chief cause of the deplorable condition of the oil business.

Mr. MICHENER. But we are not dealing with a protective tariff bill. We are dealing with a tax bill. If a tax goes on oil it must be in the shape of a sales tax on oil. The gentleman is in favor of that, is he?

Mr. CRAIL. My friend from Michigan is evidently misinformed about that. This tax bill we are now considering provides that on all oil which is brought into this country there must be paid a tariff duty of 1 cent per gallon. Some prefer to call it an excise tax of 1 cent per gallon or 42 cents per barrel.

SEVERAL MEMBERS. That is correct.

Mr. MICHENER. Yes; that is correct.

Mr. CRAIL. That has nothing to do with the sales tax, and I am not discussing and do not care to discuss the sales tax at this time.

Mr. MICHENER. But the gentleman is opposed to the sales tax?

Mr. CRAIL. I have not said that.

Mr. MICHENER. Well, I am asking the gentleman if he is.

Mr. CRAIL. I am against a sales tax on the necessities of life; food and clothing and fuel and whatever is necessary to sustain life in health and even in comfort. However, I am not making a special argument against a sales tax on gasoline. Possibly there is just as good argument for a sales tax on gasoline as there is on any other necessity of life. I am opposed to a sales tax on life's necessities. But I am arguing for something which is in the bill.

Mr. MICHENER. But how does the gentleman figure we are going to get a tax to raise revenue which is necessary if every Member of the House takes the same position that the gentleman takes?

Mr. CRAIL. I can not see any inconsistency in arguing for a good provision of the bill as I am doing. It might be inconsistent if I should argue in favor of the bill generally but oppose some particular part of it which adversely affects my district.

Some Members have done this, and my friend may have them in mind. However, what I am advocating is a part of the bill.

Mr. MICHENER. The gentleman is advocating the part that affects his district primarily, and possibly the gentleman will oppose everything else. Is that correct?

Mr. CRAIL. I have not said that. I am still hoping that the bill will be so amended that I can give it my full approval and support. As the bill is now framed I can not give it my approval and support. I do not think the time has come yet that we must tax the poor people of the country on the necessities of life in order to maintain and operate this Government. There are many things we can do to balance the Budget without resorting to a tax on what a poor man must have to sustain life, to keep from going naked and to keep from freezing to death. So far as I know, such a policy never has been adopted by this country, and certainly I have a different idea of the duties of government than a tax on life's necessities. Anyway, I am not ready to commit myself at this time on this bill. The argument will last several days. Many amendments will be offered. We do not know what shape the bill will be in when the vote is taken on its passage. My friend will concede me the privilege to do what I think is right when the vote is taken. I would not promise my vote for what otherwise might be a bad bill in order to get something into it which I desired.

Returning to the feature of the bill for which I am arguing, a protective-tariff duty on oil is absolutely necessary if the independent oil operators are to be saved from being swallowed up by the large companies.

On almost every commodity the price to the producer is fixed—not by the cost of production but by the price which can be obtained for the surplus in foreign lands. This is true of almost every commodity of which there is more produced in this country than can be consumed in this country. Apply that rule to wheat, or cotton, or corn, or manufactured goods, or whatever you will and you will find that it is generally applicable.

The oil producers of America have controlled their production during the last few years so that there has been no overproduction of oil in this country. The evidence before the committee clearly showed that the consumption of petroleum in America was greater than the production. Under these conditions the American producer should be able to get a fair price for his oil—at least a price that would pay the cost of production. On the contrary, he has been forced to accept a price way below the cost of production, and in some States only a fraction of the cost of production.

This has been accomplished by the major oil companies shipping into this country free of duty millions of barrels of oil which was produced in South America at a very low cost. By this means the major companies have been able to maintain a surplus in this country and have been able to force the independent American producer to accept for his oil whatever price the major companies were willing to pay him for it. By means of this importation of cheap foreign oil, duty free, the major companies have been able to maintain an absolute dominance over the oil industry, have held the independent producers at their mercy, have brought about a condition which has forced the independent companies in hundreds of instances to sell out to the major companies at low prices or go out of business. This importation of cheap oil from foreign countries, duty free, is what has demoralized the oil industry and thrown hundreds of thousands of men and women out of employment. Something must be done about it. Congress can give the remedy. The placing of this 42-cent per barrel excise tax on oil imported to this country will be very helpful. The duty should be more than a dollar per barrel. Certainly we can not well refuse to vote the 42-cent excise tax carried in this bill.

Mr. NELSON of Maine. Will the gentleman yield?

Mr. CRAIL. Gladly, to my friend from Maine.

Mr. NELSON of Maine. On Monday I presented to the House some rather carefully prepared facts and figures relative to the oil industry, which, if true, would indicate that this tax would not accrue to the benefit of the independent producers but would accrue to the benefit of the major oil companies, which have absolute domination over this industry. I have been waiting for some Member of the House from the oil States to refute some of those facts and figures, but up to date the only reply has consisted of some rather amusing references to a proposed tariff on lobsters. The question which I would like to ask the gentleman is whether he has examined the statements which I made and found any of the facts which I presented or the statements which I made to be incorrect; and if so, which ones?

Mr. CRAIL. In answer to the gentleman's question, I will say that I have not examined the figures to which he refers, but I have on several occasions discussed this matter with the gentleman from Maine and I heard him testify before the Committee on Ways and Means, and well know his views on the question. I can not agree with his theory as to the oil business at all. He represents a territory which does not produce petroleum. His point of view is, frankly, that of the consumer only.

I do not agree with the gentleman's statement that this tariff duty on oil would not be for the benefit of the independent producers but would be for the benefit of the major oil companies. The companies which are importing this oil, duty free, millions of barrels a year, and making a big profit on it, are the four largest oil companies operating in the United States of America. They can produce that oil in Venezuela and other South American countries, ship it to the United States, sell it if they wanted to so as to make a good profit on it at a selling price of 30 cents a barrel, 42 gallons to the barrel. The American independent producers can not meet that competition because it costs the American independent oil producers \$1 a barrel to produce the oil without any profit at all. The Tariff Commission investigated this situation at the request of Congress and made a report upon it to Congress. That report showed that the differential between the cost of production in South America and in the United States was \$1 a barrel. If this is so, and no

report could be more authentic, the United States Congress ought to put a tariff duty of more than \$1 per barrel upon all oil which comes into this country. Does that answer the gentleman's question?

Mr. NELSON of Maine. Well, the gentleman does not mean that, does he—that the Tariff Commission, in the first place, found any such differential, and, in the second place, recommended a tariff of \$1 per barrel?

Mr. CRAIL. If my friend will procure a copy of House Document 195 of the last Congress, he will find the report of the Tariff Commission to which I have referred. It is entitled "Production Costs of Crude Petroleum and of Refined Petroleum Products." If he will read the last section of the first paragraph on page 50 of this report, he will read this sentence: "Unadjusted, the domestic cost thus exceeded cost of the great Maracido oil by \$1.03 per barrel." I am reliably informed that if the domestic cost were adjusted as suggested by the Tariff Commission, it would have exceeded the production cost of the South American oil by \$1.19 per barrel. [Applause.]

I would like to reassure the gentleman from Maine that the cost of fuel oil to the New England manufacturers should not be any greater if this excise tax is placed upon the importation of foreign oil than it is now. There are good reasons for this assurance as I shall try to set forth further along in this discussion.

Both State and National issues of greatest importance are involved in the proposed protection of the American petroleum industry. No economic reconstruction program which has been suggested is either so feasible or so important as the restoration of what was formerly the third basic industry of this country. Every phase of our national life is being affected harmfully by the ruin experienced by this industry and every such phase would be benefited if we removed the difficulties in the way of the revival of that industry.

The American petroleum industry is the key log in the jam which is holding up prosperity. We may be able to recover from our present depression without tackling that key log; but the way will be harder and longer and less successful. Common sense suggests that we take the shortest cut to prosperity. There is no shorter cut than correcting an economic evil which is maintaining unemployment, reducing public revenue, and spreading distress broadcast.

California is one of the best illustrations of what has occurred to the American petroleum industry, of its effect upon industry in general, upon State revenues, and upon the various sources of Federal revenue, whether we consider taxation or incomes from Government-owned lands. From this State also we may study the effect of the present prostration of this industry upon the merchant marine and even upon the Panama Canal tolls. In all this, California must not be considered "a horrible example." This phase of the life of my State is only typical of similar phases in other States which may not be so fortunate as to have other interests so important as California possesses. Using this State, however, as an object lesson we may be able to form a reasonable estimate of the potential gains to be expected when Congress recognizes the justice of the proposed protection of the petroleum industry and passes this sorely needed legislation.

The industrial exploitation of petroleum resources in California began in 1861, and since 1915 the development of our oil fields has been under State supervision. In 1929 our annual production of petroleum was approximately 292,037,000 barrels, or 29 per cent of the national output. For a long period California supplied the fuel oil requirement of the Atlantic seaboard.

It continued to do so until the steady development of foreign petroleum fields brought into this country, free from all duty, such large quantities of foreign oil that California oil was displaced. This displacement was not entirely due to the lower price of foreign oil at the port of delivery. It was largely traceable to the greater profits available to the oil-importing concerns who had obtained grants of valuable oil properties in South American countries through the usual

methods pursued. It was to the immense financial advantage of these concerns to control distribution on the Atlantic coast and secure these markets for their foreign product. California oil continuously lost in this very unequal contest until it practically ceased to be a factor in the fuel-oil problem of the East.

To-day, California has in storage 99,000,000 barrels of fuel oil. There is little or no market for this oil. It can be purchased at from 40 to 50 cents per barrel. At an additional cost of 43 cents it can be delivered into the ports of the industrial section. Of course it is distress oil, but that is the very point I am trying to emphasize. The whole industry is in a condition of distress. Production costs are greater than possible receipts from the sale of this product. That is why the whole industry is disorganized, labor unemployed, and the public revenues facing great deficits.

California oil is largely produced on United States lands. The Federal Treasury benefits through its receipt of royalties upon this production. This creates the unusual situation that the Federal Government is permitting foreign oil to enter this country duty free to the tremendous decrease in the Government's receipts from its own holdings of oil lands.

A still more significant item in the financial balance sheet, however, is the decrease in the receipts of the Federal Government from corporation taxes and income taxes paid by those who are concerned in the California petroleum industry. These receipts have naturally been steadily decreasing. It is impossible to pay taxes on profits that are not made or upon incomes that have dropped, in many cases below the exemption mark.

This decrease in the production of California oil has been marked by the growing unemployment of oil workers and those who catered to them. The official figures compiled by the State of California show the number of oil workers out of employment is 63 per cent of the total normally engaged in this occupation. Naturally this has eliminated a large part of the purchasing power of these people so that retail merchants, auto dealers, home builders, insurance firms, banks, and so forth, have all been seriously affected. The ever-widening circle spread by the disappearance of so large a number of people from the active consumers group has naturally touched, in its turn, the wholesaler, the railroad carrying freight, the factory producing goods, the stockholder and the mortgager, and thus touched for harm our whole financial as well as industrial structure. Other oil States have similar suffering, some of them in very much greater degree than California.

When California was shipping her oil to the eastern markets this gave employment to a considerable group in our merchant marine. The maintenance of a strong merchant marine is important to our national strength. Without the merchant marine we may be seriously crippled in the event of any hostilities. Even in peace time it is the part of wisdom for us to develop our own shipping industry. We can not afford to be at the mercy of the world for lack of bottoms. Many nations are forced to give large subsidies to maintain their marine. Increased coastwise traffic, such as would be promoted by the substitution of American for foreign fuel oil, would give a new lease of life to our merchant marine. This, too, applies to many States besides California, although California has a very special interest in the maintenance of the merchant marine.

The Panama Canal tolls will be increased if California oil are once more given an opportunity to enter American markets. This great governmental business enterprise should not be handicapped in its endeavors to become a profitable business venture. Neither should we blame those in charge if we destroy traffic upon which the canal must depend if it is to meet expenses. When it fails to pay these expenses from its income the taxpayers have to meet this deficit through the Treasury. The debt on the canal in 1926 was \$543,837,453, which was its largest figure. Since that date there has been a gradual decline, and on June 30, 1931, it was \$535,571,809.

Ordinarily a one-half billion dollar indebtedness is not alarming, but when several of these have piled up into the enormous deficit of the Treasury it is a businesslike procedure to look for steps to change deficits onto the other side of the ledger and to prevent their becoming greater. Canal tolls and other income from the many activities of the operation of the canal now earn slightly more than 3 per cent on the \$535,571,809 debt. Since revenue to the canal depends upon freight carried, it is significant to learn what commodities make up this great tonnage and to consider the source of revenue and the factors that affect its change and which governments they benefit.

One of the largest factors of the canal tolls is mineral oils. The following is quoted from page 97 of the Petroleum Refinery Statistics for 1929:

Imports of refined oils, after declining steadily during 1927 and 1928, rose rapidly in 1929. Total imports of refined oils in 1929 amounted to 29,777,000 barrels, a new high figure, and an increase over 1928 of 17,987,000 barrels (153 per cent). Imports of gasoline rose from 4,198,000 barrels in 1928 to 8,834,000 barrels in 1929. From the standpoint of quantity this increase was equivalent to only about one-third of the increase in imports of fuel oil, yet on the basis of value and general economic significance it was of much the greater importance. Practically all of the increase in gasoline imports in 1929 resulted from increased receipts from the Dutch West Indies. This gasoline was produced in the Dutch West Indies from crude obtained in the near-by Venezuela fields. Although the increase in imports in 1929 from the standpoint of quantity was 153 per cent, the gain in value was only slightly over 50 per cent.

The peak of oil transportation through the canal occurred in 1923, when approximately 54,000,000 barrels were carried eastward from California. The following is quoted from Petroleum in 1929, published by the United States Department of Commerce, page 476:

#### SHIPMENTS FROM CALIFORNIA THROUGH THE PANAMA CANAL

Shipments of crude oil from California through the Panama Canal to eastern ports in the United States continued to decline and amounted to only 1,299,000 barrels in 1929, compared with 2,301,000 barrels in 1928. No shipments were recorded during the last four months of the year, as contrasted with 1923, when an average of approximately 150,000 barrels of crude passed through the canal every day.

We face this fact: California has and could supply all Atlantic seaboard requirements with as good or better oil than can be obtained from any other source and that the westward shipments of the canal would be greatly increased by the shipments of oil field and refining equipment. At present the manufacturers of iron and steel constitute the largest single item of westward freight, which has been reduced almost 50 per cent within the last year.

In addition to the losses caused in commerce through the canal, which virtually amounts to a Government subsidy in favor of the importing group, these imports which have so disrupted California production and commerce to the Atlantic seaboard pay nothing in the way of tax to any part of the Federal Government or to the canal because they are imported from Venezuela. I mention the heavy loss to the Panama Canal as merely one phase of the destructive effects of imports from Venezuela fields into Atlantic seaboard markets.

Without making any claims as to remedy, the significance of the value of California oil production to the canal revenue is very plainly stated in the Annual Report of the Governor of the Panama Canal for 1931, which says on page 18:

Pacific to Atlantic: Since the beginning in the fiscal year 1923 of shipments of mineral oils on a large scale from the California fields, this product has been the leading commodity shipped from the Pacific to the Atlantic. As pointed out in the report of last year this item of cargo reached its high point in 1924 with 9,721,446 tons. In 1925 the shipments declined to 5,989,622 tons and in 1926 they were slightly lower, with 5,930,716 tons. The year 1927 saw an increase to 7,143,165 tons, followed by decrease in 1928 and 1929. In 1930 shipment of mineral oils aggregated 5,700,587 tons, the highest since 1927. In the past year they decreased to 4,824,333 tons, the lowest for any fiscal year since 1923 when 4,334,664 tons were reported. In comparison with 1930 the past year's mineral-oil tonnage from Pacific to Atlantic decreased 876,249 tons, or 15.4 per cent. Of this decrease 547,455 tons, or 16.2 per cent, occurred in the United States intercoastal trade, and 436,661 tons, or 31.2 per cent, in the trade between the United States and Europe. The

trade between the United States and the West Indies showed an increase in this business of 102,344 tons, or 119.3 per cent, over the preceding year.

The longer haul from California, which is greater than the distance from the Venezuelan oil fields to our Atlantic ports, would give employment to a larger number of tankers and to a larger number of American seamen. Foreign oil does not favor American ships. It utilizes the cheapest vessels and the cheapest labor obtainable within the margin of safety. By law only American tankers and American seamen would find employment in the carriage of American petroleum, whether from California or from the Gulf ports to those Atlantic coast cities which are the largest consumers of this product.

Any increased business in oil from the west coast to the Atlantic coast would be an incentive for much other increased business activity and trade for railroads, aviation, and shipping. The Treasury is annually appropriating large sums for subsidy of the merchant marine which to-day does not and can not pay expenses unless business is provided for it. The American merchant marine is having difficulty competing with foreign shipping on account of the lower labor requirements on foreign ships and because many of the seamen on these vessels can be paid in depreciated currency.

At present there are 21 tankers, of a total dead-weight tonnage of 195,000 tons, idly tied up on the Pacific coast. The owners of these vessels and the seamen and officers who would be employed by them would welcome the opportunity for employment which would be assured them if the American petroleum industry is given a fair chance at American markets.

California and the other oil States of the Union must compete not only with the present quantities of petroleum entering from Venezuela or other South American fields. They must face the imminent possibilities of increasing floods of oil coming from the Black Sea ports. Under the present charter rates and present rates of exchange the cost of transporting a barrel of refined products from Batum, Russia, is 26.22 cents. The distance from Batum to New York Harbor is 5,600 nautical miles. Under current charter rates the cost of transporting a barrel of refined products from San Pedro, Calif., to New York Harbor is 45 cents. The distance is 4,930 nautical miles. Between San Pedro and New York the law requires that registered United States ships only be used. It is apparent that the Russia-Rumania products can be shipped to the Atlantic coast in competition with California products even on an equal-cost basis, and it is notorious that in Russia costs are impossible to calculate, and, so far as competing for business is concerned, the Russians disregard costs entirely. Three such shipments from a Black Sea port were made in 1931, two to a Detroit distributor and one to the port of Baltimore. This latter shipment entered with a declared valuation at port of delivery of 1.94 cents per gallon. If this is Soviet oil, as seems currently accepted, the costs are purely nominal. The hopeless impossibility of any petroleum producer who pays even the lowest imagined wages to his help competing with the unpaid labor of Russia is self-evident.

California fuel oil is of far better quality than that which the eastern seaboard is now receiving from the oil importers. It has lower sulphur content. It is a lower viscosity. It has higher gravity. It has greater heat value. It has less wax. The specifications of the United States Government covering fuel oil of the Bunker "C" class is somewhat bettered by the California product. California not only has sufficient oil to meet all the demands of the eastern industrial market but it can provide a better oil and can do this at practically the same price that is being paid at present for the foreign product or at such a slight increase as would be practically negligible. Of course, this can only be achieved if the distributing agencies now giving preferential treatment to foreign oil are forced by a tariff to consider the advantages offered by an American rather than a foreign product. The restoration of the eastern market of the California producer might decrease the present swollen

profits reaped by the oil distributors who are related to the oil importers, but it should not affect the ultimate consumer. One may be quite certain that it will not when fair competition is given its opportunity.

California has been the outstanding leader in the attempts to stabilize the American petroleum market. The office of State oil and gas supervisor was established in 1915, since which time the economic and material wastes in the petroleum fields have been eliminated so far as possible. The Bureau of Mines is now giving the most rigid supervision to the development of the California oil fields. The example set by the State has contributed very largely to the solution of the conservation problems of other oil States. While California did not find it necessary to adopt such legislation as some of the other oil-producing States, it obtained the same or equivalent results through the influence and authority of the State department.

The self-discipline of the California oil producers is registered in the official figures of production. Neal H. Anderson, State oil umpire, reviewing the petroleum situation in the State during 1931, finds that California oil production last year averaged 54.31 per cent of the State's potential production. Concerning this, the Pacific Coast Wall Street Journal states:

The potential production of all oil fields for the year was 409,934,785 barrels. Actual production totaled 187,302,305 barrels and total curtailment was placed at 222,632,480 barrels. Due to the greater effectiveness of curtailment efforts, actual production reflected a substantial decline in 1931, despite the substantial increase in the State's potential, dropping from 225,962,703 barrels for 1930 to 187,302,305 for last year. Potential production increased from 398,933,005 barrels to 409,934,785, a gain of 11,001,780 barrels.

Curtailment by the seven major producing units in the industry averaged 56.75 per cent last year, standing at 131,522,640 barrels, as against 102,891,382, or 48.59 per cent for 1930, an increase of 28,631,258 barrels over the preceding year. Their total production was 22,577,822 barrels under the previous year's total of 100,220,970, against 122,798,792 for 1930.

The Los Angeles Times of February 10, in an unusually fine editorial entitled, "An Unprotected Industry," has this to say concerning this tremendous drop in California's petroleum industry:

It is perhaps superfluous to point out how large a stake the Pacific coast has in the oil industry and how much its well-being means to the general economics of southern California. Two years ago the southern California basin produced 19.7 per cent of all the oil produced in the world, and even now we are producing 16.1 per cent. In 1929, 80,000 Californians secured their livelihoods and those of their families from the oil business. Nearly all of these were employed in the southern half of the State. To-day the number has shrunk to 40,000, due to the industry's demoralization. The rest have been forced into other lines of work or are unemployed.

What the fall in the prices of oil and the curtailment of production have done to California's income is set out in the figures of the State division of mines and the Los Angeles Marine Exchange. In 1931 production in this State was 39,000,000 barrels less than that of 1930, when the total amount produced was 188,268,000 barrels. The value of the 1931 production was \$146,873,000, which was 46 per cent less than that of 1930. In 1929, the peak year of local oil shipments, 127,703,362 barrels were shipped to consignees from Los Angeles Harbor, according to Assistant Manager Glasscock, of the marine exchange. In 1930 this fell to 117,566,000 barrels, and last year the total shipped was only 89,772,604 barrels.

The other side to this limitation of production by the industry in general as well as California is thus set forth in the same editorial:

In 1930, for example, American producers by voluntary agreement cut production by 109,000,000 barrels. In the same period that curtailment was almost completely offset and its effect on oil prices virtually nullified by the importation of 105,000,000 barrels of cheap foreign crude oil and refined products, which came in duty free. In 1931 a further shut-in of 53,938,000 barrels was made and offset by importation of 78,000,000 barrels (up to December 1).

We can not afford to permit any of our basic industries to be wrecked when the means of restoring them are at hand. The history of our experiment with duty-free cheap foreign oil has been one of disaster piled on disaster. No one knows how large a factor this has been in creating the desperate situation in which our whole business life finds itself to-day. No one, however, can deny that it has been a factor and

one of the most important factors. We can remedy this. We can send back to their jobs many thousands of American workers by substituting an American product for a foreign one. We can restore to American merchants American customers by making it possible for the American petroleum industry to resume operations. The imposition of an oil tariff will not cause any of the multimillionaires now reaping tremendous profits from our present policy to do without a meal or to stand in line at some charity organization asking for help in paying the rent. But such a tariff would take off the list of the unemployed, and of those receiving charity, countless Americans whose jobs have been taken from them and given to cheap labor in foreign lands. There are many arguments for the proposed tariff.

To my mind, the most impressive argument is that lack of a tariff puts American workers on the street and in the bread line, while adoption of an oil tariff would send these workers back to their jobs and reestablish American homes now in danger of being broken up. Is it not time that we gave some thought to these problems faced by our own people and let other lands carry some portion of their own burden?

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, I do not find myself in agreement with the committee so far as the sales tax is concerned. I think that one who is not so in agreement ought to be able to say why he does not agree and also be ready to state wherein he would choose to make up any deficit which will have to be made up and give his ideas as to how he would handle the matter of the Budget. Statesmanship requires that, good politics requires it, honesty requires it, and it is fair for me to say so at the outset.

In the eighth century before Christ there was a man who faught down in the plains of Judea, and he made very impressive statements about conditions that then existed. I refer to Amos, one of the lesser prophets. He was a farmer and a sheep herder. He dreamed dreams and he saw visions. He cried out against the iniquities that then existed. He uttered exhortations and administered reproofs, and among other things, he said something about those that swallow up the needy and that make the poor of the land to fail. Especially did he excoriate and flay those that wished to make the ephah small and the shekel great. He put them into the same category as those who were falsifying the balances by deceit. I may say for those on the other side of the aisle who have forgotten their Biblical lore that the ephah was a dry measure about the size of a bushel, although a little bit larger. If Amos were here to-day, he would condemn any man or system or practice or policy which would make the bushel small and the dollar great. There is no question but what that condition exists and is the reason why agriculture is prostrate and hopeless at this time. The bushel is of small consequence while the dollar is aggrandized and exalted.

I have seen the time, in my district, when a bushel of corn was selling for \$2.23, and within a year the same bushel on the same streets brought only 25 cents. One who contracted a debt of \$1 could have paid it easily with a half a bushel of corn; but within the course of a year and out of the same crop of corn, it would have required 4 bushels for him to have paid that same dollar debt.

That is what has caused the economic conditions in this country to-day. The farmer has been "debushelized"; and when any basic industry such as agriculture is ruined, then all industries are injured. The value of a dollar has become great, while the value of a bushel has become very, very small, indeed. In consequence of this it costs entirely too much for a farmer to buy a dollar. It costs entirely too much in labor and produce for a farmer to pay a dollar's worth of debts, and I sometimes think that we need an Amos to cry out his maledictions upon us. I am not at this time seeking to charge any man or set of men with evil intentions. I simply bring the plain facts to your memory in connection with the consideration of the bill now before us.

I may say, however, that there would not be any material increase of price to the citizens of this country who buy agricultural products if the bushel were restored to equity. The other day on the floor here a very distinguished gentleman from New York said that eggs were a luxury in his great metropolis. On that very day I received a letter from home which told me that eggs were selling in my little village for 7 cents a dozen, that they were expected to go down to a nickel before long, and yet gentlemen tell us that they are a luxury in New York City. My wife bought a package of shredded wheat the other day and paid 1¼ cents an ounce for her wheat, and yet wheat in my district is selling along about 40 cents per bushel. The American public pays \$10 to \$12 a bushel for wheat in the market when it buys it for food. Nevertheless, the farmers are only getting 40 cents for it.

If you buy a package of cornflakes, you will pay \$9 or \$10 a bushel for the very corn that they are selling at home around 22 cents per bushel. And the same thing is true of other farm commodities, including beef and bacon, cotton goods, and wool yarn, and almost every other article produced by a farmer or stock raiser. So I say to the great masses of the people of the East and of the North and of the South and of the West that when conditions are changed and when agriculture is restored to prosperity the change will not add materially to what they now pay for foodstuffs. And we must bring relief to the farmers of this country, many of whom are now homeless, hopeless, and in despair and are lying awake at night in sleepless torment, conjuring how they may pay living expenses and interest and heavy mounting taxation.

I indict the sales tax because it violates basic principles which should regulate the imposition of all taxes. It does not distribute the burden upon those who are best able to carry it or make the charge against those who are best able to pay. It is a tax upon living. It strikes at the laboring man who is without a job and at the farmer who has no market for his crop. It levies its tribute against those who are in extreme want and compels those who are already destitute to endure greater destitution. If we must balance the budget of this Government, we should not do it by exacting tribute from the very people who are unable to balance their own budgets and who are bereft of the necessities of life. This will make matters worse instead of better.

The sales tax is a tax upon consumption and it therefore reduces consumption. The present panic has been described as a panic of plenty. We have too much of everything except money and we should consume more. When we consume more we employ men. People are demanding bread and we must not give them stone. Let us see that they consume more and not less. Every dollar added by taxation to the expenses of people having an income below a standard minimum reduces consumption, and it is stated on good authority that three-fourths of our American families now have less than that minimum. Taxing ultimate consumers on their necessities falls with peculiar severity on wage earners.

It has been argued that this tax is an invisible one and that our people will scarcely be conscious of it while they are paying it, but this is one of its very iniquities. Because it is an insidious and invisible tax is one of the dangers of it. Abuses are more likely to arise, and reckless prodigality in expenditures is more likely to be practiced if the money comes to the Treasury in an invisible and insidious manner. It will ensnare and entrap us. It is crafty and full of guile in exact proportion as it is invisible and indirect. It is like a disease which exists without marked symptoms, but nevertheless ruthlessly destroys life. A painless tax is a bad tax.

It will be just another tax. It is not proposed as a substitute for other forms of taxation nor as a replacement tax. We do not need new devices and new schemes for imposing taxes upon the people. We have already too much taxation, and if we establish the principle involved in this tax and start it once into motion, then it is not likely that the American public will ever get out from under it. Most forms of taxation become permanent. It has been said here in this

debate that if the camel once gets its nose under the tent it will never withdraw. While it is now proposed for an emergency only, nevertheless we must be on guard that the principle is not established and that this tax does not survive through all the years to harass the American public. Kill it in the bud. Do not allow it to blossom and bring forth seed.

Sales taxes will be and always are pyramided; and while the bill speaks of taxes based on 2¼ cents per hundred, nevertheless the amount which the consumer will have to pay will be augmented. The manufacturer must have a profit upon this extra money. The jobber will be compelled to pay twice the amount of the sales tax which the manufacturer added to his product. The wholesale merchant will come next and he will multiply the whole by two. Then the retailer will add his own exactions and by the time the article has reached the consuming public, this sales tax is likely to multiply itself many times and become a real burden upon our people.

It has been said that the tax would be inconsequential and that it would take not more than \$15 or \$20 per year, perhaps, from each farm, but I know ladies in my district who have not been able to buy even a cheap dress for the past five years. Fifteen dollars is a mighty big sum to them. There are some things that are beyond price. Put a little sunshine into their farm homes. Add a little comfort and happiness there. Even \$15 per year may do it and \$20 will go very far toward helping a farmer whose home has been sold by the sheriff during the past two years.

I said the other day in a little talk something about sheriff's sales. I have with me a statement made up from the records of the courts in 10 of the counties which I have the honor to represent, and this statement shows the number of times the sheriff has stood at the front door of the courthouse and auctioned off farm homes out there in Iowa. I do not have time to give you these figures, but in some places and in some counties one-seventh of the farms have been sold within the past few years, and the farmer and his family have been left without home, hope, happiness, or scarcely anything else. Such a man must live, and his wife might like to have a little \$10 dress some time between now and Christmas. She is saving her money to the utmost farthing, even though she sells her eggs for 7 cents a dozen.

This bill contains many propositions which do not seem proper to me. I do not think that the smaller admissions to theaters and moving pictures should be taxed at all. The small movies in the country places are already unprofitable. They can not exist if we add to their burdens, and they ought to exist. They are a great force in our present civilization. They make for happiness and cheer, and in times of trial and tribulation cheerfulness is the most precious thing that we can have. A little wholesome pleasure once in a while is good for all of us. We ought not to confront a man with extra taxes when he takes his little family into a moving-picture house. Most of us are perfectly willing to pay admission taxes and amusement taxes, but let us not put any burden on admissions of 50 cents or less.

Stamp taxes as included in the bill upon checks or drafts are especially reprehensible. This will drive money out of the banks and out of the channels and currents of business instead of putting money into them. It will encourage hoarding and will tend to prevent the thrifty from employing their money in useful ways. We already have too much money hidden in tin cans and mattresses. We need more money in circulation. A tomato can is not a good bank. A tax upon checks is a tax upon the Saturday night pay envelope. It is a tax upon the cream check which hundreds of thousands of farmers are getting almost daily. And a stamp tax upon checks falls with a heavier hand upon small business than it does upon big business.

We can raise the money in other ways. I have not time to discuss all that I have in mind, but I want to say something here about the estate tax. We have hardly scratched the surface of the possibilities which are open to us when we come to estate taxes. Wealth is concentrating. Statistics are before us showing that 504 men had an income in 1929

equal to the entire value of the wheat and cotton crop of 1930. People are amassing great wealth. Eighty per cent of our vast wealth is owned by only 4 per cent of our people. I am glad to live in a country where possibilities are open to me to acquire a competence and even to acquire wealth; but if the Lord prospers a millionaire, then he properly owes something to society when he passes on. Many of them do not think so. In my study of this bill I ran across the hearings back in 1925. At that time there was determined opposition against estate taxes. They brought down here from my State a company of men to appear before the committee. I have learned that their expenses were paid by somebody somewhere and somehow, but I do not know who paid them or where or how they were paid. One of them at that hearing made some remarkable statements. I want to call these to your attention. A member of the committee interrogated this man who had been a lobbyist out there in my own State legislature. This lobbyist objected to the levying of estate taxes on the very rich and intimated that the laying of the heavy burden at the top would destroy the top and that a man getting \$4,000 per year was better able to pay \$40 in income taxes than many very rich were able to pay upon estates. Then the member of the committee interrogated him and said:

"In other words, your position is this: It was Lazarus, wasn't it, who picked up crumbs from under the table of the very rich? If there are no very rich, then there would not be any crumbs for Lazarus. Therefore you want to be as easy as you can on the very rich."

And what did this lobbyist say in reply? He said this:

"That is a very beautiful illustration of the thought I had in mind and I thank you for bringing it out."

(Laughter.)

It is true that there are some people—but I hope they have no exponent in this House—who do not want even crumbs to fall from the rich man's table into the lap of Lazarus, and if a crust should sometimes fall they would think it was a calamity.

Now these taxes, I think, could be raised in some other way. I am for a more liberal taxing of estates. I know that the estate taxes can not be collected within a year or 18 months after decedent's death, and that this time can be extended upon a showing of hardship. But in such cases we know that the money is already earned and forthcoming and will reach the Treasury. Why is it necessary to balance the budget if you know that the money is coming? The deficit was created over a space of two years, and there is no imperative reason why it must be met in less time. There seems to me to be no danger in this.

The Treasury frequently sells short-time bonds or Treasury certificates of indebtedness. Such short-time certificates could well be issued and be allocated against such estate taxes. It has been pointed out by my colleague from Iowa [Mr. RAMSEYER] that this estate tax could be increased \$300,000,000 per year, or about half of the increase that we are proposing to raise under the present sales-tax features of this bill. Why is there such a marked difference in principle between the tax on the income of a living man who works and produces and supports families and in the tax to be laid upon a man who does not earn a legacy but is fortunate enough to have rich—though dead—relatives?

Gift taxes are intimately connected with those levied upon estates, and emergency revenues can be raised from this source. There has been a practice among the very rich who are in anticipation of death or in the presence of imminent death to give away their property in order to avoid estate taxes. If we levy estate taxes we should also devise forms for taxing those gifts which are made for the purpose of avoiding estate taxes. This will raise revenues in lieu of the general sales tax. Amendment to the pending bill are proposed or will be proposed at the proper time, which if adopted will substitute such taxes in lieu of a portion of the sales taxes.

Then there are unpaid taxes which might be brought in. Recently the Secretary of the Treasury stated that there were unpaid taxes due the Government and pending on ap-

peal amounting to almost a billion dollars. These were due for the year 1929, and for previous years. Could not their collection be speeded up? Could not these taxes be brought into the Treasury? Even if they can not be harvested for a few months, still there must be and is good reason to believe that we will come into possession of these unpaid taxes within a time sufficient to help materially in balancing the Budget. One billion dollars is much more than is proposed to be raised by sales taxes.

But the final method for balancing the budget must always be found in practicing economy, in lumping off appropriations, in accommodating our expenses to our income, in a reduction of all extravagances, and in realizing that a penny saved is a penny earned. If we learn the lesson of economy, then the depression from which we are now suffering will be partially compensated.

We can reduce many appropriations. For example the higher salaries should be cut during this depression. I am not one in favor of reducing what may be called wages of our laborers. I do not favor reduction of the smaller salaries, but those in public life who are receiving big salaries can well afford to reduce them for the general good. I would vote for a liberal reduction of the salaries which are paid to Members of Congress. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, on yesterday the gentleman from Mississippi [Mr. RANKIN] sang to us the same old song about the inequalities and iniquities of the Hawley-Smoot tariff bill that we have been hearing ever since the rates of that measure went into effect. But, like all Democrats who have attacked the measure, he failed to get down to cases. He talked about taxing the swaddling clothes of the infant and the shroud and coffin of the dead and indulged in all the other loose tariff talk that we Republicans have come to look for from the other side.

Mr. CLARKE of New York. Is this the same gentleman whose name is so prominently mentioned for Vice President?

Mr. KNUTSON. I believe he has been mentioned, but I do not know how prominently.

Let me paint another picture of the tariff, or rather the lack of an adequate tariff, and the picture that I would paint for you pertains to vast industries that are absolutely closed down, with tens of thousands of employees walking the streets looking for work—all because of the lack of an adequate tariff.

In 1930 Russia exported to the United States 63,412 tons of manganese ore. In 1931 this figure had increased to 278,612 tons, which is an increase of 339 per cent in one year. This imported ore had a declared value of \$2.05 per ton. Lake Superior and southern ores, produced under American conditions of living and being burdened with high taxes, can not hope to compete with the conscript and forced labor produced ores from Russia.

The Minnesota Tax Commission has computed the average cost, for tax purposes, of the iron ore produced in that State during the period from 1921 to 1929 at \$1.43 per ton, plus an average tax of 61 cents per ton, making a total of \$2.04 per ton, free on board the mine. Adding 25 cents per ton for costs not allowed by the tax commission and for return of capital and \$1.79 per ton freight and vessel charge to Lake Erie and Chicago district steel plants, the total average delivered cost, exclusive of profits, equals \$4.08. Under these conditions importation of Russian ore will show a yearly increase and within the next three years all iron-mining operators in this country will be forced to suspend.

Now, how will that affect my own State of Minnesota and our tax situation? The iron-ore industry of Minnesota for a 9-year average period has paid annually \$22,000,000 in local taxes; \$52,000,000 for labor, supplies, and royalties; and \$33,000,000 to the railroads for freight. Here we have an industry normally paying out \$107,000,000 a year, of which 80 per cent remains in the State.

For the lack of adequate protection against the devastating competition of Russian iron ore produced by convict and forced labor, the iron-mining industry in Minnesota is in a very bad way. It is estimated that the production for the coming year will not be in excess of 30 per cent of normal and that disbursements will fall from \$107,000,000 to \$50,000,000, or less. Now, how is that going to affect the people of my State? It will result in greater unemployment; it will mean that the taxpayers of Minnesota will have to make up the enormous deficit in tax receipts from the iron-mining companies; it will mean that the ore-carrying roads will have to still further greatly curtail their operations. It will mean that many ore-carrying boats on the Great Lakes will be laid up for the want of cargoes, and so I could go on and enumerate indefinitely evil upon evil which will follow in the wake of reduced mining activities in this country.

What is true of the iron-ore industry in the Lake Superior district is equally true of the copper industry in Montana and Arizona; of the oil industry in Oklahoma, Kansas, and Texas; it is true of the print-paper and pulpwood situation in the States along the Canadian border. All of these big industries are languishing for the lack of a sufficient tariff, and yet Democratic Members will get up on the floor of this House and berate the Republicans for having enacted a tariff law which is the only thing that has stood between us and absolute ruin since its enactment. [Applause.] The need for a tariff is greater than ever before in history because of the constantly falling foreign-exchange rate. I am not sure that a tariff alone would be altogether effective in some of the situations that I have cited. Many believe that we should have an absolute embargo on all importations from Russia, including lumber and shingles, and I am in thorough accord with that principle. I call upon the Ways and Means Committee to report out an embargo act that will give to the American producer and laborer the protection to which he is entitled, and which he must have if the American standard of living is to be maintained in our country.

When we take the revenue bill up under the 5-minute rule I will offer certain amendments proposing excise taxes on several commodities now entering the country duty free or under wholly inadequate rates. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. OVERTON].

Mr. OVERTON. Mr. Chairman, ladies and gentlemen of the committee, I rise in opposition to the manufacturers' sales-tax provision of the pending bill. I am opposed to it in principle. I have no hesitancy, therefore, in making a favorable response to the requests of any of my constituents when they ask that any particular article be eliminated from the imposition of the tax. I favor the elimination of all products of manufacture from the imposition of this tax.

It has been stated in to-day's newspapers that the removal of canned fruits and vegetables and canned meats by the Ways and Means Committee from the tax levy has rallied a certain number of votes in this House to the support of this bill, which votes would otherwise have been cast against it. Such eliminations have no effect upon my attitude toward this measure, because I am opposed in principle to the imposition of a sales tax upon the general mass of our people.

Being a new Member in this House, it is peculiarly fitting that I should join many of my colleagues in bestowing deserved praise upon the acting chairman and members of the Ways and Means Committee for the faithful, painstaking, and patriotic manner in which they have discharged their duties. I do so gladly. And I would gladly follow their leadership by supporting this bill if, in good conscience, I felt that I could do so.

When, Mr. Chairman, I entered the Halls of this Congress I came impressed with the serious financial and economic ills that affected both our Government and our people. I felt then, as I feel now, that the best thought of our ablest statesmen and financiers would have to be

directed toward a solution of the many grave problems presented to us as Representatives of the people of this Nation. I was willing, therefore, to follow, as far as I possibly could, the suggestions of our ablest financiers and economists and of our political leaders regardless of the party with which they are affiliated.

When, therefore, the President of these United States, although elevated to his high office by a party with which I am not affiliated, did, in conjunction with a majority at least of the Republican and Democratic leadership of the Nation, recommend that in order to aid in turning the tide of affairs toward prosperity, we should forego the collection of \$250,000,000 due us by other nations, I voted for the resolution that authorized a year's moratorium on these intergovernmental debts. I did so in the face of the argument, fairly well supported by subsequent disclosures, that this moratorium was as much perhaps of a benefit to the bankers of New York and London and our international bankers as it was to the fisc of our foreign debtors.

When, a little later on, we were advised by our great financiers and political leaders, regardless of party affiliations, that we had not gone far enough, and that it was necessary, in order to aid in restoring to normalcy the business and industry of our Nation, we should by legislation create a super-Reconstruction Finance Corporation and endow it with half a billion dollars out of our National Treasury, and make our Government responsible for an additional one billion and a half dollars, again I followed the advice of our financial and political leadership and favored the measure that brought this corporation into being.

But if, my colleagues, when the moratorium was proposed, and if, when the formation of the Reconstruction Finance Corporation was suggested, the Ways and Means Committee had so far progressed in their work that they could have appeared upon this floor and said to us, in effect, "The National Treasury shows a deficit for 1931 of almost \$1,000,000,000 and will show for the fiscal year ending 1932 a national deficit of more than \$2,000,000,000, and will in all probability be confronted in the fiscal year ending 1933 with a deficit in excess of a billion dollars, and when you withhold from our National Treasury the \$250,000,000 due us by foreign nations, and when you extract from our depleted Treasury a half billion dollars for a Reconstruction Finance Corporation, you will be called upon to make good the resultant deficits by the imposition of a manufacturers' sales tax," I question seriously that in such event and in such alternatives a majority of the votes of this House would have been cast for either the moratorium or the Reconstruction Finance Corporation. [Applause.]

Now, Mr. Chairman, I find that in the main throughout the financial legislation of this session of Congress, our footsteps have been directed along the great white way that leads from the Nation's Capitol to New York's Wall Street and New York's Fifth Avenue. Millions of dollars have been appropriated to aid big business in the hope and expectation that such appropriations would revive big business, and that the revival of big business would aid the farmers, laborers, and general masses of our Nation. We have been willing to follow the suggestions of our financial and political leaders in making these appropriations with this ultimate object in view.

But now the day of reckoning has come. The scene shifts. We are asked to retrace our footsteps, to pause for a moment in the pilgrimage that we have been making as bearers of gold, myrrh, and incense to the throne rooms of the corporate interests of this Nation and to go back to our people—to travel the cow paths that lead to the homes of our farmers and the alleys that lead to the tenements of the laboring classes of our towns and cities. And how are we to go back? Are we to go bearing gifts? No, Mr. Chairman; we are to go back to our people as taxgatherers. We are to collect from the poor and from the toiling masses of this Nation the sums necessary to overcome the deficits that we have been creating by the measures to which I have referred and by other appropriations made at this session of Congress. [Applause.]

We are directed to levy a tax upon the swaddling clothes of the newborn infant, and the cradle that rocks it to sleep; upon the medicine that alleviates human suffering; upon the instruments of surgery and the bandages that bind its wounds; upon the plow that furrows the field; upon the pot that boils the midday meal; upon the coffins that encase our dead, and upon the spades that dig their graves. I refuse, Mr. Chairman, to do this. In this particular I decline to follow any leadership that directs such a course. [Applause.]

What is this sales tax? It is a tax that has been condemned by my party, the Democratic Party, in national convention assembled. It is a tax that has been denounced as unsound by our greatest writers on political economy. It is a tax that heretofore has been decried by outstanding Members on this floor who are, to-day, advocating its imposition. It is a tax that even our present Secretary of the Treasury has publicly declared that he reluctantly suggests as a means of revenue. It is a tax for which the members of the Ways and Means Committee proposing it have apologized upon this floor.

It is true that it comes before us mothered by the Ways and Means Committee. But there is no one who, upon this floor or elsewhere, has acknowledged its paternity or stood responsible as the author of its proposed existence.

Why should we impose upon the general mass of our people a tax so reluctantly suggested, so much apologized for, so strongly condemned by both of our great national parties and by public economists? They tell us that we must do so in order to "balance the Budget." Such expressions as "balancing the Budget" and "national financial structure" are sonorous and awe-inspiring utterances, Mr. Chairman. They are being hurled at us like so many thunderbolts from the Olympus of high finance. I shall not be frightened or dismayed by this Jovian thunder. I am willing, under any reasonable and sound revenue measure, to balance the Budget, but I am unwilling to break the backs of the people in trying to balance the Budget. [Applause.] I am unwilling, Mr. Chairman, in an effort to balance the Budget to unbalance the tax-ridden, poverty stricken masses of our population now tottering to their fall. [Applause.]

Balance the Budget? Why balance the Budget? They tell us that we must balance the Budget because we are at war—at war against poverty, depression, and unemployment—and that we must, therefore, again rally the patriotism and manhood of our country. Indeed, my colleagues, we are at war against poverty when we turn against the poor of this Nation the guns of this iniquitous and indefensible method of national taxation. [Applause.]

I recall when we were engaged in physical warfare in the world's Great War. I remember that upon our entrance into this mighty conflict we had a national debt of less than \$2,000,000,000. In the course of approximately two years we increased our national debt to over \$26,000,000,000. We poured billions of dollars into the great maw of war and into the treasuries of our allies in that stupendous struggle. Then, when the war was over, when the great emergency had passed, we proceeded to reduce our national debt at the rate of almost a billion dollars a year. To-day that national debt is slightly in excess of \$18,000,000,000.

The debt would have been still further reduced had it not been that under the influence of Mr. Andrew Mellon, then Secretary of the Treasury, the rates of the income tax, which is the main source of our national revenue, were greatly reduced. It is said that an income tax can not be depended upon because its avails are uncertain. The revenues of this tax may be uncertain from year to year, but they are not uncertain in the average of years. They are not uncertain in the life of a nation.

If we impose an income tax, uniform from year to year in its rates, we shall be able during periods of our prosperity to reduce our national debt and be prepared and able in the days of adversity to increase the debt.

What will be the avails of this proposed manufacturers' sales tax? Its estimated yield is, in round figures, \$600,-



600,000 a year, or a total of \$1,200,000,000 for the proposed 2-year period of its existence.

Are we to be seriously told that the financial structure of this Nation is in such peril that it will be unsound, that it will be disastrous to increase our national debt to the extent of \$1,200,000,000 during the next two years if such a course becomes necessary? The objection is made that the securities of our Government, in order to be marketable, would have to bear a greater rate of interest than those of recent issues; but, in my judgment, it would be better, infinitely better, to place upon the market short-term obligations of the Government at higher rates of interest than it would be to introduce into our scheme of Federal taxation a sales tax which, once injected into our revenue measure, would be difficult, if not impossible, of removal, and which, like the old man of the sea in the tale of Sinbad the Sailor, would be fastened forever around the necks of our people. [Applause.]

I can not, Mr. Chairman, disassociate myself from the thought that this tax is intended in some quarters as a lieu tax for our income and inheritance taxes. The special interests that would favor a reduction or abolition of income and inheritance taxes may be powerful enough to retain this tax upon the general mass of the people if once we legislate it into existence.

We are now undertaking a campaign throughout the Nation to restore confidence to our people. Can it be said that we are restoring confidence by imposing this new method of taxation upon the masses of our Nation? Can it be said that we are inspiring confidence when those high in authority broadcast to the world that the financial structure of this Nation is in such peril that it can stand no additional national debt; that no further obligations of the Nation should be issued in order to tide over this present emergency; and that we have only one course left to pursue, and that is to conscript the dimes, the nickels, and the pennies out of the lean pocketbooks of the poor in order to balance our Budget and set our financial affairs aright? [Prolonged applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. ARNOLD].

Mr. ARNOLD. Mr. Chairman, we have listened for five days to the debate on this revenue bill. I think perhaps every angle of the bill has been discussed pro and con, and in the short time that I shall consume here to-day it will be impossible, and it is not my purpose, to enter into a lengthy discussion of the provisions of the bill. I realize that the Committee on Ways and Means have had a most strenuous task in their efforts to present to us a tax bill that will balance the Budget in 1933. I have the greatest respect for each and every one of the members of the Committee on Ways and Means. They are industrious, honest, and sincere. I have the very highest regard for the acting chairman of that committee, the distinguished gentleman from Georgia [Mr. CRISP]. His devotion to duty and patriotism is recognized by all. I regret, however, that I can not follow the recommendations of the majority of that committee in some of the proposals they make to us in the bill here presented.

We are told the Government is at the forks of the road, and a choice must be made now. We are told one road leads to a balanced Budget, and through it the maintenance of financial stability and restoration of prosperity. We are told the other leads to financial demoralization, both in governmental affairs and in business life.

That the situation is critical none will deny; that something should and must be done to bring governmental expenditures and receipts more nearly in balance I think we are all agreed. If this is accomplished, it will have to be approached from two angles: First, reduce expenditures; and, second, raise additional revenues. Appropriations can not possibly be reduced in an amount sufficient to meet the deficit, in view of the declining revenues due to the depression, without destroying very necessary governmental func-

tions. We have made material progress in this body in the appropriation bills thus far considered.

We have not gone far enough in this emergency. Further slashes should be made. Bureaus should be eliminated. The Federal Government should retire from many of its activities which are peculiarly within the province of the States. We should decentralize, get away from bureaucratic government. Our forefathers in formulating the structure of our Federal Government had in mind, and so provided, that all powers of government not specifically delegated by the States to the Federal Government, or not necessarily implied in such delegated powers, should be and remain in the States themselves.

The Federal Government has been gradually encroaching on those powers reserved to the States. The Federal Government has become top-heavy. We should return as far as possible and as quickly as possible to our original base. I realize the process will be slow. Bureaucracy has become so firmly entrenched in our Federal Government that it is a most difficult operation to curtail or eliminate it, but we should proceed along this line with all possible speed.

For the time being we must raise more revenue until retrenchment in governmental expenditures can be brought within our present income. I have listened with interest to the debate thus far.

The ideal system of taxation is that system that brings in the greatest amount of revenue with the least possible burden on the taxpayer. In other words, the burden should be distributed so that it will result in the least hardship to all and those least able to pay not be unduly burdened. We know that all taxes are burdensome on those who are called upon to pay. The question is, in considering tax bills, how should this burden be distributed to cause the least inconvenience, annoyance, and hardship on our people?

With much that is in this bill, I am in full accord. The income-tax provisions, the estate and gift taxes, taxes on the importation of crude and refined oils, and many others meet my approval. With some of its provisions I can not agree, such as the general manufacturers' sales tax, tax on admissions under 50 cents, and some others. To me the sweeping provisions of the so-called manufacturers' sales tax is the most objectionable feature. We have a dual system of government, State and Federal. Both must be maintained. Within the States are local taxing bodies. They must levy taxes to carry on their activities. The cost of local and State government has been mounting to such an extent that the people throughout the Nation have already been burdened by State and local taxes almost to the breaking point.

The Federal Government is here again seeking to invade the province of the States. To place additional tax burdens on the people through a manufacturers' sales tax, as here proposed, is unjustifiable and unwarranted. True, as the proponents of this tax insist, the amount is small, yet that amount, though small, added to the heavy burden of State and local taxation the people are now obliged to carry, may be the last straw—the straw that breaks the camel's back.

Speaking to-day, I am thinking of the farmers out in Illinois, the farmers throughout the Nation who have been struggling along from year to year fighting valiantly for existence. Receiving for their products far below the actual cost of producing them, and paying for the things they must buy to live and carry on their operations, prices that have not responded to the downward trend. State and local taxes mounting, mortgages increasing, and interest accumulating, already they are so burdened that this tax, small though it may be, but adds to their difficulties, and may tip the balance on the side of despair and perhaps wreckage. Can they now afford to pay an additional tax on their machinery, supplies, equipment, household articles, clothing, shoes, and the hundreds of other articles of necessity they must buy?

Speaking to-day, I am thinking of the vast multitude of laboring people, men who have jobs and earning barely enough money to pay for the necessities of life, their rents,

or the interest on their mortgages and taxes on their homes, if they are so fortunate to own a home. I am thinking of the brave struggle they have put up to nurture, clothe, and educate their children and make them good, useful, intelligent American citizens. Should they be required to pay an additional tax on their household articles, clothing, shoes, medicines, and the many other articles of necessity of manufactured products they must procure?

Speaking to-day, I am thinking of that vast army of unemployed in this country. Some 8,000,000 of them walking the streets of our cities and towns begging for employment whereby they may work and earn money to pay for shelter, food, and raiment for wives and children. Distress and misery in the families of this great army of unemployed lurks in the land and yet these people are called upon to contribute to the deficit in every article of clothing, every pair of shoes they purchase, and every can of food they buy. It is claimed that many articles of necessity are excluded from the operation of this tax. That is true, and yet many more articles are included in the tax that are fully as essential to the health and well-being of the masses of our people than are excluded. Should we add to the burdens of the farmers, the wage earners, yes, the unemployed, by the imposition of a tax on the necessities of life they must have?

It is further claimed here that this tax at the rate of 2¼ per cent on the manufacturers' sale price, or a large portion, will be absorbed by the manufacturer and will not be reflected in the price paid by the ultimate consumer. I am unable to understand this attempted justification. If it can be, or is absorbed, by the manufacturer, then without it the manufacturer can reduce his prices proportionately and the consumer will get the benefit of the lower prices. He will pay that much less for the things he buys. If it is not absorbed by the manufacturer, then it must necessarily be handed down; and as the cost of handling merchandise is figured on a percentage-of-cost basis, as the articles pass from manufacturer through the wholesaler, perhaps one or two other intermediaries, through the retailer to the ultimate consumer, the profit of each, based on the added cost of the manufacturer by reason of the 2¼ per cent tax levied at the source, will by the time it reaches the ultimate consumer be from 3 per cent to 4 per cent, at least, more than he now pays.

This is a consumer's tax, garbed as it may be, and if the tax of 2¼ per cent on the manufacturers' price yields the Government \$595,000,000, as estimated for the fiscal year 1933, the consumers of the country, if all the tax is handed down, will pay not only the \$595,000,000 the Government is expected to receive from the tax but the intermediate profits thereon as well, amounting in all to something like eight or nine hundred million dollars in the increased cost of their purchases. In other words they will pay at least \$200,000,000 more than the Government receives from the tax. This additional amount represents the profits of the dealers on the tax itself, through whose hands the articles pass between the manufacturer and the ultimate consumer. This the consumer must pay if the tax is handed down over and above the amount of the \$595,000,000 the Government will receive at the 2¼ per cent tax rate.

In my judgment a portion of the estimated deficiency of \$1,420,000,000 for the fiscal year 1933 can well be absorbed by the issuance of additional bonds, such as has been done with the deficiency of \$900,000,000 for the fiscal year 1931, and such as is proposed for the estimated deficiency of \$2,122,000,000 for the fiscal year 1932. If it can not be done with safety to the Republic, I suggest that there are other sources of revenue that can be pursued where the burden will not result in extreme hardship and deprivation such as seems inevitable with this tax.

I can not vote for a tax that will in all probability add to the deprivation, want, suffering, and distress of the unfortunate men, women, and children of this land. It is a shifting of the burdens of taxation from the shoulders of those men most able to pay to the shoulders of those least able to pay. It violates the fundamental principles which should be the rule and guide of tax levies. It violates the great humanitarian principles of right and justice.

It is sometimes well to look behind the scenes to see if possible what motives are back of such movements as we have before us in this bill to levy a sales tax. Perhaps the most outstanding man in America to-day who has been advocating for many years the sales tax is William Randolph Hearst. On different occasions, I understand, to develop sentiment for a sales tax, he has gone to the expense of taking a number of Members of the House and Senate into Canada, so that those Members who accompany him might get some first-hand information of the workings of the sales tax in the Dominion of Canada.

I did not accompany Mr. Hearst when I received the invitation from him for that purpose shortly before the convening of this Congress, but a number of gentlemen here who were interested in learning as far as they could the workings of this system of taxation that is sought to be imposed upon the American people by this bill did accept that invitation.

There has always been a group in this country who have endeavored to shift the burdens of taxation from the shoulders of those most able to pay to the shoulders of those least able to pay. As far as I am personally concerned, I am a firm believer in the system of income taxation. I think it is the fairest and most equitable system of taxation that we have in this country. What do you suppose Mr. Hearst's opinion is of the income-tax system in this country? Mr. Hearst's idea is that if he could get Congress to adopt this manufacturers' sales tax, which is nothing more nor less than a tax on consumption largely borne by the poorer people, it would in the end displace entirely our income-tax system.

I hold in my hand a copy of the Washington Herald under date of Sunday, March 13, 1932. In that paper on the front page is a letter signed by William Randolph Hearst directed to the editors of the Hearst newspapers throughout the country—that great system of newspapers that covers practically the whole United States. Let us see what he thinks about the income-tax system. If the sales-tax system becomes established in our country, and Mr. Hearst and those of his political philosophy are able to control legislation, does anyone doubt the final result? The first thing he says is this:

Please carry on sustained crusade morning, evening, and Sunday against the present bolshevist system of income taxation.

The income-tax system has become the greatest racket in the United States and the Government the biggest racketeer. The system is in itself unjust, unequitable, and un-American. It paralyzes enterprise and penalizes honesty.

He further says:

The tax system has made bullies out of Government agents and a blackmaller out of the Government itself. Crime is compromised for cash and false accusations are made in order to be compromised by payment of blood money.

I will not quote further from that letter, but I simply wanted to call attention to the fact that those in this country who are most concerned in the establishment of the principle of the sales tax or a manufacturers' tax in the end hope beyond question to substitute the sales tax for our income-tax system.

Mr. SABATH. Will the gentleman yield?

Mr. ARNOLD. I yield.

[Here the gavel fell.]

Mr. McCLINTIC of Oklahoma. Mr. Chairman, I yield to the gentleman from Illinois two additional minutes.

Mr. SABATH. Is not the underlying reason why Mr. Hearst attacks the income tax due to the fact that millions upon millions have been refunded to those who originally paid an income tax, and two years afterwards came back and secured refunds? As I understand, close to \$2,000,000,000 have been refunded to the large taxpayers. Is that not perhaps what is in the mind of Mr. Hearst when he attacks the income tax and calls it racketeering legislation?

Mr. ARNOLD. I do not know why he speaks of it as racketeering legislation, but the fact remains that the real advocates of this sales-tax system, those who are behind the scenes, have as their object ultimately the complete displacement of our income-tax system by that system of taxa-

tion which levies tribute on the masses of the people least able to pay and relieves those most able to pay. It is wrong. It is unwarranted and without justification. We have been told that the manufacturers will absorb and pay the tax. How will they pay it? Out of profits? From the reports we get, many of them are on the wrong side of the ledger now, and those who are on the right side of the ledger claim they have a very narrow margin of profit. If so, they can not possibly absorb it. What, then, will they do? Either they will pay lower prices for the raw commodities they process in manufacturing establishments or they will add the tax to the cost of the article and hand it down to the consumer. The farmers and the laboring men of the country are the producers of the raw products the manufacturers use, and they are also largely the consumers of the country. In either event, it means the tax will be paid largely by the farmers and the laboring people—those least able to pay—and those most able to pay will be correspondingly relieved. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Chairman, I have listened with great interest since the day the debate on this bill began in this House to the various reasons assigned why the bill should not pass and the reasons assigned by those favoring the bill why the bill should pass. To be perfectly frank with you, before the first day's debate on this bill was opened I had already made up my mind as to what I personally intended to do in this matter, and I listened attentively to see if I could hear some one say something about that particular thing that had to do with my reaching this decision.

Referring to the RECORD of yesterday, I find a statement made by the gentleman from Illinois [Mr. CHINDBLOM] in which he said in one paragraph of his remarks:

Government securities find buyers, because the private pursuits of the people are not considered safe for investment. Such a condition does not promise well for the return of prosperity. Hoarding can be done in banks and unproductive securities as well as in vaults and mattresses.

To be perfectly frank with you, that particular statement is the first time that the question, as I see it, upon which we must determine to take this action depends has been broached before this committee.

As a matter of fact, my friends, all of the measures we have passed heretofore in this session of Congress having to do with the restoration of confidence on the part of the people through the appropriation of enormous sums for that purpose for the Reconstruction Finance Corporation and other bills have failed in touching upon the particular problem which must be solved before we have any right to hope for a return to normalcy.

There are two things involved in my support of this bill. One of them is the creation of confidence on the part of those in whose hands the money of depositors is kept, not only for safe-keeping but for the purpose of investment, trust companies, and banks, who first look at the mercury in the investment barometer before they make any loans. I am absolutely confident that the mere establishment of a basis of Government credit, which would amount to a balancing of the Budget, would not be enough in itself to meet this requirement. There must be an expression of the people on this question, an expression showing their faith in their Government and their country. There must be a meeting of this issue squarely by the people.

We now come to a brief consideration of this bill, and I will attempt to show you one peculiar condition and difference that possibly exists in my mind and in the mind of the average member of this great forum. I have not been with you long enough to acquire entirely the viewpoint of a representative of the people. I still find myself speaking as a taxpayer and as an average citizen.

Much has been said to you concerning the importance of protecting the American people from this unjust tax. Much has been said to you about the proposition of the American Federation of Labor, for instance, having gone on record in

opposition to this tax. I vote for this tax, my friends, because I am a friend, individually and politically, of the laboring man in this country. I vote for this tax because I am a friend of the farmer. I am one of them. I am a live-stock man. I also vote for this tax because as an average citizen, and speaking for myself in this connection, I deem it a privilege in time of stress to contribute my little to the needs of my country.

I note, in reference to the laboring man, a statement in the address by the gentleman from West Virginia [Mr. BACHMANN] in which he quoted a telegram from a manufacturing concern in West Virginia. This was on yesterday, and the telegram reads as follows:

West Virginia manufacturers unable to pay additional sales tax.

This, of course, refers to the fact that they have a sales tax in West Virginia.

Suggest Congress to devote more thought to reducing salaries, commissions, and expenses, as all other business and industry has been obliged to do. Further sales-tax burden will result in stifling initiative and industries in West Virginia.

You have before you, my friends, definite evidence in this little telegram that the people you are seeking to befriend by the failure to pass this tax and balance the Budget will, in the last analysis, inevitably, if we do not do this at this time, be forced to bear this burden in the years to come. This, as I understand it, is a 2-year program and not a continuing one.

The question is asked: How can you believe that this will not be continued and displace our present form of taxation? Let me say to you, my friends, that a continuation of the idea of placing a greater and greater burden upon industry at this time and incomes, if you please, as contained in this measure, if enlarged, instead of allowing the great mass of the people to help, as we are suggesting in this bill, will result in the breaking down of that system to such an extent that everybody will have to pay some sort of a tax. The failure of the income tax, the estate tax, and other forms of taxation we now have in the breaking down by the placing of a too exorbitant and heavy burden upon those who pay these taxes now would result inevitably through the destruction and consumption of the capital assets of this Nation in placing the entire citizenship in the position where a tax which would reach them all would have to be levied and instead of a manufacturers' tax, in all probability, this would be a general sales tax.

I believe that the man who has the ability to pay should pay at the present time, and in the past he has paid, and is paying now; but you now have an emergency which calls upon you for a certain degree of patriotism, together with careful study concerning the future in the contemplation of this thing about which you talk as so onerous and so burdensome.

For my part, I am not in accord generally with the principles of the sales tax, and, as a matter of fact, taking the complaints that have come to me from my district, I find that everybody in my district is opposed to this sales tax, and everybody knows it is going to ruin him; but by the same token everybody knows that he is doing his part in this emergency.

I sympathize with the committee which had to make this decision before it came to us. I recognize that on that committee we have men of real ability, men who, in all probability, rank with the men of highest ability in this entire Chamber, in any chamber that has gone before or any that may come.

They had before them evidence of all sorts concerning the solution of this great problem, and in the last analysis they presented this measure to us as their solution of this difficulty.

Their solution of this difficulty embraces the two things which, in my opinion, are essential before we will ever get back on our feet nationally or individually. Through this bill every American citizen is granted the privilege of expressing himself in the form of paying taxes. When they pay them they will feel they are helping the credit of this country and adding to its perpetuity. On the other hand,

you have been told that the committee thought, after exhaustive study, that the other means available would not produce taxes enough to balance the Budget. The Budget at this time, peculiarly different from other times, must be balanced lest the credit of this Government be damaged to such an extent that the restoration of it to a sound basis become still more difficult because of the inevitable fact that to continue as we are for any appreciable length of time means final ruin. It is always more difficult and costly to rebuild from ruins than to improve upon a soundly solid structure. The credit of this country and the financial integrity of Government securities and bonds has stood much in years gone by.

But never before has history recorded a situation of such intensity and of such all-embracing character as the one which now confronts us. Until the moneys in the banks referred to above are put to constructive work by making available loans to contractors and investors which in turn put the laboring man to work; until credit is established for those men in the livestock business who are not breeders and producers, but who in turn buy the livestock producers' calves and steers for stocker and feeder purposes and who in turn buy the farmers' corn and feed, and until continuing this process the appetites of the American people have been whetted by constructive employment and remuneration for their labors and until this remuneration enables them to buy to satisfy their hunger, we will continue in our present desperate plight. Every recommendation which has been made to prevent the passage of this bill in this House has, in reality, but deepened the rut we are in and rendered more difficult our getting out of it until finally, as in the case of Rome, we exterminate ourselves by internal revolt and self-destruction. In conclusion let me say that the organization in the House, through its leaders, has endeavored through all of the appropriation bills presented to this body to prevent additional expenditure of money and has just as determinedly used every effort to prevent the cutting of salaries.

The purpose of the majority has been thwarted in a few instances in the limitation of appropriations to present needs, and unless now we finally add a balanced Budget to the accomplishment of the House of Representatives the work which has gone before will not, in my opinion, relieve or improve conditions. The recommendation to balance the Budget by the issuance of bonds is vacuous and amounts precisely to increasing the deficiency and weakening the credit of this country and, by the same token, lowers in the last analysis the value of Government securities and at the same time fails again in bringing forth the expression of confidence by the American people in their Government upon which so much depends. I beg of you to consider the laboring man and his future; the future of the American farmer and cattle raiser, which depends entirely upon some impetus being given to that frozen and inert mass of currency referred to above upon whose circulation in constructive lines and channels the future depends. Vote for this 2-year tax program, as set out in this bill, with amendments to be made, and in my opinion you will have served a great and patriotic people well.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Tennessee [Mr. DAVIS].

Mr. DAVIS. Mr. Chairman, I was very much surprised when I learned that the Ways and Means Committee was seriously considering the imposition of a general sales tax. I was shocked when I learned that the Democratic members of that committee were giving serious consideration to such a proposition, because it is in violation of every principle of the Democratic Party. This party has repeatedly and unconditionally declared against any such policy in its national platforms and otherwise.

For instance, the platform adopted by the Democratic National Convention of 1924 declared:

The income tax was intended as a tax upon wealth. It was not intended to take from the poor any part of the necessities of life. We hold that the fairest tax with which to raise revenues for the Federal Government is the income tax. We favor a gradu-

ated tax upon incomes, so adjusted as to lay the burdens of government upon the taxpayers in proportion to the benefits they enjoy and their ability to pay. We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the consumer the burdens of taxation. \* \* \* We hold that all taxes are unnecessarily high and pledge ourselves to further reductions.

So far as I am aware, during the 125 years' glorious history of the Democratic Party, no Democrat who has ever attained any prestige has favored a general sales tax, either specifically or in principle.

The Democratic Party should not be censured because of this bill. The few Democratic members of the Ways and Means Committee who are proposing this infamous policy do not represent the Democratic Party. They are acting directly contrary to the well-established and repeatedly announced principles of the party.

The distinguished sponsor of this bill, the gentleman from Georgia [Mr. CRISP], stated in his speech that it was not a Democratic bill, and in that respect I fully agree with him. This is one portion of his speech that I fully indorse.

I have repeatedly denounced a sales tax in speeches to my constituents. I have nothing to retract. I am opposed to it in principle. The same gentlemen who propose this sales tax presented the moratorium resolution foregoing the collection of \$250,000,000 interest due us from foreign nations, one large reason for the Treasury deficit. I did not follow them on the moratorium, and I shall not follow them on the sales tax. Having followed the lead of President Hoover in granting the moratorium, they now want us to make it up by the imposition upon our own people of the most unjust and oppressive tax conceivable.

The gentleman from Georgia also says that it is not a Republican bill. While the proponents of a general sales tax have, generally speaking, been members of the Republican Party, yet heretofore neither party has ever seriously proposed any such tax. It is quite certain that if the Republicans had been in control of the House they would not have dared to propose this indefensible tax, at least at this time. In fact, we are reliably informed that it was not the intention of the administration to propose any tax bill at this time if the Republicans had organized the House.

The Republicans said nothing about imposing taxes to make up the deficit last year. Although in complete control of all branches of the Government, they made no gesture whatever toward balancing the Budget by taxation for the present fiscal year, although it was known and stated by the Secretary of the Treasury and the President a year ago that there would be a deficit of nearly a billion dollars. Instead, the Treasury recently issued \$900,000,000 of Treasury certificates to make up this deficit.

Secretary of the Treasury Mills may be at heart very strongly in favor of the sales tax, but he is a shrewd politician. It is significant that he at first advised the Ways and Means Committee that he would not assume responsibility for a general sales tax. At least he knows that we are to have a national election this fall. However, when most of the Democrats on the Ways and Means Committee insisted upon cutting their political throats, Secretary Mills was naturally willing to view such a performance with equanimity, and so has joined in a strenuous effort to shove through the sales tax.

In my opinion much of the argument upon this bill has been predicated upon a false premise, and that is, that it is necessary to balance the Budget at this particular time by taxation.

We all agree, of course, that it is desirable at all times to balance the Budget. It would be much preferable if the Budget had never become unbalanced. However, there have been many times during the history of this country when we have not balanced the Budget by taxation, and never before has the American Congress enacted a general sales tax to balance the Budget, or for any other purpose. They did not do so during or following the Civil War, or during or following any other war; and even during the World War, when we were put to the necessity of raising over \$30,000,000,000, we did not impose any sales tax except

upon luxuries. We at that time issued \$26,000,000,000 in bonds rather than impose upon the American people such a vicious system of taxation as this, notwithstanding the fact that at that time the American people were prosperous, they were all making money and were infinitely better able at that time to pay a sales tax than they are now. They are as little able to pay it to-day as at any time in the history of this country. It will fall upon them more heavily and more cruelly than at any other time, and, consequently, there is less justification for it.

Now, what arguments are advanced that it is necessary to balance the Budget at this time by taxation?

In the first place, some advance the idea that if we do not do it the credit of this great nation will be impaired. Upon that subject I wish to call a witness who, I think, will be accepted as authority by the proponents of this tax. As late as December 31, 1931, the Secretary of the Treasury, Ogden L. Mills, who is in favor of this tax bill, as are most multimillionaires, made a speech in New York in which he was discussing the probability of the issuance of additional Government bonds and he used this language:

I do not mean to suggest that the addition of \$3,000,000,000, or even \$4,000,000,000, could conceivably impair the national credit. That debt stood at \$25,000,000,000 a decade ago and the national credit was unimpaired.

Is not this pretty good authority on that question?

The Federal bonded indebtedness has been reduced in the past 10 years from about \$26,000,000,000 to about \$16,000,000,000. In this connection it is interesting to note that the debts of our States have increased \$10,000,000,000 during the same period.

Now, what else? The distinguished gentleman from Georgia, the introducer of this bill, in his speech said that the banks of the country were calling in loans and were keeping their assets in liquid condition in order that they might invest them in anticipated governmental issues of bonds.

If these banks thought that these additional issues would impair the credit of this Government, or would not be the best possible investments, would they be pursuing that course? Gentlemen, it is pure bunk to say that the issue of the necessary amount of bonds or certificates to balance the Budget at this time would impair the national credit. [Applause.]

Now, what is the other argument? The other argument is that it will impair the market value of our Government bonds, or perhaps make it necessary to pay a higher rate of interest. Suppose it does. Money is dear right now. It is high measured in other commodities. To give you an example, taking 100 as an index figure in the year 1926—and these figures are compiled by the Department of Labor—farm products have fallen during this brief period of five years from 100 to 55.1, measured in the dollar, and during the past year they have dropped 20 points. I could go on through various other commodities and show you that the same thing is true in numerous instances.

Money commands a high rate of interest now under the actual conditions that exist, and suppose that we should have to sell bonds carrying a little higher rate of interest than has been true at other times, what of it? We are, right at this time, able to sell at par 2 per cent antihoarding bonds and sell  $3\frac{1}{8}$  per cent and  $3\frac{3}{4}$  per cent certificates. Government certificates have recently sold on a basis of 1.8 per cent annual interest.

Mr. KNUTSON. Will the gentleman yield?

Mr. DAVIS. For a question.

Mr. KNUTSON. Some of the bonds are down to 90 cents, are they not?

Mr. DAVIS. Oh, yes. Some of the bonds that are drawing 3 per cent interest or less are right now selling on the market for less than par, and the reporting of this bill and the prospect of its passage has caused no appreciable advance in the market value of bonds. But the Government of the United States has not sold any of its bonds for less than par, and they can sell all they want to at low interest rates. The \$900,000,000 of certificates offered the other day

were promptly subscribed the same day more than four times over.

Mr. BROWNING. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. BROWNING. Considering the situation that confronts us, does the gentleman think it would be much of a sacrifice if property belonging to the Government is somewhat depressed?

Mr. DAVIS. No. I was going to discuss that very proposition. I think it is not nearly so bad to cause a temporary depression in the market value of the investments of the bondholders of the country as it would be to impose a cruel and oppressive burden upon the American people who have no bonds. [Applause.]

Oh, the bondholders, of course, are in favor of this tax. The big capitalists are in favor of it. All that class of citizens who selfishly and persistently want to shift the burden of taxation onto the backs of the masses of the people, in order that they may escape their just share of taxation, are in favor of it.

Now, on that point, I have in my hand the Wall Street Journal of yesterday. It contains an article entitled "The Sales Tax Should Pass," in which it is stated that "There can be no certainty as to the fate of the sales tax proposed in the House revenue bill, but the best opinion is that it will pass." And then the article gives one reason for this belief, the fact that the opposition is not strongly organized. Later on the article states:

The House and Senate leaders are confident that in the long run the pressure brought against the sales tax will be less than that which would have been exerted by individual groups which would be affected by a long list of selected excise taxes.

That is true; the great army of consumers are not organized. They have no lobbyists in this city and the Capitol to make demands and threats, as have the other interests referred to by the Wall Street Journal. We are sent here to represent them, and it is up to us to protect their interests; and if we fail to do so, we are misrepresentatives, rather than Representatives of the people. [Applause.]

However, it is proper to state that the four leading farm organizations of the country are denouncing these sales taxes. The farmers are the biggest single consuming class, so this tax would fall heaviest upon them.

Those elements who have been advocating the sales tax are largely the same element who are responsible for the present deplorable situation. They are the elements who talk about there not being enough money in this country to buy United States bonds, and yet they induced the American people to spend many billions of their savings in worthless foreign bonds. [Applause.]

The United States has invested abroad about \$28,500,000,000. This includes the debts due our Government from foreign governments and also private investments abroad. It is true that a large portion of this is now probably worthless, but American money to that extent has gone abroad.

They say that if we tax wealth too heavily, they will invest in tax-exempt bonds. It would be better for them to invest in our own Government, State, county, and municipal tax-exempt bonds than to send their money abroad. It may be that if we issue a few more Government bonds, we will keep more money at home and send less of it abroad. [Applause.]

However, as indicated, I readily recognize the fact that it is highly desirable to balance the Budget, and, in my opinion, that can be done without imposing additional taxes and without issuing additional Government securities.

In the first place, we should effect drastic economies.

During and following the World War, the people and the governments—municipal, county, State, and Federal—went on an extravagant spending spree. They spent money like the proverbial drunken sailor. That was one of the natural incidents of the greatest war in the world's history. Money came freely and went freely.

In the two years following the World War, during which Woodrow Wilson was still President, there were drastic re-

ductions in governmental expenditures and in the number of the employees of the Government. However, since that time Federal expenditures have gradually increased, and there has been practically no reduction in the number of Federal employees.

The total Federal expenditures for the year 1916, the year before we entered the World War, were \$1,042,725,180.

President Wilson retired from office March 4, 1921. Since that time the current expenditures for running the Government have increased about \$1,000,000,000 under complete Republican control.

The Democratic Party is not responsible for this situation. I certainly disclaim any responsibility. During my service in Congress I have voted and worked against many more proposals and appropriations than I have voted for. I have made repeated efforts to effect economies and to prevent extravagance. The CONGRESSIONAL RECORD will disclose that I have made many speeches, proposed legislation and amendments, and voted against many of the things which have been done.

I recognize the fact that it is no easy thing to cut out or reduce activities which have grown up and to effect the discharge of a large number of employees. Whenever there is a proposal to reduce the appropriation for any activity of the Government there immediately arises a storm of protests from those throughout the country interested in such activities. Everybody is for reductions of expenditures, but they want the reductions to fall where they are not interested.

However, the time has come when it is absolutely necessary for economy and retrenchment, both on the part of individuals and governments. We must get back to earth. We must get on a sane, sound, economic basis. We can not afford to continue spending beyond our incomes.

Of course, the Democrats, with a bare majority in one branch of one department of the Government, can not within a few months entirely correct a situation which has grown up as a result of 12 years of Republican extravagance. We can do but little without the cooperation of the Republicans in Congress and of the President and the executive departments. However, we should certainly exert our best efforts, and accomplish all we possibly can.

It is undoubtedly true that there are many Federal activities, bureaus, commissions, and employees which should be dispensed with. There should be eliminations and reductions of both activities and personnel. There should be a drastic reduction in Government expenditures. There should be a reduction in salaries. Of course, any salary reduction bill should, and will, include a substantial reduction in congressional salaries. We should set the example. The average annual salary of civilian employees of the Government is \$1,440. Including the Army and Navy personnel, it is considerably less. Naturally, we all have very great sympathy for the Government employees on small salaries. In the interest of fairness, a distinction should be made in favor of those receiving small salaries.

If proper eliminations, reductions, and economies are effected, it should take care of at least a substantial portion of the deficit.

Furthermore, instead of recommending new taxes, the Treasury Department should speed up the collection of the billion dollars of past-due taxes, chiefly due from large taxpayers, and most of which is said to be collectible.

During the past eight years, the Treasury has refunded about \$3,500,000,000 of taxes paid—nearly all to the wealthy who in the first instance had employed skilled lawyers to aid in claiming every conceivable deduction in their tax returns. The administrative provisions of the revenue law should be overhauled and strengthened so as to prevent these enormous and outrageous refunds to the favored few. Several of these large refunds were made to Andrew Mellon, the Secretary of the Treasury himself, and his companies, including the Aluminum Trust. In other words, he, in effect, made refunds to himself.

After the World War, and while Woodrow Wilson was President, Congress enacted the sinking fund law for the retirement of our national debt. We have exceeded the re-

quirements of that act by nearly three and one-half billion dollars; that is, we have paid that much on our national debt in excess of the requirements of that act. There is included in the Budget for the next fiscal year the sum of \$426,489,600 as a payment on the principal of our foreign debt. This is in addition to the \$666,000,000 included in the Budget for the payment of interest on our debt.

Having anticipated the payment of our debt to the extent we have, we should and could well afford to postpone these sinking-fund payments for two years and thus reduce the Budget by about \$853,000,000. Under the circumstances, it is our duty to do this, and it would be in accord with the position of the Democratic Party. The 1928 Democratic national platform contained the following provision:

The Democratic Party avows its belief in the fiscal policy inaugurated by the last Democratic administration, which has provided a sinking fund sufficient to extinguish the Nation's indebtedness within a reasonable period of time without harassing the present and next succeeding generations with tax burdens which, if not unendurable, do in fact check initiative in enterprise and progress in business. \* \* \* Taxes levied beyond the actual requirements of the legally established sinking fund are but an added burden upon the American people.

Upon this same subject, the Secretary of the Treasury, Ogden L. Mills, in a public speech in New York last December stated:

It is sometimes urged that, since in the course of 11 years prior to the fiscal year 1931 we had retired some \$3,460,000,000 of debt from surplus receipts, we are justified in incurring deficits up to that amount. There is some force to the argument. We have created something in the nature of a reserve which we are warranted in drawing on, certainly to some extent. But there are definite limitations.

Certainly the Budget could and should be balanced by the different methods just indicated, and without the imposition of any additional taxes or the issuance of additional Government securities.

However, if the Ways and Means Committee and the majority of the Congress and the administration desire to disregard all of these methods of effecting savings and bringing in revenue, and persist in their determination to enact a tax bill at all hazards, certainly the tax imposed should be in accordance with well-recognized and sound principles of taxation. Whatever additional taxes that are imposed should certainly be fair and based upon the ability to pay.

Rather than resort to an unjust and oppressive sales tax and other unsound taxes embraced in this bill, they should restore the rates carried in the 1918 revenue act on estates and gifts and the surtaxes on the large incomes.

The total expense for Government—Federal, State, and local—is nearly 20 per cent of the total gross income of the Nation. The value of estates left by decedents each year in the United States amounts to about \$10,000,000,000. The State and Federal Governments combined are collecting only about \$160,000,000 annually by way of the State and Federal estate and inheritance taxes, or about 1.6 per cent of the total amount that devolves. Of this amount the Federal Government is collecting about \$48,000,000. If a tax should be imposed upon estates equivalent to the tax upon property and incomes, still allowing a \$50,000 exemption for each estate, considerably more than enough revenue would be raised to pay the entire Federal deficit. Is there any logical reason why the tax upon estates should not be equal to the tax upon incomes and property? There is infinitely more reason for taxing estates than there is for taxing property and incomes. The distributees of estates have not earned same. They are permitted to receive estates only by the grace of laws. In other words, the devolution of property from ancestor to heir, or by will, is a matter of law and not of natural right.

In England they do not have a sales tax, but last year the British Government collected \$400,000,000 in estate taxes. The United States, with four times the wealth of England, collected \$48,000,000.

Furthermore, we should have a graduated scale of estate taxes; we have that now, but the rates should be increased, especially on the very large estates.

Four per cent of the people own 80 per cent of the wealth of the country. The rich are growing richer and the poor are growing poorer. The greatest menace in America to-day is the vast accumulation of wealth into the hands of a few and the tremendous power which they wield in the social, political, and economic life of the Nation.

In the true and prophetic words of Oliver Goldsmith:

Ill fares the land,  
To hastening ills a prey,  
Where wealth accumulates  
And men decay.

I am firmly convinced that a very substantial graduated estate tax and a corresponding tax on gifts made in contemplation of death should be imposed not only as a revenue producer but also for the purpose of preventing too large accumulations of wealth. That is likewise the opinion of nearly all economists and unbiased students of government.

Andrew Carnegie amassed a large fortune, but he never ceased to be a real patriot. As far back as 1892 in a public address he declared:

We must let the worker alone during his life, but after his death the State should step in and demand its share of his hoard through a graduated system of taxation. Every fortune left by a hoarder should contribute to the state in proportion to its size, small amounts left to those dependent upon the decedent being exempt, but the scale rising by steps until with enormous fortunes reaching into many millions it should be decreed that "one-half goes to the privy coffer of the state." This is the proportion which the laws of Venice exacted from her Shylock. Our modern Shylocks should be made to contribute at least as much.

Under modern conditions, when men are amassing fortunes of from two hundred million to a billion dollars, and in the manner such fortunes are made, I am of the opinion that the tax on the large estates should go higher than that suggested by Carnegie. In fact, when he suggested that in the case of "enormous fortunes reaching into many millions it should be decreed that one-half go to the privy coffer of the State," there was probably not a man in America worth as much as \$50,000,000.

Rather than impose the unjust and burdensome taxes carried in this bill, you should increase the surtax on large incomes. The law for 1918-1924 ran the surtaxes up as high as 65 per cent. In 1914, 60 people in the United States reported net incomes of over \$1,000,000 per annum. In 1928 this number had increased to 511. The net individual incomes of these 511 men amounted to more than the total amount received for the combined wheat and cotton crops. Suppose that we impose 65 per cent surtaxes on a man's net income in excess of \$1,000,000 annually; the tax would start at nothing and gradually rise so that he would probably pay a tax of about \$500,000. This would leave him a half million dollars; and do you not believe that would keep the wolf from the door? Do you not believe that that would be better than to take food out of the mouths of little children, as this bill will do? [Applause.]

If the committee is determined to impose excise taxes, here is another suggestion that I have not heard made. We could impose, say, a 15 per cent excise tax upon the transportation costs of American citizens going abroad on foreign vessels and returning on foreign vessels. These foreign lines obtain much revenue from American people and they pay no tax. That would be justifiable in the sense that it would clearly be a luxury tax and, in the second place, it would be in the interest of an American merchant marine. That would bring in about \$18,000,000 revenue.

However, the most vicious feature of this sales tax is the motive in the background. Those primarily responsible for this attempt to foist this indefensible sales tax upon the American people are not prompted by a desire to balance the Budget but by the hope and the expectation of establishing this un-American policy as a permanent system. I acquit of any such motive the few Democrats who are advocating this undemocratic policy; they have simply been imposed upon and misled. Every Democrat who has spoken in favor of this sales tax frankly admits that he does not believe in the principle of a sales tax, but, after making apologies, professes the belief that it is necessary to balance

the Budget and to do it by this method. I am proud of the fact that apparently an overwhelming majority of the Democrats of the House are standing by Democratic principles and are going to support a motion to strike the sales tax section from this bill.

As stated, the worst feature of this proposal is that which is back of it. We have always had two lines of thought with respect to taxation. One is the doctrine that taxation should be imposed in accordance with ability to pay and in accordance with the benefits derived from the Government. The Democratic Party also adheres to the doctrine that no more taxes should be imposed than are absolutely necessary to meet the expenses of government economically and honestly administered. On the other hand, there is a line of thought that the masses of the people should pay all the taxes, and that class is strongly in favor of sales or consumption taxes. If this bill is enacted into law, I tell you it is going to be very difficult, indeed, to ever get it out of the law. Those who are back of it are in favor of making it a permanent law and repealing the income tax law and the estate taxes, which are the fairest tax laws ever written. The distinguished gentleman from Pennsylvania [Mr. Watson], for many years a member of the Ways and Means Committee, in his speech on this bill frankly said that this was his purpose and hope; he boldly predicted that if this sales tax is admitted as an emergency measure it would be permanently retained. Many others say the same thing.

The multimillionaire publisher, William Randolph Hearst, has been one of the most active and persistent advocates of the sales-tax system in this country. Last Sunday he had a double-column signed editorial on the front page of his newspapers, in which he made a vicious assault upon the income tax and an argument in favor of the sales tax. Then he concluded his editorial in this wise:

When the Democratic Party has the sincerity to be democratic, when it has the patriotism to be American, it will substitute excise taxation and sales taxation for the undemocratic, un-American, discriminatory income taxation, etc.

The idea of talking about the income tax being undemocratic and un-American, and then following it with an advocacy of a tax that of all taxes ever proposed is undemocratic and un-American, and is a tax upon poverty rather than upon wealth!

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

Mr. DAVIS. Yes.

Mr. CROSSER. And he did not say anything about its being temporary, did he?

Mr. DAVIS. No. His whole article, as well as his conclusion, shows that he is in favor of a permanent sales-tax policy, and that he wants to substitute it for the income tax; and I say to you Democrats on this side and you Republicans over there, who feel impelled to go along contrary to your own convictions on the idea, that it is a temporary expedient, that you are treading upon dangerous ground. We have too often seen the camel get his nose under the tent and finally get under there himself. That is what is back of this, and the proponents of this measure are willing for the American people to pay any price, to be subjected to any sort of sacrifice and privation in order that they, the wealthy classes, may fasten upon the American people this unjust, unfair, and unpardonable sales tax. [Applause.]

Aside from the nefarious sales tax, there are many other features of this bill which I can not approve.

I am unalterably opposed to the increased tariff duties carried in the bill upon almost every commodity. It is undemocratic, unjust, and indefensible. The Hawley-Smoot Tariff Act imposed the highest tariff duties in history. It was jammed through over the bitter opposition of Democrats, independents, and many of the Republicans, in spite of the warnings of all the economists and the formal protests of 36 foreign nations. All the leading nations of the world have passed retaliatory tariff laws. The result was that world commerce was stagnated. Our own foreign commerce fell off half. It left on our hands our surplus farm products, manufactured articles, and other commodities. That tariff law, undoubtedly, was the chief contributing fac-

tor to the terrible panic with which we have been afflicted for more than two years. We Democrats, individually and collectively, have denounced that tariff law in unmeasured terms. That infamous tariff law is already costing the consuming public billions of dollars annually. And for Democratic members of the Ways and Means Committee to propose a substantial increase in those burdensome tariff rates is more than I can understand. Not satisfied with imposing the burden of a sales tax, they propose to impose large additional burdens upon the masses of the people by a substantial increase in tariff duties. I have repeatedly denounced both a sales tax and high tariffs. I still stand where I have always stood. You gentlemen have departed from Democratic principles. As highly as I regard you personally, I can not follow you on this bill.

Aside from the firm belief that no tax bill is necessary, there are many other features which I do not approve. In my opinion 85 per cent of all the taxes imposed by this bill would fall upon the masses of the people—those least able to pay. I am opposed to lowering the income-tax exemptions. This will bring in 1,700,000 taxpayers very few of whom earn more than a living. It would bring in but a small amount of additional revenue, but it would fall heavily upon those from whom collected, especially at this time. The cost of collecting would almost consume the revenue derived from this source.

I am likewise opposed to taxing the movie admissions. They afford recreation for the masses who are not able to engage in more expensive forms of recreation and pleasure. The people need something to occasionally divert their minds from the horrible conditions with which we are afflicted.

It is inconceivable to me that any man who even claims to have at heart the interests of his people, who even claims to be sympathetic with the thought that taxes should be imposed heaviest upon those most able to pay and lightest upon those least able to pay, should support such a dangerous precedent as this.

Some of those advocating this bill echo the howl of plutocracy about "soaking the rich." I do not want to "soak" anybody, but it would be better to soak the rich than to starve the poor.

Some of those advocating this sales tax and other taxes in this bill say that every citizen ought to be made to pay his share of the taxes. Of all the fallacious arguments ever presented by man that is the silliest. Why do I say that? The poor man, the average man, the man who is required to spend all of his income, whether it be wages, or salary, or income, from a farm or small business in order to support himself and his dependents is the heaviest taxpayer in all the land because he pays the tax upon his entire income, without regard to any income tax. Whether he owns a farm or a little home or is a renter, he pays the tax upon the property he occupies. They pay their proportion of the taxes upon everything they purchase. In other words, those engaged in any kind of business include their taxes as a part of their overhead expenses and pass the same on to their customers. Aside from all other taxes of every character and description paid either directly or indirectly by the consumers, the tariff alone costs the American consumers at least \$4,000,000,000 a year in the form of tariff duties and the increased cost of commodities made possible by the tariff; the worst feature of this is that only a relatively small percentage of the tribute exacted from the people by the tariff goes into the Federal Treasury. Every time the consumer buys sugar, about half the price he pays is a tax levied by the tariff.

It is true that the tax burden is not fairly distributed, but it is the poor and not the rich who are most heavily burdened. Official statistics show that the State and local tax burdens on the man of small income are about five times as great as those on the man with an income of \$100,000, and twelve times as great as the man with an income of \$5,000,000 or over, based upon the percentage of the tax to the income. A general sales tax, like the tariff, would greatly increase this inequitable discrepancy.

All consumption taxes are a tax upon a man's needs and not upon his income or property. It is not a tax based upon ability to pay but a tax based upon the necessities of life. It is not fair even between men of the same income. The man of small income and a large family, compelled to spend his whole income for the support of his family, is required to pay more in consumption taxes than a man with a much larger income and no or few dependents.

People who are scarcely able to buy the bare necessities of life should not be required to pay a sales tax upon the few necessities which they are able to buy. It would deprive them of such necessities—to the extent of the tax.

The farmers are the heaviest taxed of any class of our citizens in proportion to their ability to pay. Their investment, whether it be in land or stock and implements, is tangible property, which can not escape the eye of the tax-gatherer, such as intangible personal property does almost universally. The farmer, like the other large army of consumers, does not have subsidiaries, affiliates, and holding companies to which he can shift a part of his taxes. The farmer pays taxes upon all his property and then upon everything he purchases.

There are now 8,000,000 unemployed people in the United States who during normal times are engaged in gainful occupations. Counting their dependents, there are probably 25,000,000 people without any income and dependent upon relatives or charity for subsistence. This enumeration does not include the 27,000,000 on the farms. Due to discriminatory legislation, droughts, the depression, and the resultant collapse of farm prices, the farmers are in a most deplorable condition. They are having their farms sold from under them by the thousands.

Combining these two classes gives us nearly half of the population of this country.

Most of our merchants and small business men are just hanging on—many of them on the verge of bankruptcy. Many of them have already been driven to bankruptcy.

Most of those with small incomes are sharing the same for the support of relatives who are less fortunate.

Even in normal times it requires all of the income of an overwhelming percentage of our citizens to meet their necessary expenses. In the case of a large number they are unable to procure comforts. Only a comparatively small percentage have any luxuries, and these generally meager.

In these distressful times the incomes of the people are either wiped out or reduced. Millions are without adequate food and raiment. Millions are undernourished. The savings of the people have in numerous instances been wiped out or are tied up in closed banks; about 2,700 banks closed last year.

No; this is no time to be imposing additional tax burdens. The people are not able to pay present taxes. Most of all are they unable to pay a sales tax, which is the very opposite of an income tax. The sales tax is a tax on misfortune rather than upon prosperity.

Talk about protecting the market value of the investments of the bondholders! Even prior to this panic, according to the official figures, the average farm income for a man and his family was five or six hundred dollars a year, and for the past two years it has been nothing. They have exhausted their resources. They do not have the money to pay any more taxes, and yet we propose to impose upon them this additional sales tax.

There has been a great deal said here about patriotism. Certain speakers have assumed a "holier-than-thou" attitude, have prated of their own patriotism, and they have talked about those opposing this tax as being prompted by political expediency; and yet their organ, the Wall Street Journal, says that the difficulty here is that the opposition is not backed by organized effort and that the vast organized elements of the country are here pressing for the sales tax.

But talking about patriotism, now what have they done? They have made this tax doubly vicious and indefensible by collecting it from the manufacturer. Everybody knows that in nearly all instances it will be pyramided and passed on to



the consumer. The manufacturer is, in effect, made the collector of this sales tax. He and each successive handler of the article will pass the tax on, inflated by a profit percentage, until the consumer pays the tax with two or three accumulated profits thereon. Such a tax will increase the cost of living, diminish the consuming power of the public, hurt business of all kinds, and retard economic recovery.

The report of this committee gives it as their opinion that it will not be universally passed on, but that there will be exceptions, because of competitive conditions, under which some of the manufacturers will not be able to pass it on. The little independent fellow who has to get whatever price he can, just as the farmer does, is that exception, but the great organized manufacturing industries, those in monopolies and in price combines, will pass it on and our little factories at home are the only ones which may not be able to pass it on. [Applause.] The committee has imposed this sales tax in such a manner that it will cost the consuming public two or three times as much as the Government gets in the form of taxes; and why is it done? They admit privately that that is done in an effort to make it "invisible." In other words, in an effort to deceive the consumers and to try to escape the just condemnation of an outraged public, they are willing to make it cost the American people hundreds of millions of dollars more. [Applause.] And then those same gentlemen talk about patriotism.

My friends, if there ever was a bill written at the behest of plutocracy and against the interest of the masses of the people, it is this bill. [Applause.]

I want to say that, in my opinion, it is the most indefensible betrayal of democratic principles ever presented to the American Congress. [Applause.]

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

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS. Mr. Chairman, since the time of Jefferson the Democratic Party has claimed to be the protector of the rights and liberties of the American people. Usually it has followed principles sound and progressive; usually its members were masses believing in the justice of their cause. It consistently has maintained that the function of government is not to centralize wealth nor confine prosperity to a favored few but to preserve an equal opportunity for individuals in every walk of life. This party which since its formation has championed the rights of the people is now pictured in an entirely different light. To-day it is advertised throughout the length and breadth of this land as the exponent of the most vicious tax bill ever offered to Congress for adoption, coupled with an actual increase in the already exorbitant tariff rates. Both proposals are condemned not only by actual achievements of the Democratic Party but by the rank and file of Democrats throughout the country.

A review of the traditional policy of the Democratic Party should make the present inconsistent position of certain of its members stand out more in relief. The tax revision plan of the Democratic Party as shown in its platform of 1920 was as follows:

We advocate a tax reform and a searching revision of the war revenue acts to fit peace conditions, so that the wealth of the Nation may not be withdrawn from productive enterprise and diverted to wasteful or nonproductive expenditures.

We demand prompt action by the next Congress for a complete survey of existing taxes and their modification and simplification, with a view to secure greater equity and justice in tax burden and improvement in administration.

On public economy the platform speaks loudly in favor of economies in administration of Government affairs as a way to avoid high taxes:

Claiming to have effected great economies in government expenditures, the Republican Party can not show the reduction of one dollar in taxation as a corollary of this false pretense. In contrast the last Democratic Congress enacted legislation reducing

the taxes from eight billions, designed to be raised, to six billions for the first year after the armistice, and to four billions thereafter; and there the total is left undiminished by our political adversaries.

The Democratic platform of 1924, in discussing taxation, states:

The issue between the President and the Democratic Party is not one of tax reduction or of the conservation of capital. It is an issue of a relative burden of taxation and of the distribution of capital as affected by the taxation of income. The President still stands on the so-called Mellon plan, which his party has just refused to indorse or mention in its platform.

The income tax was intended as a tax upon wealth. It was not intended to take from the poor any part of the necessities of life. We hold that the fairest tax with which to raise revenues for the Federal Government is the income tax. We favor a graduated tax upon incomes, so adjusted as to lay the burdens of government upon the taxpayers in proportion to the benefits they enjoy and their ability to pay. We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the consumer the burdens of taxation. We refer to the Democratic revenue measure passed by the last Congress as distinguished from the Mellon tax plan as an illustration of the policy of the Democratic Party. We first made a flat reduction of 25 per cent upon the tax on all incomes payable this year, and then we so changed the proposed Mellon plan as to eliminate taxes upon the poor, reduce them upon moderate incomes and, in the lesser degree, upon the incomes of multimillionaires. We hold that all taxes are unnecessarily high and pledge ourselves to further reductions.

We denounce the Mellon tax plan as a device to relieve multimillionaires at the expense of other taxpayers, and we accept the issue of taxation tendered by President Coolidge.

The Democratic platform of 1928 maintains that—

The taxing functions of governments, free or despotic, has for centuries been regarded as the power above all others which require vigilant scrutiny, to the end that it be not exercised for purpose of favor or oppression.

Three times since the World War the Democrats in Congress have favored a reduction of the tax burdens of the people in face of stubborn opposition from a Republican administration, and each time these reductions have largely been made for the relief of those least able to endure the exactions of a Republican fiscal policy. The tax bill of the session recently ended was delayed by Republican tactics and juggled by partisan considerations so as to make impossible a full measure of relief to the greater body of taxpayers. The moderate reductions afforded were grudgingly conceded, and the whole proceeding in Congress, dictated as far as possible from the [Republican] White House and the Treasury, denoted the proverbial desire of the Republican Party always to discriminate against the masses in favor of privileged classes.

No Democratic Member would attempt to prove that the present revenue bill is in agreement with Democratic principles. It is not claimed that the sales-tax provision of it is fair to the common people nor that it lays "the burdens of government upon taxpayers in proportion to the benefits they enjoy and their ability to pay." The general sales tax is not only obnoxious to all Democratic pronouncements and achievements but was especially singled out in the 1924 Democratic platform as contrary to accepted rules of fair play.

In the morning New York Times Mr. Green, the president of the American Federation of Labor has emphasized this fact. He is reported as stating:

So far as the record shows, this position—Democratic platform, 1924—has never been changed or modified. In the light of this declaration it is now difficult to understand how and why the majority party in Congress should favor this type of legislation.

It has been condemned either directly or indirectly in all Democratic platforms.

But before discussing the sales tax in detail it is necessary to consider the tariff. The bill states that—

In addition to any other tax or duty imposed by law, there shall be imposed a tax of 2¼ per cent ad valorem on every article imported into the United States.

Of course, there are trifling exceptions, but they are afterwards taxed the 2¼ per cent.

The Democratic attitude on the tariff should be taken into consideration.

The Democratic platform of 1900 states:

We condemn the Dingley tariff law as a trust-breeding measure, skillfully devised to give the few favors which they do not deserve and to place upon the many burdens which they should not bear.

## TARIFF REFORM—DEMOCRATIC PLATFORM 1912

We declare it to be a fundamental principle of the Democratic Party that the Federal Government, under the Constitution, has no right or power to impose or collect tariff duties except for the purpose of revenue, and we demand that the collection of such taxes shall be limited to the necessities of government honestly and economically administered.

The high Republican tariff is the principal cause of the unequal distribution of wealth; it is a system of taxation which makes the rich richer and the poor poorer; under its operations the American farmer and laboring man are the chief sufferers; it raises the cost of the necessities of life to them but does not protect their products or wages. The farmer sells largely in free markets and buys almost entirely in the protected markets. In the most highly protected industries, such as cotton and wool, steel and iron, the wages of the laborers are the lowest paid in any of our industries. We denounce the Republican pretense on that subject and assert that American wages are established by competitive conditions and not by the tariff.

We favor the immediate downward revision of the existing high and in many cases prohibitive tariff duties, insisting that material reductions be especially made upon the necessities of life. Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list.

We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.

We denounce the action of President Taft in vetoing the bills to reduce the tariff in the cotton, woolen, metal, and chemical schedules, and the farmers' free-list bill, all of which were designed to give immediate relief to the masses from the exactions of the trusts.

The Republican Party, while promising tariff revision, has shown by its tariff legislation that such revision is not to be in the people's interest, and having been faithless to its pledges of 1908, it should no longer enjoy the confidence of the Nation. We appeal to the American people to support us in our demand for a tariff for revenue only.

## The platform of 1920 asserts:

We reaffirm the traditional policy of the Democratic Party in favor of a tariff for revenue only and we confirm the policy of basing tariff revision upon the intelligent research of a nonpartisan commission, rather than upon the demands of selfish interests, temporarily held in abeyance.

## The Democratic platform of 1924 proclaims:

The Fordney-McCumber Tariff Act is the most unjust, unscientific, and dishonest tariff tax measure ever enacted in our history. It is class legislation, which defrauds all the people for the benefit of a few; it heavily increases the cost of living, penalizes agriculture, corrupts the Government, fosters paternalism, and, in the long run, does not benefit the very interests for which it was enacted.

We denounce the Republican tariff laws which are written in great part in aid of monopolies and thus prevent that reasonable exchange of commodities which would enable foreign countries to buy our surplus agricultural and manufactured products with resultant benefit to the toilers and the producers of America. Trade interchange, on the basis of reciprocal advantages to the countries participating, is a time-honored doctrine of Democratic faith. We declare our party's position to be in favor of a tax on commodities entering the customhouses that will promote effective competition, protect against monopoly, and at the same time produce a fair revenue to support the Government.

The greatest contributing factor in the increase and the unbalancing of prices is unscientific taxation. After having increased taxation and the cost of living by \$2,000,000,000 under the Fordney-McCumber tariff, all that the Republican Party could suggest in the way of a relief was a cut of \$300,000,000 in direct taxes, and that was to be given principally to those with the largest incomes. \* \* \* And although the farmers and general consumers were bearing the brunt of tariff favors already granted to special interests, the administration was unable to devise any plan except one to grant further aid to the few. Fortunately this plan of the administration failed and, under Democratic leadership aided by progressive Republicans, a more equitable one was adopted, which reduces direct taxes by about \$450,000,000.

The 1924 platform compared the position of the two parties, and stated:

The economic life of the Nation was quickened. Tariff taxes were reduced.

And so forth.

On issues it maintained that—

The tariff, the destruction of our foreign markets, and the high cost of transportation are taking the profit out of agriculture, mining, and other raw-material industries. Large standing armies and the cost of preparing for war still cast their burdens upon humanity. These conditions the existing Republican administration has proven itself unwilling or unable to redress.

The Democratic platform for 1928, in discussing agriculture, asserts:

And in indorsing the agricultural policy of the present administration the Republican Party in its recent convention served notice upon the farmer that the so-called protective system is not meant for him, that while it offers protection to the privileged few it promises continued world prices to the producers of the chief cash crops of agriculture.

## On the tariff it states:

Duties that will permit effective competition, insure against monopoly, and at the same time produce a fair revenue for the support of government. Actual difference between the cost of production at home and abroad, with adequate safeguard for the wage of the American laborer, must be the extreme measure of every tariff rate.

In order to better understand the direction in which a few Democratic brethren and their reactionary friends will take us if we adopt this measure, it is necessary to consider the published views on this topic. In a radio speech last Sunday Mr. David Lawrence pointed out that the Crisp bill would provide a larger spread. This simply means that everybody will pay Federal taxes. Even those who are without employment and barely managing to keep body and soul together will be forced to contribute to the Federal Treasury. It is indeed a spread that reaches to the plain people and increases the cost of living, already too high for thousands of our population living on a bare margin or actually in want. Mr. Green has emphasized this phase of the tax in the following quotation:

Such a tax as the proposed sales tax will tend to delay a return to prosperity. It will prevent the sale of manufactured goods, and it will mean less food, warmth, and clothing for millions of men, women, and children.

Mr. HUDDLESTON, in favoring the sales tax on the floor of this House last Friday, made this declaration:

Taxes are bad, and a sales tax is particularly bad. It is levied upon property and not upon wealth. It is levied on a man's needs and not upon his ability to pay. It is levied upon what men may consume and not according to the benefits which are derived from government. They violate every fundamental of taxation.

I heartily agree with Mr. HUDDLESTON that viewing taxes as bad the sales tax is particularly bad, as it is not levied upon ability to pay but upon what is consumed. It is essentially a consumer's tax. The manufacturer will not only have an excuse for cutting wages, which have already been slashed during the depression, but he will also shift the tax to the consumer. The consumer will thus find that he has been tricked in two directions. His wages will be lowered and the wages he actually receives will purchase less than before this bill goes into effect. The unfairness of this sales tax accounts for the opposition of the American Federation of Labor to the pending legislation. In the following statement Mr. Green has explained this situation:

To add a sales tax to the reduction of wages which have been imposed upon the wage earners during the last year would mean addition to misery, woe, and want which now prevail throughout the land.

That this sales tax is a consumer's tax has never been denied. The comments of those who were in the Hearst party to Canada, in 1921, bear this out. In the New York American, December 4, 1921, Mr. STEGALL is reported as referring to the Canadian sales tax as follows:

I think we should retain our income and excess-profits taxes and levy a proper tax on inheritances, and collect sufficient revenue to begin to pay off the Nation's indebtedness as a matter of public safety, and not leave all of it for those who fought the war and for those who come after it. I can not bring myself to favor a system of taxation which shifts the burden of taxation.

Mr. John S. Benham, Illinois, stated:

The Canadian authorities have presented the case with wonderful clearness, but, to date, have not changed my former feeling that the sales tax would operate in such a way as to cause the tax to be paid somewhat in proportion to the size of the family rather than in proportion to the size of the family income.

Mr. CRISP, the acting chairman of the committee that reported this present bill to the House, is also quoted in the

New York American regarding his views on the Canadian tax:

When I accepted the invitation of Mr. Hearst I frankly stated that I was not in favor of the sales tax, but would be glad to further investigate the matter. The hearings in Canada demonstrated that the sales tax on the manufacturers and jobbers is a revenue-producing tax easily administered, and the universal opinion was that this tax was passed to the ultimate consumer. The proponents of the tax in the United States are urging it with a view to repealing our war plan of taxation, such as excess profits, income tax, and so forth. I firmly believe that those of us able to pay taxes should bear their burden of taxation, and I am not in favor of a sales tax.

Mr. WRIGHT. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. WRIGHT. Was the gentleman a member of that party?

Mr. COLLINS. Yes.

Mr. WRIGHT. Did the gentleman make a statement?

Mr. COLLINS. I did, and I will read it in a few seconds.

Gentlemen of the committee, our genial friend the gentleman from Georgia [Mr. CRISP] was fresh from the scene of action in 1921. He knew conditions in Canada then better than he knows them now. I am one who is willing to stand for the things which the gentleman from Georgia said in 1921, when he was in better position to advise us than now. [Applause.]

I am afraid that our friend is somewhat in the position Alexander Pope describes in his Essay on Man, in discussing vice—and the sales tax is comparable to vice, because it is an economic vice, a political vice, if you please—

Vice is a monster of so frightful mien,  
As, to be hated, needs but to be seen.  
Yet, seen too oft, familiar with her face,  
We first endure, then pity, then embrace.

[Laughter.]

Now, I fear that our good friend, the gentleman from Georgia, is simply pitying to-day, but two or three years from now that "pity" may be changed to "embrace." I, for one, do not want to start the practice of placing our tax burdens upon the poorest people in our land, those who are not able to bear the burdens that are on them now, much less have them increased.

My very fine friend, Judge WRIGHT, has asked me what I said in 1921 on this trip to Canada. Here is what I stated, quoted from the New York American, December 4, 1921:

I found the people with whom I talked in favor of the tax on sales by manufacturers and wholesalers rather than that on all sales generally. The fact is that a tax on all sales was first adopted in Canada but was afterwards repealed, and a tax on sales by manufacturers and wholesalers was substituted. Of course, the manufacturers and wholesalers do not pay the tax, but are the tax collectors for the Government. Personally I do not favor either of these methods. I believe in taxing according to ability to pay. The sales and general turnover taxes are admittedly paid by the consumer, and I believe both violate correct principles of taxation. The chief advantage of the sales tax is that it raises considerable revenue and the consumers do not know that it comes out of their pockets.

In addition to the fact that it is a consumers' tax, there are other reasons for opposing it. It sets up a dishonest system. It represents to the citizen that it is a tax on sales paid by manufacturers, whereas in reality it is a tax paid by every citizen. The dishonesty becomes more evident from the following:

[Current Opinion for October, 1921, p. 520]

#### THE CANADIAN SALES TAX

The theory of the tax is based on the idea that the consumer would sooner pay a high price than a low tax. Yet the first thing to be noticed about this Canadian sales tax is that it is not levied on or made payable by the consumer. It does not appear, as did the unpopular luxury tax in the bill for goods bought in a departmental store or as an obvious and explicit addition to the price of a pair of trousers. No doubt, as Professor Leacock observes, the consumer pays the tax in the long run, but "he doesn't see it and doesn't mind."

Mr. John Winkler, writing in the New York American, December 4, 1921, stated in his account of the Canadian trip:

While it is generally admitted in Canada that the ultimate consumer pays this tax like any other taxes, he is hardly conscious of it.

Mr. John Connolly, of Pennsylvania, states:

The consumer does not know that he is indirectly paying the tax.

Mr. PARSONS. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. PARSONS. Last fall—I am sure the gentleman remembers—the then Secretary of the Treasury announced that everybody should be made to pay a tax through a general sales tax so they would be tax conscious. I would like to ask the gentleman if he thinks his people in Mississippi are tax conscious at the present time?

Mr. COLLINS. I do not think this tax bill is proposed in order to make anybody conscious. I think it is more of a proposal of unconsciousness. The idea is, and it has been said several times, I think first by Adam Smith, that this particular tax is a method of extracting the most feathers from a goose with the least squawking. [Applause.] It has been designated as a painless tax, one which the people do not know they are paying.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CROSSER. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. CROSSER. It is painful enough, but it conceals the cause of the pain.

Mr. COLLINS. That is correct.

On all sides the tax is explained as a "painless" one. It assumes that if applied in this country that the poor, helpless people amongst us will not fight back, as they will not know that they are being taxed. It is evidently an anesthetic administered to the people of this country so that an operation may be performed on them.

The effect on the tariff should not be ignored. The platforms of the Democratic Party have condemned wholeheartedly the high-tariff policy of the Republican administration. We opposed the Dingley tariff before and during the election of 1900. In our platform and on the floor of this House we fought against the high Republican tariff. The Fordney-McCumber Tariff Act was described by the Democratic Party as the most unjust, unscientific, and dishonest tariff tax measure ever enacted in our history. This was, of course, before the Smoot-Hawley bill came before us, and which raised still higher the tariff wall and heavily increased the cost of goods. Yet, in spite of these accepted and well-advised and well-established principles of the Democratic Party, we are now asked in this bill to still further increase the tariff by 2¼ per cent. This is to be done with slight exceptions, which are unimportant. It remains that we are considering adding to the Smoot-Hawley Act an additional amount of 2¼ per cent.

But those Members who favor this bill before us, and this is particularly true of the Democratic Members, propose doing so with the understanding that we are now in an emergency and that the sales tax is an emergency tax. This is decidedly not the view of those who are so strenuously urging the adoption of this measure.

The reporter of the New York American with the congressional party en route from Canada in 1921 stated in the issue of that paper December 4, 1921:

I have discussed this plan with many of the congressional delegates on the journey back from New York, and I find it has met a ready response. A great many of them believe with me that, if the sales tax is once adopted in the United States, it should be first applied to the soldiers' bonus, and after that obligation of the country is met the tax could continue as a means of paying the war debt.

In writing in the New York American November 22, 1931, Mr. Roddan, United Press correspondent, pointed out:

Republican leaders have indicated preference for a reasonable increase in taxes, buttressed by a selective sales tax on various articles. They feel, if the sales tax is given a try, it will come into general use as the firmest base for raising Federal revenues.

Mr. Hearst, in a letter to editors of the Hearst newspapers on March 13, 1932, stated:

Please carry on sustained crusade morning, evening, and Sunday against the present Bolshevist system of income taxation.

The income-tax system has become the greatest racket in the United States and the Government the biggest racketeer.

The system is in itself unjust, inequitable, and un-American. \* \* \*

Later Mr. Hearst continues:

The tax is the most onerous imaginable in times of depression, because a citizen must pay when he has no money for money he spent when he had it to spend.

Mr. Hearst closes his letter to his editors by again referring to the—

Inequitable, tyrannical, bolshevistic policy of confiscatory income taxation. \* \* \* When the Democratic Party has the sincerity to be democratic, when it has the patriotism to be American, it will substitute excise taxation and sales taxation for undemocratic, un-American discriminatory income taxation with its crooked evasion and equally crooked enforcement.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. COLLINS. Without attempting to go into the arguments of Mr. Hearst on taxation, I wish to point out that his press is to carry on a campaign, first of all, against the income tax, and then follows the second stage, when, as stated, that the income tax should be replaced by excise taxation, meaning sales taxation. In other words, Mr. Hearst has no delusions regarding the real purpose of the bill before it. The sales tax is not viewed as an emergency but as a permanent tax. After the Budget is balanced the income tax may be expected to be repealed and the sales tax substituted as the permanent means of raising revenue.

This view of permanency for the sales tax was stated in this House a few days ago. In reply to my question on this point Mr. WATSON replied:

I think that we will eventually have it as a permanent tax. \* \* \*

Elsewhere he stated that the manufacturers' tax to-day is an emergency tax, but—

Although it may not be popular, because no new tax is popular, yet in two years from now the sales tax will not be written out of the revenue bill.

It is this permanent feature of the bill that must be considered. It is the thin edge of the wedge, and must be viewed as such.

The Democratic Party can not be censored for this bill. The party as such has never either been asked an opinion or expressed one on this question. Certain members of the Ways and Means Committee who have considered it as a temporary emergency measure have favored it. On November 17, 1931, the New York American, in discussing a sales tax, stated that "Representative GARNER, Texas, ranking Democrat on the Ways and Means Committee, where revenue must originate, maintained a significant silence." I take it therefore that our beloved Speaker does not favor the measure. He has not, to date, made a public plea in its behalf.

If the emergency is to be considered, it is only fair to ask that all Democratic Members of this House be consulted on the procedure and methods to be followed. The administration and certain reactionaries have repeatedly advocated a sales tax, yet the Democratic Party was not consulted. These administration leaders who now urge increased taxation have repeatedly prevented economies from being carried out in the departments of Government. Large savings in governmental administration can be made. These savings can be effectuated immediately. If funds are provided savings will not be forthcoming. We should force economies and not pass a law that will prevent them.

I still have confidence in the Democratic Party and its right-thinking representatives that they will not saddle on the masses increased taxation destined to be raised by a permanent system, whereby the injustices of the taxation will be continued. If we are afraid to tax those able to pay,

this should be no excuse for soaking the common people. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Arkansas [Mr. GLOVER]. [Applause.]

Mr. GLOVER. Mr. Chairman, ladies and gentlemen of the committee, we have now before us H. R. 10236, which is a bill seeking to raise more than a billion of dollars in taxes to balance the Budget, as is claimed by those advocating this measure. The gentlemen from Georgia [Mr. CRISP] in his explanation of this bill said that this is the most burdensome tax bill that has ever been brought before Congress in peace times. I certainly agree with him in that statement, and I doubt if there has ever been one in war times that is as indefensible as this bill. There is no man in this House that I have a greater affection for than for the gentleman from Georgia, the acting chairman of the Ways and Means Committee [Mr. CRISP]. I can not believe that in principle he favors this kind of legislation as is proposed in this bill, known as a sales tax. The Democratic platform of 1924, which was the last declaration on this question, put the Democratic Party on record as against this tax. I quote the declaration from the platform, which I hold in my hand, which is as follows:

We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shifts to the consumer the burdens of taxation.

Can any Democrat, without breaking away from this, the last declaration of our party, vote for a sales tax? We are told by some of the speakers that Mr. Mills, the Secretary of the Treasury, is in favor of this tax. Well, if he can stand it, let him do it. Who was it that made this deficit? Was it the Democratic Party or the Republican Party? You made it. The present administration came into power in the most prosperous times the country has ever known. What is it now? The most distressing the United States has ever seen. We on this side of the aisle have protested against legislation that you have passed, the Smoot-Hawley tariff bill and others, but it did no good; and with 104 majority on your side you never proposed a bill to balance the Budget. If the Budget was balanced to-day, it would likely be out of balance before a week had passed. It can be handled now just as it has been in the past, by issuing short-term notes to meet the emergency. We were told to-day by the acting chairman of the Ways and Means Committee that the Treasury to-day offered for sale \$900,000,000 in these notes and that they were oversubscribed at the low rate of interest of 3¼. I think this statement makes an argument against putting the burden on the taxpayers of nearly \$2,000,000,000 in this time of distress that no man can answer.

If there ever was a time when the people are burdened to death with taxes, it is now. The bill proposes to raise about \$600,000,000 of this sum on a sales tax, which is paid by the consumer. This bill will put a tax on clothes, shoes, overalls, plow tools, and every article that is manufactured. It will put a tax on electricity that makes your lights and the gas you burn. In fact, there is not a single article manufactured and used in the homes that will not be taxed under this bill if the sales tax is kept in it. I shall move when the bill is ready for amendment, if some one else does not, to cut out of the bill the sales-tax provision. The remainder of the bill would raise about \$700,000,000 of money, and by extending the provisions of the bill two years longer it would take care of the entire deficit. Why not do that instead of heaping on the backs of the poor a sales tax that they can not resist? The tax is to be 2¼ per cent on the manufacturer. When he sells the goods to the wholesale man he passes it on to him, and when he sells it to the retail merchant, the retail merchant, of course, will be forced to add it to the price of the article when he sells it and the consumer pays it. Who said this all had to be raised at once to balance the Budget in 1933? The Secretary of the Treasury is for it, of course, wants it done at once, but the people are to be considered first of all. The power to tax is the power to destroy, and we should be careful how we exer-

cise it. I am thinking of the great throng of people that are to be affected by this but that can not be here to protest. The manufacturers do not care, for they pass it on and do not pay it. We have more than a hundred and twenty millions of people to be affected by this legislation, and very few of them have any voice in the matter, and if we do not protest against it, they must be the sufferers. The big interests have been listened to too long. It is now time to hear the cry of the needy. We have more than 8,000,000 men out of employment, and they are going to be taxed under this bill on nearly everything they eat and wear. Can they bear it? I answer, no. Let us see how this deficit came about. Before we met in Congress we had a wire from the President asking authority to give a moratorium to Europe. I answered him back at once that I thought it was not wise. You voted it to them. I did not. The amount of the moratorium was \$252,000,000. You then voted \$500,000,000 a few days ago to the Reconstruction Finance Corporation, you voted \$125,000,000 to the Federal land banks. These items alone amount to the sum of \$877,000,000. If that was back in the Treasury, we would not hear the word "deficit."

This bill doubles the inheritance tax and makes it very unjust.

If a sales tax could ever be justified at any time, which I do not believe it could, it should be reserved to the States. If a Federal sales tax is ever put on, I doubt if you ever see it removed, because they will find some excuse to use the revenue derived therefrom.

The bill as it is introduced would ruin the rice farmers in my district, and which is one of the great agricultural crops raised in my State. They have to use electric power to pump the water that covers the land which is required in growing rice. I have offered an amendment to the bill for the consideration of the Ways and Means Committee to exempt electric power from the provisions of the bill when it is used in developing agriculture and I feel sure that they will accept the amendment because it is just and right. Gas, oil, or power of any kind used by farmers should not be taxed and my amendment would exempt them. This bill would tax farmers \$150,000,000.

This Congress started in at the top instead of the bottom to relieve this depression. If Congress would do something to raise the price of agriculture, to a place that it deserves, and would provide for relief of the 8,000,000 unemployed, we would be starting in the right direction.

Every bill that is proposed is to either give more credit or to raise taxes, and the Lord knows we have too much of each of them.

It is not credit the people want. They want money or an opportunity to make it. They want a price for what they produce so they will not have to borrow and they want a price for their labor so that they can take care of their families and live out of debt.

Money is centered into the hands of the few individuals, who can bring on a panic at their will. Sixty per cent of it is in lock boxes and it will stay there when you are enacting such legislation as this. I introduced a bill a few days ago and discussed it on the floor of this House for a double standard of money that will cure this evil in 30 days if you will enact it. Will you do it? It would double the price of cotton, wheat, rice, and corn. It would open up a trade with three-fifths of the world we can not now trade with under our standard of money. It would give us reciprocal trade relations. When, O when, will we have the vision to do this and not tax our people to death? [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CLANCY].

Mr. CLANCY. Mr. Chairman, I am going to support this revenue bill. I am for it as a whole, but I do believe the bill should be amended in some details. The subject of my discourse to-day will be the proposed admissions tax. I understand that an amendment is to be offered on the House floor to the bill when it is read, exempting moving-picture and theatrical and other admissions under 50 cents. That is a

worthy amendment and I shall support it. I know that the moving-picture business is in a very precarious condition.

Many small moving-picture houses have gone to the wall, and many more are going to the wall if this tax is imposed. In fact, two or three of the great producing companies are in bankruptcy now and the whole production end of the business may go into bankruptcy. The movie business is truly in a terrible condition.

Mr. SIROVICH. And that includes the spoken drama also?

Mr. CLANCY. Yes; that is probably true. Now I will discuss the phase of the admissions tax which refuses to exempt educational institutions, as Congress did in the previous admission-tax measure levied as a result of the World War. For the first time the committee proposes to tax high schools, colleges, and universities on admissions. You are going to tax State institutions. When the Federal income tax was levied by Congress the salaries paid to State and also city and county employees were exempted from the Federal income tax, but in this case you aim to levy a tax upon city, county, and State institutions and violate a cardinal theory of taxation.

I happen to know a little something of this subject because for about three years I was a field secretary of one of the largest bodies of collegiate alumni in the United States, that of the University of Michigan, formerly the greatest State university, and it still ranks among the first few largest and most influential universities in the country.

I have a letter from the fair and able chairman of the board of control of athletics of that university, Prof. Ralph W. Aigler, stating that this proposed tax on college admissions, and particularly athletic affairs and contests, would be a serious blow to that university if the tax were levied on the tickets. The University of Michigan still owes a million dollars on its athletic plant there. They have built a marvelous athletic plant out of the receipts from football and it is devoted to the high cause of physical education. Everybody interested in college athletics knows that it is the football game which pays and carries the cost and upkeep of the great physical education and recreation and athletic program of the university.

The State legislatures will not grant taxpayers' money for the development of the athletic and physical educational side of the university. Yet educators everywhere now recognize that just as important as providing mental equipment for the girl or boy who goes to high school and colleges is the healthy development of his or her body, so that in this new form of modern living, particularly in the cities, his or her body may be able to stand the terrific strain of the life to which one is subjected. Learning without health is quite futile.

I suspect that the Ways and Means Committee are entering upon a sort of punitive and rectifying expedition in this educational tax. Take the great football spectacles and contemplate the Army and Navy game at Chicago a few years ago, which had 150,000 spectators present, most of whom were paid customers. They are a shining target for taxes and criticism. But let me say in answer to charges of commercialism, pageantry, proselyting, and so forth, that the ideals and ethics of the college football player are higher than you will find in any other phase of human activity. The ethics of American football players, notwithstanding these unfair charges, are higher than you will find in the legal profession, the medical profession, the political profession, or any other field of human endeavor which you care to name. When you go to the football game you know the contest is honest and strictly on the square. You may not be so sure when you go to a prize fight, wrestling match, or political convention that the contest is actuated by the highest motives and ethics.

A squad of 20 or 30 of these football players may bring into the university coffers a large sum of money, but do not even get as much as a pair of shoe laces out of the contest, and still they subject themselves to physical injury and occasionally death. Several died on the football field last fall.

They give everything unselfishly. As a matter of fact, a few years ago, in one of the greatest State universities, the manager of athletics missed a pair of shoe laces and he lectured a squad of about 40 football players and said that he wanted the boy who took or lost those shoe laces to pay for them.

It is said that Harvard, Yale, and Princeton, and some of the larger universities, have made big "gates" and much money on football. They probably did. But the State university now is putting out of business these great privately endowed universities which formerly held the limelight, such as Harvard, Yale, Princeton, and all the other little academies throughout the country which have done so much to develop learning, character, and manhood of the Nation, are facing a terrible competitive struggle to exist and survive.

Deficits, particularly in the State universities and colleges and high schools, will be made up from taxation of the people. Newspapers, magazines, and religious books, and so forth, have been exempted from the sales tax by the committee because you did not want to tax education and you did not want to tax religion and morality, and yet here you ask us to tax education and morality and manhood in the greatest educational institutions in the land.

Permit me to say in this day of falling moral and ethical standards, when even the church is losing its influence to a very large degree, particularly upon college students, the greatest influence in college and American life to-day for purer and cleaner and more ethical action is that old football game in which the boys give up all that is in them for the alma mater, purely a spiritual influence and endeavor, and in this field the standards are the highest and no dirty work is tolerated.

Now, if no other member offers an amendment, I hope to offer an amendment to this bill that educational institutions, and particularly the State, city, and county institutions, will be exempted from this tax. But I also insist that all educational institutions should be exempted, as in the former tax bill.

Certainly athletic contests get big "gates." The whole thing has come upon us suddenly.

When I was in high school we had no gymnasium or playground, and I was one of the leaders who raised the first \$500 for a school gymnasium by going around collecting 5 and 10 cent pieces from the students and from the grocer, butcher, and so forth, in the neighborhood. That was the beginning of our Detroit gym and playground and physical education program. To-day in my city of Detroit there are millions and millions of dollars invested in gymnasiums, swimming pools, and playgrounds, which grew out of that germ. The annual budget of maintaining those institutions runs to big money now.

Certainly some of these colleges have big gates, such as Northwestern, Notre Dame, California, and so forth, but for every college which is making this big money there are 20 which are in the red for the past year. There are many institutions which do not have the benefit of being State-supported, which have built stadiums. They have gotten out bonds, underwritten their good name mainly, for the payment of those stadiums. Every tax, no matter how large or how small, that is assessed, cuts down the attendance, and jeopardizes their program.

Why, this bill does not even provide for an exemption for charity football games and other charity athletic contests, yet everybody knows that college football teams raised last fall enormous sums of money through charity games for hungry and starving people and for the needy and the unemployed.

I could go into this question in great detail and with facts and figures but time forbids. Certainly the bill should be amended to exempt the tax on charity games and contests.

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

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. SWANSON].

Mr. SWANSON. Mr. Chairman and members of the committee, the announcement made yesterday by the gentleman from Georgia, the able acting chairman of the Committee on Ways and Means, that that committee would offer an amendment to the sales-tax provision of the bill under consideration eliminating canned fruits and vegetables and canned meats was, I am sure, a welcome announcement to the Members of the House. I believe that the committee, or this committee, will also arrive at the conclusion to eliminate from this tax bill the proposed tax on lard, sausage, frankfurters, and the like. I favor the elimination of ice cream from the operation of this tax. In this day and age ice cream is not a luxury but a necessity, and in my judgment a tax on ice cream will in effect be a tax on all the milk and cream used in the manufacture of ice cream, and will ultimately, in large part at least, come out of the pockets of the producer of the milk and cream. I would favor the raising of the exemption from the operation of the tax on moving-picture admissions to 50 cents, and I believe that when the committee reaches that item in the reading of the bill, it should give serious consideration to the raising of this exemption.

There are a number of items in the proposed manufacturers' sales tax which I would like to change. In this emergency it may be absolutely necessary to impose a manufacturers' sales tax. The important matter for consideration under all the circumstances, as we all realize, is the balancing of the Budget. This purpose should be accomplished to the greatest extent possible by the reduction of expenditures and only as a last resort by taxes.

But I rise at this time to propose to the Committee on Ways and Means, to this committee, and to the membership of the House, for serious consideration, a tax which, so far as I can learn, up to this time has not received consideration.

The Constitution provides that Congress shall have the power to "promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." Pursuant to this power Congress has established by law the Patent Office. It seems to have been the policy of the Congress to make the Patent Office only self-sustaining. Since the fiscal year 1922, however, there has been a deficit in the conduct of this office ranging from \$85,000 in 1923 to as high as \$608,000 in 1929. In 1930 this deficit was \$455,000. In the fiscal year 1931 the total receipts of the Patent Office were \$4,565,377 and the total expenditures were \$4,832,277, leaving a deficit of \$266,000. So far as I can learn there are expenditures in the maintenance of our courts growing out of patents, trade-marks, and the like, which are not included in the total of expenditures; and if they were included, in my judgment, the deficit would be very considerably larger.

I have the statement of the Patent Office showing the total number of patents, design patents and reissues, trade-marks, and other items since the present series of numbers of letters patent were commenced in the year 1836. At the beginning of this year the total number of patents issued was 1,839,190. In the calendar year 1931 there were issued 51,766 patents, about 3,000 design patents, and about 11,000 trade-marks. The life of a patent is 17 years, and according to the records of the Patent Office, there are now in existence approximately 715,000 live patents. The total fee received by the Government for the issuance of a patent is \$50, and for that fee the Government grants an absolute monopoly for 17 years of the American market. It gives the holder of the patent all the benefits of protection by law of a patent and secures to him the market of 120,000,000 people with a highly developed standard of living, all for the initial expenditure. The attorney fee which he pays for the securing of the patent is frequently many times more than the Government of the United States receives for all of the protection and all of the monopolized market which is provided by the Government, the people of the United States. So far as I can learn, there is nothing in the Patent Office to indicate what number of the 715,000 patents issued within

the past 17 years are still alive and in use, but I think it fair to assume that at least 50 per cent of them, or more than 350,000, are obtaining monopolistic benefits from the patent laws. In view of the monopoly given to the owner of a patent by the people of the United States and the market given to the owner of the patent as a direct result of the organization of the Government, it seems to me that the owner of every active patent in the United States should pay an annual tax of at least \$50 for the benefits he receives. If there are 300,000 patents in actual use, on the basis of an annual tax of \$50 this would bring in an annual revenue of \$15,000,000. Since the year 1870, when protection of trade-marks was authorized by law, there have been granted 290,000 trade-marks. Many of these, it is true, are not alive or in use to-day, but it may well be assumed that there are 100,000 trade-marks which have been issued for a nominal sum, which has recently been increased to \$40. It seems to me that there would be nothing unfair in the imposition of an annual tax on all trade-marks actually in use in return for the governmental protection which the people of the United States give to the holders of trade-marks. The protection of the inventive genius of the individual citizen is recognized not only in this country but by all nations of the world, but in view of the highly developed state of American society and the actual value received by the holder of the patented or trade-marked articles, the imposition of an annual tax on such holder is as fair a tax as could be devised.

We are talking in these days of the maldistribution of wealth. The patent laws of the United States and the monopoly granted to owners of patents have, in a considerable measure, contributed to this maldistribution of wealth. For example, take the Gillette safety razor. For 17 years the owner of the patent for this razor had a monopoly of the American market for his product. Millions of razors were sold at \$5 each; and because of the monopoly given to the owner of the patent under our patent laws and the large population and enormous demand created for this article—not by reason of the genius of the inventor but by reason of the Government of the United States and the high standard of living of the American people—the owner of the patent became a multimillionaire. I am not saying this in criticism of the holder of the patent, but I am merely calling attention to it for the purpose of illustrating the value of the monopoly given by our patent laws and the justice of the imposition of an annual tax on the holder of the patent. Take, for another example, the case of Henry Ford, and I do not refer to him in any spirit of criticism. He acquired a number of patents on the automobile. What value would there have been to his patents had there not been the highly organized system of government which we have and the standard of living of the American people which exists? It was because of this valuable, monopolized market that Ford and his associates accumulated billions of dollars in wealth in one generation, and it was the protection of his patents, for which he paid the Government only a few paltry hundreds or a few paltry thousands of dollars, which made this possible. Of what value would those inventions have been if they had been made in the heart of Africa among the Zulu tribes? It was because of the Government of the United States, the development of its people, their high standard of living, and the market these same people furnished that his achievements were possible. Can anybody say that the payment of an annual tax to the Government which issued the patent and thereby gave a monopoly to the owner of the patent is unfair or unjust? Thousands of illustrations of the same kind can be given. The same principle applies to every invention, the same protection is given all, the same highly developed market is given them all. Surely the people, who are the Government, are entitled to some returns for the protection and benefits given to inventive genius. I suggest this not only as a temporary expedient, but I believe it should be adopted as a permanent part of the tax policy of this Government. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Chairman, I shall try to present some statements concerning the condition of the Federal Treasury—the actual amount of the deficit, accumulated and estimated. The figures are staggering, and from one standpoint it may not be good policy to line the current Federal debt all up in one big round sum—billions—and leave the startling figures in the CONGRESSIONAL RECORD in cold type.

A MEMBER. Is the gentleman afraid to put it in?

Mr. JOHNSON of Washington. No; I am not afraid to put it in, and my judgment is that the quicker we make a complete spread of the whole situation the better. I have just heard the forceful speech of the gentleman from Arkansas [Mr. GLOVER], and I hope that he holds a seat in Congress for a long time and that he makes his hard-hitting help felt not only in his district and his State but in the Nation.

I want to express my admiration for him as a man of force and conviction and an earnest working Member on the Democratic side. He and I can not agree on a lot of the old standard issues that have divided the parties, but I imagine that we can both agree that a whole lot of the old fighting problems have been too long dead to be even entitled to honorable mention. We do not agree on the so-called manufacturers' tax in this revenue bill. It is probable that we can not agree how we came by this enormous Federal deficit.

But, Mr. Chairman, I know how the bright dream of a pot of gold always to be found at the rainbow's end came about. The existence of the income-tax system led to that dream, and I know how easy it is to believe there will always be lots of money in that pot of gold. I know that for 10 years while incomes were good and the dollars came bubbling forth, Congress made several major expenditures of great national importance.

I hardly need to remind the Representatives from the States of the Mississippi Valley—Illinois, Missouri, Arkansas, and on to the Gulf—that one of these great major expenditures was for the flood control of the Mississippi and for other costs in connection with floods, crop losses, and distress. That work was nobly and generously undertaken by the Congress several years ago. It played and is playing a part in the deficit. We do not want to stop this work. We can not, even if income-tax returns have shriveled to dimes where we expected dollars.

Another great cost was incurred in caring for our soldiers in the World War; care of the wounded and the sick, rehabilitation, hospitalization, and more and more new modern hospitals with beds for the sick and exhausted of every war without regard to the exact cause of disability. No Representative who has sat in any previous Congress can begrudge that expenditure. We should be glad we got as many hospitals and homes as we did while the "getting" was good.

Another major cost was the payment of the interest on the war debt. We kept Uncle Sam's credit good.

Among other costly things we authorized and appropriated for Boulder Dam, and it is an easy guess that Boulder Dam got under the wire just in time. Uncle Sam will have to wait a long, long time for California to pay him back. But the work at Boulder Dam is started and must go on even if the rainbow is fading out. California and Arkansas and Missouri and Mississippi and Illinois and, in fact, all the States, should get on the team and pull to the last man to help their beneficent old Uncle Sam out of the hole. [Applause.]

Please do not think I am now criticizing anyone or any group for that which has passed. A couple of years ago I made a sharp speech on this floor against the increase of Federal extravagance. As I walked back to my seat, the gentleman from Michigan [Mr. JAMES], then chairman of the Military Affairs Committee, said to me:

You did not talk that way when you were appealing for and securing larger appropriations for buildings at the big military post in your district.

Ah, that's the rub. We have all been driven by the cry, "More, more!" and have been spurred by the query, "What

has he ever done for us?" Right now some one is campaigning in your districts and in mine, that, if he is sent to Congress, he will do better, secure more appropriations for that particular district, but will be very economical as to appropriations for other districts.

Mr. Chairman, I said that the full amount of the deficit should be stated, and restated, and stated again in one lump sum for the whole amount that it really is. The deficit—accrued and pending to July 1, this year, and estimated from July 1 to June 30, 1933, next year—is so nearly \$5,000,000,000, that we can safely call it five billions. Figures short of these figures do not fool any person likely to invest in any short-term notes, or long-term notes. Income-tax returns just now being paid in and counted will not come up even to the last, lowest revised estimates.

It is not enough to say that the actual physical financial deficit, or shortage, on yesterday, March 15, was \$1,871,229,155. Do you get it—one billion eight hundred and seventy-one million plus. That is the physical actual money shortage at the moment the book balance was struck yesterday. Short-term I O U's, newly issued long-term bonds, and other items of the accrued indebtedness are not included in that figure.

It is quite probable that all the revenue raised by this tax bill now under consideration will not balance the Budget by perhaps as much as \$1,000,000,000 for these reasons:

First. The committee left \$642,000,000 to be saved by Federal economies.

Second. The committee, of course, could not estimate for unexpected congressional authorizations and appropriations or for possible extraordinary expenditures.

Third. We have no provision for the sinking fund.

Fourth. Interest rates on loans and bonds are likely to increase.

Fifth. The payment of \$260,000,000 on war debts at any early date is highly uncertain.

Sixth. Amendments proposed by the Ways and Means Committee to eliminate sales tax on canned goods will reduce probable income by ten to twelve millions.

Seventh. A lot of Budget items have been simply postponed.

Mr. Chairman, the big hour in this Congress is here. It is the duty, when the time comes to read this bill under the 5-minute rule, of each and every Member to be in his seat either to support the committee on just as many paragraphs as he can, or to offer to perfect the bill more to his liking by proposing amendments to any part of the bill that he thinks should be amended.

Whether we like it or not, it is our duty to see that some strong money bill, that will raise this great sum in revenue, is put through the House. We have to do that, just as the strong men that we ourselves selected for the highly responsible places on the Ways and Means Committee found it their necessary but unpleasant duty to prepare this bill. No escape for them. They deserve congratulations on the unanimity with which, regardless of party, they labored to bring out this bill in order to keep the credit of the United States Government up to the key. [Applause.] It was no child's job. Perhaps any one of us, if we had been honored with a position on that committee, would have written and had backing on a different paragraph for this or that; but as a whole, if any 25 of us had been there, what would we have done or what could we have done that would have been any better?

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JOHNSON of Washington. Mr. Chairman, in my opinion, when we as Members have done our best to help get this bill up in the House and over to the other legislative body, we can ease down a little from the pressure under which Speaker GARNER and the new Democratic chairmen of all the House committees have been driving us. We can do the rest of the legislative work at less fierce pace. Why? Because we all know from experience that the revenue bill,

which under the Constitution has to originate in this body, will be a long time getting back to the place of its origin. Weeks and weeks, perhaps, and when it gets back it is likely to have been so knocked about and bungled up that even its best friends may not recognize it.

It is hardly to be expected that the other body will attempt to raise that extra billion. But why worry? The Budget need not be balanced to a dollar or a half billion dollars in one year or two years. But we must get as close to a balance as we can.

So get ready to keep your summer homes here. If you are going to take any vacation, take it by going to the conventions. Do not be too certain about going home soon to campaign in your beautiful home districts among your friends and neighbors and knocking out Republicans or Democrats, as the case may be, because it is probable that the legislative problems of the United States will get heavier and heavier week by week and keep you here. I think nearly every Member senses that fact. One hopes that everything will be better, but one must face every fact and the whole situation.

Recently I have come to the conclusion that we are not likely to adjourn this session without giving most serious and earnest consideration to the payment of very considerable sums to the States to be turned over to the counties for the replenishment of the funds of the counties for the relief of destitution. If so, that will mean more revenues through bond issues or anything that will bring in funds for immediate use. It may mean a second tax bill. It may mean lifting incomes in the higher brackets by several notches for one or two years' time. Mind you, not as a substitute for any proposal in this present tax bill, but in addition to and on top of everything now offered in the bill.

The financial situation of the Government far transcends any other question before the people and, certainly, any other question that can come before this Congress. Each billion of indebtedness is a thousand million, and who can comprehend one thousand million dollars? We do not even comprehend any too well only so much as \$100,000,000, and perhaps not even \$1,000,000. We tossed off \$132,000,000 the other day in the face of the reporting of this tax bill, and we do not seem to be especially alarmed over the fact that the other legislative body is quite likely to send that bill back to us with the total raised to \$3,500,000. You see, it is so much easier to say "a billion" than it is to get a million. We need five hundred million times \$1,000,000.

Mr. Chairman, we Members are now becoming tax conscious at a mile-a-minute clip. All the people are tax conscious, but not yet quite so conscious about Federal taxes as to let up on their demands for more and more Federal appropriations.

Oh, yes; the drive is on. Your mail is not different from mine. People have not yet got too tax conscious that they have quit writing for the Federal Government to do everything—more river improvements, more highways, more hospitals, more 50-50 Federal aid, more appropriations, and for everything else that they have got the notion that Uncle Sam can or might do. Relief for mortgaged homes. Aid to build new homes. The rapid and almost unanimous enactment of the Hoover financial relief measures seems to have whipped up interest in all pending proposals. Supporters of the adjusted-compensation bonus proposition are militant and are advancing toward the Federal Treasury with drums beating. The bonus first, the dole afterwards. Their leaders on the floor here are impatient, and some of them will hardly have their "nay" votes out of their throats against this tax bill before they cast their "yea" votes for the bonus.

Rag money, Government I O U's, depreciated currency, slow sale of bonds at increased interest! Who cares? It is on Uncle Sam, and he is not "us." The highway construction bill, when it comes back doubled, will pass under the flimsy guise of unemployment. Agriculture will get its demands. All groups are articulate. Most of the States and counties can not pay their bills or sell their bonds, and Con-



gress will be blamed for even that. No department or bureau will take a cut without a protest. They have started backfires in the districts to discomfort each and all of us.

For 15 years the ease with which Federal revenue could be found through income tax has lured us on as if led by the rhyme of the old nursery song:

When you get to the end of the rainbow,  
Then you will find a pot of gold.

So brace yourselves for a long session, and remember that this winter we are quite likely to be considering another tax bill, and on the floor of this Chamber defending the credit of Uncle Sam, and scheming and straining to keep his dollar from cracking—standing off rag money, print paper money or depreciated money, and even before then we are quite likely to all get together in the last extremity and vote a dole; as hateful, as disagreeable, and as hard as that will be.

I thank you for the attention that you have given to these remarks. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC of Oklahoma. Mr. Chairman and members of the committee, this is one of the most important pieces of legislation that has been considered since I have been a Member of Congress, for the reason the bill proposes to inaugurate a new method of collecting taxes by adopting what is commonly known as the consumption or sales tax. In my opinion, if this provision is allowed to be retained in the law, it will be beneficial to the wealthy class as it will eventually cause the poor people to pay an unjust amount toward the expense of maintaining the Government. For five days Members have been making speeches for and against this legislation and great interest has been manifested by all the Members, as the legislation proposes a new departure in the way of collecting revenue. I have been honored on two occasions during these five days by being asked to preside over the House, and I am grateful for this most courteous consideration.

I have carefully considered the provisions contained in the legislation, and regret exceedingly that I can not support that which is commonly known as the consumption or sales tax. Any provision that increases the cost of living by imposing a tax on the necessities of life is, in my opinion, indefensible.

According to statistical information—and it has never been denied—10 per cent of the citizens of this Nation now control 90 per cent of all the wealth. As long as this is true I can never bring myself to the place where I would support a measure which would relieve the wealthy from bearing their proportionate cost of the maintenance of this Government and shoulder this burden on the backs of the poor.

Powerful interests are bringing every kind of pressure possible on Congress in favor of a sales tax, and in a recent edition of a Washington paper owned by William Randolph Hearst he urged that the sales tax be retained in this bill. He also strongly opposed the income tax, stating in a letter to editors of the Hearst newspapers on March 13, 1932:

Please carry on sustained crusade morning, evening, and Sunday against the present bolshevist system of income taxation.

The income-tax system has become the greatest racket in the United States, and the Government the biggest racketeer.

The system is in itself unjust, inequitable, and un-American.

Later, Mr. Hearst continues:

The tax is the most onerous imaginable in times of depression because a citizen must pay when he has no money for money he spent when he had it to spend.

Mr. Hearst closes his letter to his editors by again referring to the "inequitable, tyrannical, bolshevistic policy of confiscatory income tax."

Everyone knows that the income tax is the fairest method ever devised for the purpose of collecting taxes, as it causes those who are more fortunate in life to bear a proper proportionate share of expense toward maintaining the Government.

This is the same person who recently criticized me editorially in his papers for doing my duty in trying to pre-

vent unnecessary authorizations and expenditures at a time when the people are more distressed than ever before.

I have always tried to be consistent in voicing an opinion on all legislation. As a member of the Naval Affairs Committee, when it proposed to authorize an expenditure of more than \$600,000,000 to build additional ships, I took the position that such an expenditure was unnecessary now. I also suggested to the Secretary of the Navy, when he advised the committee he had not consulted the Commander in Chief concerning this program, that if he was not in accord with his chief that he should follow the precedent that had been established by other Cabinet officers and resign. I meant no disrespect to him; yet I knew that my constituents did not desire to see this Government further involved financially, as the same would at a later date materially increase our deficit. I also called attention to the 1-year agreement that our State Department had made with some 18 other nations to refrain from any measure that would have for its purpose increasing armament expenditures. If we had gone ahead with this program, it would have been a violation of the spirit of the agreement; and if there is anything a nation should do, it is to keep its word.

My pronouncement in this connection kicked up a big fuss and the press everywhere headlined the story; yet the authorization was postponed, and I am pleased that I did my duty, notwithstanding there was put out a lot of propaganda against me for the purpose of injuring my standing at home. As long as I am the Representative of the seventh congressional district, I am not going to allow criticism coming from the special interests, who would have profited if such a program were put into effect, to deter me from performing my duty.

What is wrong at the present time in this Nation? During the last nine years there has been refunded by the income-tax department of this Government over \$3,000,000,000, most of the same going to a favorite few. If that policy had not gone into effect, we would not be here to-day with this kind of legislation, providing for the so-called sales tax. I remember that when some of these rebates were first granted a statement was published in a Washington paper to the effect that certain attorneys who had been found guilty of splitting their fees with certain Government employees were disbarred before the department. There was nothing published which showed that these employees were disconnected from their service. I also heard that in some instances attorneys, when they could not obtain satisfactory results from the income-tax department, had the cases referred to the Attorney General who served under the Harding administration, and for some reason such claims were allowed, thereby penalizing this Government in a very unjust manner. If this is true, there is ground for the conclusion that there must have been many irregularities during this period. Anyhow, enormous refunds have been made to the steel companies, the big oil companies, and many other large industries.

The citizens of the district I have the honor to represent are now in a more depressed condition than ever before. Many can not pay their taxes, and some are having their homes foreclosed. Therefore, regardless of what others may say, I think that a tax on the necessities of life would be the most unjust provision ever enacted into a law.

The records show that in 1929, 513 persons paid income taxes of over \$1,000,000, and in 1919 over 6,000 reported incomes in excess of \$500,000. This legislation does not increase the brackets of those who pay on an income of over \$100,000. I have made speeches in the District in which I told my audiences that \$100,000 is enough for any person to make; therefore, it would seem wise for the committee to increase the rate of payment on all incomes of \$100,000, so that the more fortunate in life could pay a proper proportion of that which has to be raised in order to balance the Budget.

I am also in favor of increasing the inheritance tax, as it will be possible to be raised by this method nearly enough income to match that which would be raised by a sales tax. If this method is not sufficient, then what would be wrong

with floating bond issues sufficient to take care of the remainder of the deficit. Such a program would cause repayments to be spread over a long period of years, and this method would be much better, in my opinion, than to pass a sales tax.

During the discussion of this legislation attention has been called to various bills which have been enacted into law for the purpose of rendering aid to many classes of our citizens. I have supported every measure that I thought would be beneficial to those I have the honor to represent. I feel if it is right to aid those connected with the various occupations that a proper amount of consideration should be given to our ex-service men.

Therefore I am supporting the American Legion program, as I feel that if it could be enacted into a law and the last half of the bonus paid to the veterans, it would bring about a distribution of money at a time when it is needed far more than if paid at some time in the future. Not only is this true, but when it is taken into consideration that Oklahoma's share amounts to \$39,815,376, it would result in over \$4,000,000 being distributed in the congressional district I have the honor of representing, thereby being beneficial to every person either directly or indirectly.

When our Nation became involved in the World War, it was necessary to draft more than 4,000,000 men into the Army. They were forced to lay aside their various occupations in order that the interests of all our people might receive proper protection. Two and one-half million men went across the sea and performed service at a salary of \$1.25 per day. I have visited Belleau Wood, Chateau-Thierry, the Argonne Forest, Soissons, and St. Mihiel. No one can have a proper conception of what our boys went through unless they have witnessed at first-hand the scenes of desolation, destruction, and ruin. We know that our Army was composed of as fine, brave, stalwart sons as ever faced an enemy's bullet, and as long as I am a Member of Congress my services will always be subject to call in behalf of those who did their best when called upon to protect this Nation.

Our country at the present time is confronted with the most serious depression that any of us have ever experienced. The farmers have been compelled to sell their wheat, cotton, and other products at a price below the cost of production. Many financial institutions have been unable to weather this period of distress, and there is a general bad situation existing everywhere. Therefore, if the soldiers could be paid off by the terms of a bill I have pending, it would mean that they would receive their last half without deductions for interest and that a sufficient amount of money could be derived from the sale of bonds issued in such a manner as to cover a long period of time—anyhow, until the country could work out of its present bad financial condition.

The Democratic Party in Oklahoma, in its platform adopted at the last State convention, has gone on record in favor of this payment to our ex-service men.

The ex-service man is asking for nothing more than he is entitled to receive. The service performed by him can never be paid in dollars and cents; therefore when many do not have bread to eat or clothes to cover their bodies, I feel that such payment, if it could be made now, would do more good to our entire citizenship than any other legislation that can be enacted into a law.

I feel that some attention should be given to that which is commonly termed "short sales." I propose to introduce an amendment to this legislation with the hope that those who engage in this kind of practice, which has a tendency to do away with the rule of supply and demand with respect to different commodities, will be taxed, and I figure that such a provision will raise an enormous amount of money.

Last week the Washington papers called attention to the fact that many of those who are engaged in what is commonly known as short selling live abroad, and that they are making raids on the stocks of this country, resulting in much

of our wealth being taken across the water to other countries and those who are the beneficiaries paying nothing toward the maintenance of our Government.

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

Mr. McCLINTIC of Oklahoma. Yes.

Mr. GARBER. I hope the gentleman will succeed in an amendment making that tax high enough to absolutely prohibit the loaning of stock for short-selling purposes. The big opportunity of this bill is that it affords an opportunity to outlaw gambling on the stock exchange.

Mr. McCLINTIC of Oklahoma. The gentleman's contribution is helpful, and I am in accord with him. He knows, as I know, that this practice brings about a situation that is harmful and injurious to every occupation in the land. During the course of this debate I asked the distinguished acting chairman of this committee if this so-called consumption tax would raise the price of farm implements, and he answered that it would. In other words, every hoe, every plow, every cultivator, every piece of machinery will have to contribute its quota. What about the good women of this Nation; those who have to toil long hours in order to keep the wolf away from the door? This sales tax would cause them to have to pay increased costs on calico, gingham, hosiery, kitchen utensils, and practically everything that they use in their homes. To my own knowledge there are many who are not able to buy the bare necessities of life, and as I view it, I would be unfaithful to the trust imposed in me if I should vote for such an iniquitous measure.

There is no answer, as I view it, to this problem other than just to vote against the so-called sales tax which will penalize the consumers to the extent of over \$600,000,000. This Nation is now confronted with a deficit of over \$2,000,000,000. Before the World War it cost \$1,500,000,000 to take care of the needs of this Government, and the expenditures have increased since 1887 to the present moment from \$282,000,000 per year to approximately \$5,000,000,000. Such an increase is entirely out of proportion to the increase in population or the increase of wealth. I take the position that if there ever was a time to reduce expenditures, it is now. Private institutions all through the Nation have found it necessary to reduce salaries. I am in favor of keeping pace with private industries and am willing to reduce the higher salaries of those employed by the Government, including Members of Congress, and I have introduced a bill that has this for its purpose. At the present time there are numerous commissions and useless bureaus costing millions of dollars which, in my opinion, should be abolished, and I am hoping that the Economy Committee will bring in the kind of bill that will make this possible.

I have called the attention of the chairman of the Expenditures Committee to a bill that I have pending, which is largely fashioned after one of our Oklahoma laws and which would consolidate the buying activities of the Government into one bureau, thereby cutting out duplication and waste.

The passage of this measure would assist to the extent that millions of dollars could be saved. Everyone realizes that the expenses of this Government must be reduced. I have no criticism of the members of the Committee on Ways and Means. I think they are as fine gentlemen as ever served in that capacity. I realize they have a hard problem to solve, but I can never support any measure that would take from the backs of the rich that which they should be willing to pay and place it on the backs of the poor. I am hoping that there will be a sufficient number of votes when the question comes up before the House after the conclusion of debate to strike out that provision so that we can return to our homes and say that we kept the faith, that we refused to vote for legislation that would penalize those that we have the honor of representing. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. KNIFFIN].

Mr. KNIFFIN. Mr. Chairman, the pioneers handed this grand country down to us with all of the perplexing problems of their day solved. Our forefathers solved their problems

and it is incumbent upon us to solve ours. To do this we need the courage of our forefathers. We must square ourselves to our responsibilities.

I have the honor to represent one of the finest and most intensely agricultural districts in this country, and I believe that I can say from first-hand information that the present condition of American agriculture constitutes an emergency of the gravest character. The position of agriculture surely is of vital concern to all of the people of this country, for it involves the national security, the racial character, the economic welfare, and social progress of our people.

The principal source of State and local revenue is the general property tax which rests almost exclusively on real estate. The tax burden of agriculture, unlike that of other classes, is fixed with hardly any relation to the agricultural income. There can be little doubt that the burden of taxation, as related to tax-paying capacity, is heavier on agriculture than upon the rest of the Nation's taxpayers combined.

To impose upon the farmer, the small business man, and all others residing in agricultural communities an additional tax would be to impose a burden that can not be endured. Members of Congress, we should not write into our law a sales tax on the necessities of life, wearing apparel, farm machinery, fuel, medicine, articles of food, including even the ice-cream cones which millions of prattling American children will consume, and many other things. The imposition of such a tax would be not only unbearable but unconscionable as well.

It is, of course, desirable that the Budget be balanced, and all of the Members of this House are anxious in their efforts to bring about that result. It is true that the Government should live within its income. Let us balance the Budget by reducing the enormously excessive cost of government in abolishing unnecessary bureaus and commissions and eliminating from the pay rolls all unnecessary high-salaried employees, and thereby put an end to the wild saturnalia of expense and extravagance which has in no small measure contributed to the present condition of the Treasury. Then also let us impose an added tax upon those who are able to bear the burden, namely, those whose incomes are many times greater than their actual needs and requirements. We should persist in these two directions until the cost of government is equal to its income, until the Budget is balanced, whether it require one, two, or more years in which to balance it. To do otherwise, it seems to me, would be cowardly. [Applause.]

The prolonged exhibition of patience on the part of the people challenges universal admiration. There is some limit, however, as to what they can and will endure. The American people are becoming awakened to the dangers which menace their freedom and prosperity and are determined to exercise again their sovereign control of this Government.

It is not my purpose to indulge in partisan discussion, for I have as much concern for my Republican neighbor as for my Democratic neighbor. I believe that in this country the injury to one of our citizens should be the concern of all. However, the fact remains that the Republican Party was to a considerable extent repudiated at the last general election, and it is believed that the repudiation will be completed this fall.

Now, to my Democratic colleagues I wish to say that the American people are hopeful. They are looking to the Democratic Party for just measures of relief. They are looking to the Democratic Party in the high hope that its service will enable them to emerge from the slough of despond and the mire of despair. If the Democratic Party will not be responsive to their hopes and aspirations, our party too will deserve to be repudiated by an aroused and justly indignant citizenry. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. FERNANDEZ].

Mr. FERNANDEZ. Mr. Chairman, from whence does this sales tax come? Mr. Chairman, if the President of the United States, if my Democratic colleagues, and if the Re-

publicans of this Congress can grant a moratorium to the European nations for the purpose of balancing their budgets, then why can not we in this Congress grant the American people one year's moratorium by the issuance of bonds to balance their Budget? [Applause.]

From whence does this sales tax come?

Whenever the issue in this Congress is between the common people of this country and the financial interests of Wall Street, you will find me fighting side by side with the common people, you will find me falling by their side, but you will never find me running away from them.

On all highly controversial matters arising in Congress for consideration I hope to be able always, in my humble way, to make known my views and stand on such legislation. We are here confronted with a sales-tax proposition the like of which will be so far-reaching as to sweep out into the poor ranks of the Nation; aye, even into the ranks of the unemployed, who must buy of the necessities of life, some of which are within the broad scope of the sales-tax measure. It has often been said that it requires no courage to vote against a sales tax, or for that matter any tax measure, and to go back home and face your people. Now, I am here representing 254,000 people from my district, and I know I voice the overwhelming sentiment of my people when I say they are unalterably opposed to so-called sales taxes or nuisance taxes. And why? Because industries are almost at a standstill. Money is scarce. In the city there is much suffering with insufficient funds to meet the needs. Relief is woefully inadequate. There is a steady heavy increase in application for relief and a shortage of funds in New Orleans. Will not, then, the imposition of a sales tax increase the already heavily and steadily mounting burden on those least able to pay and those who have consistently contributed to those in need as good citizens of the community? [Applause.]

From whence does this sales tax come? Let us go back a few years and review the platform of the major political parties in regard to the question of taxation. The Democratic platform of 1924, in part, said:

The income tax was intended as a tax upon wealth. It was not intended to take from the poor any part of the necessities of life. We hold that the fairest tax with which to raise revenues for the Federal Government is the income tax. We favor a graduated tax upon incomes, so adjusted as to lay the burdens of government upon the taxpayers in proportion to the benefits they enjoy and their ability to pay. We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the consumer the burdens of taxation.

The Republican platform of 1920, in part, said:

Sound policy equally demands the early accomplishment of that real reduction of the tax burden which may be achieved by substituting simple for complex tax laws and procedure, prompt and certain determination of the tax liability for delay and uncertainty, tax laws which do not for tax laws which do excessively mulct the consumer or needlessly repress enterprise and thrift.

Therefore, we see both great political parties enunciating a principle. Again, I ask, from whence does this sales tax come?

Why, it is not necessary for us to go back a few years to view the wringing denunciation of sales-tax methods. We have only to go back to November 21 of last year and read the statement issued by the leader of the Democratic Party in the other body, which I quote:

Every effort will be made by the Democrats to deal with the subject in a spirit of justice and conciliation to every interest involved. Such increases in taxation as are found necessary should be imposed with due regard to the principle that the best way to secure laborers in their employment is to promote confidence by rejecting measures likely to discourage investments in productive enterprises. It is generally understood that there is a limit to the rate which may be imposed without discouraging investment and production. In order to avoid the levying of income surtax rates so high that they may be calculated to prolong the existing depression, I recommend that consideration be given to the authorization of a bond issue sufficient in amount to cover that part of the deficit which is not overcome by increased revenues.

He characterized as "objectionable" the levying of a general sales tax.

Another distinguished Senator from Georgia is on record as follows:

I should say that the merchant must pass the sales tax on to the consumer. Indeed, all fixed charges must be passed on to the consumer. For the time being and in specific instances competition may fix the price without regard to the tax, but it is obvious that the merchant will become insolvent unless the tax is passed on to the consumer. This, however, is true of all taxes. They must be passed on to the consumer either in the form of taxes or in the form of increased price or profit. It is possible that the merchant will add more than the actual tax upon articles of little value and thereby collect a profit on the tax. I should think that this would result in some instances. In other, the merchant might absorb the tax.

Another distinguished Mississippi Senator had this to say about the sales tax:

I have opposed the sales tax even when the country was prosperous, because it is not in accord with my idea of taxation. I do not believe that the Federal Government should impose taxes, as a policy, upon those who are unable to bear them when taxes can be raised from those who are better able to pay them. A sales tax imposed upon all sales, whether from the manufacturer, the jobber, the wholesaler, or the retailer, is borne by the consumer. The consuming public now is in no position to carry heavier loads of taxation than they are bearing. Indeed, there is hunger and distress in the country. The sales tax would make that condition worse. If taxes must be increased, the wiser and equitable way would be through the imposition of increased taxation on the income taxes in the higher brackets. I could not possibly give my consent at this time, of all times, to a sales tax, thereby making every necessity of life more costly.

Why, again I ask from whence does this sales tax come? Listen to this, what the distinguished gentleman from Georgia, for whom I have the highest honor and regard, and who is sponsoring this sales tax bill at this time as a non-partisan, nonpolitical, all-American bill, had to write in the latter part of 1931:

I am opposed to a sales tax, for I believe the tax would be passed on to the ultimate consumer and that it would be pyramided two or three times before reaching the consumer.

The distinguished gentleman did, I believe, say much in a few words.

Now I refer that such representative bodies as the American Federation of Labor and the National Grange oppose the sales tax as bearing most heavily on the masses. [Applause.]

I am a Democrat and will always, as long as there is a Democratic Party, follow the principles of the Democratic standard. I would like to follow the leaders of the Democratic Party in this legislation, and I am conscientiously and firmly of the belief that I am following the Democratic principles, as already enunciated by their leaders and as evidenced by their past platform, and the statements of the distinguished Democratic leaders I have just quoted herein. I again emphasize, from whence does this sales tax come? [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Chairman, I do not speak frequently in the House of Representatives, but I listen with a great deal of care to the debates ordinarily, and it has seemed to me in the discussions through which we have been passing in the last few days that a very high plane of debate has been attained by the House. I do not recall any discussion that has taken place here in the seven years during which I have been a Member of the House where partisanship has apparently been so absent and where the true merits of the matter in controversy have been so thoroughly debated. I can not help sympathizing with the views of those Members who take an opposite position to my own, but the speech made on the first day of this discussion by the gentleman from Georgia [Mr. CRISP] would have convinced me very thoroughly that this bill should and must pass, even had there been no other debate on the subject and had I made up my mind to the contrary before I had heard him.

I never have had an opportunity in the House of saying what I think of the gentleman from Georgia [Mr. CRISP], who has been my friend ever since I have been a Member. I think if there is anyone in the whole House to whom that hackneyed term "statesman" could be properly and rightfully applied, it is to the gentleman from Georgia. I think

he has earned in the House of Representatives a place of which his State, his section, and his Nation might well be proud. [Applause.] And when, the other day, standing up before the full Membership of the House of Representatives, he gave to us the story of this bill and pictured to us the sheer necessity of its passage, it seemed to me that the first word was practically the last word which could be spoken upon this subject.

I am one of those who can not agree with the bill in its entirety. I think that when I come to vote under the 5-minute rule within a day or two, among other things I shall vote for raising the taxation on admission fees to a higher figure. I was very much relieved when I learned yesterday that the tax upon canned goods had been removed. There are many peculiar things which arise in a bill of this kind. I had a letter from some people at home a day or two ago—manufacturers of gas. They raised this question: They say that under this bill gas is to pay the tax at the source, at the place of generation.

They say, "We people who manufacture the gas and sell it always consider and estimate that there will be a leakage of somewhere between 6 and 30 per cent at the source, at the time and place of generation," and they raise the question, a very serious question, as to whether or not the tax ought not be taken away from the place of generation and placed at the point of sale. I may ask an amendment on this point.

Those questions must and will arise in such a bill as this, which must, according to what has been said upon both sides affect, in a sense, all of the people of the country. But it is only going to affect them for a comparatively short space of time. I am not one of those who believe that if the sales tax is adopted it will become one of the permanent features in our scheme of taxation.

We are to-day passing through a national crisis. That has been so many times said upon this floor that it is trite, but it has not been emphasized enough during this entire session upon the floor of the House that the crisis through which we are passing is not a local national crisis. It is not a crisis confined to the United States, as most of the crises in the past have been. It is a world crisis.

I was reading last night a book dealing with Japan's policy in Manchuria, in which the writer started out with the amazing statement that of the 450,000,000 people in China there are unemployed 200,000,000 people; 200,000,000, including those who actually do the work and their immediate dependents. Everywhere throughout the world is the same story. Everywhere throughout the world is disaster and dismay. I can not understand how any serious-minded man can think that the United States alone is passing through this cloud, that we alone are suffering from this great depression. The whole world is suffering from it and will be suffering from it for some years to come; but we in this country must take heroic measures, and we are taking heroic measures, to counteract it and to stop it just as far as it is humanly possible, and this is one of these measures.

Now, we are confronted again with a tax bill. We are confronted with a bill which must be to the highest degree controversial everywhere throughout this country. Votes are cast here for two reasons—for political expediency or for the reason that the person casting the vote believes that he is right and has satisfied his intellect upon that question. I have cast, during my seven years in the House of Representatives, a few votes, at least, which have been votes of expediency, political votes, if you care to call them so. In a crisis like this I intend to vote my views whether I ever enter the doors of the House of Representatives again after my term expires, and with that in mind I intend to vote for this bill as it finally comes out in perfected form from this committee. There is but one alternative, there is but one expedient, and that would be passing to those who come after us another tremendous bond issue, mortgaging and mortgaging again the future of this Nation.

I think we have had enough of that. I think that if by this tax—which, after all, is not going to bear so heavily upon the ordinary citizen of this Nation—we can balance

our Budget, that if we can raise the revenue that must be raised in order to bring us into the clear again, the thing for me to do is to support the bill recommended not by Republicans alone nor by Democrats alone but by both Republicans and Democrats.

I wonder if there is any man in the House of Representatives who could point to any member of the Ways and Means Committee and say, "That man is against the plain people," or would say, "That man was against giving to the honest workingman and the farmer the things that are due him"? Who would it be? Would it be the gentleman from Georgia [Mr. CRISP]? No. There would be no one in this House who would say he was not working honestly and conscientiously in behalf of just those people. Would it be the gentleman from Oregon [Mr. HAWLEY], who has earned a position equally as high in the House of Representatives during his long term of service? Nobody would hold him otherwise than as I have said, as being the friend of and meaning well for the ordinary, average, everyday man and woman; and this is true without exception of the entire committee.

If that is true, when this committee, after a long and serious study of this bill, extending over weeks, having the benefit of testimony brought to them from all over the United States, thinks this bill is the bill which should pass the House of Representatives in order to sustain our national credit in the years that are yet to come, then, Mr. Chairman, I am for that bill. [Applause.]

Mr. CRISP. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. LINTHICUM].

Mr. LINTHICUM. Mr. Chairman and members of the committee, it is not my purpose to devote my time to a general discussion of the bill. There is a particular section in the bill to which I am vitally opposed, because it affects not only the people of my great city of Baltimore but because it affects the whole country. That section is the section which places a tax on oil and gasoline.

It would impose a tax of 1 cent per gallon, or 42 cents per barrel, on crude oil, or 80 per cent ad valorem; 1 cent per gallon, or 42 cents per barrel, on fuel oil, or 70 per cent ad valorem; 1 cent per gallon on gasoline, or 25 per cent ad valorem.

Such a high tax levied on an article in a competitive market is prohibitive and confiscatory of the rights and properties of the American producing and shipping companies against whom it is directed. We have also the report of the Treasury to the Committee on Ways and Means that it will produce no revenue. Therefore it has no place in a revenue bill. It is in any event a surreptitious and thinly disguised tariff, and, even if it would produce revenue, has no place except in a separate tariff bill.

Mr. TREADWAY's report in his speech to the House also shows the Treasury failed to recommend the section as a revenue producer, making no report of expected income. Only the committee—most frivolously—"figured" an income of \$5,000,000. This could be expected only from the gasoline schedule, as the Treasury plainly stated that the proposed taxes on crude and fuel oil would bring no revenue.

That statement was put into the RECORD by the gentleman from Massachusetts [Mr. TREADWAY], showing that this tax will produce no revenue. If it will not produce any revenue then the only reason for putting it in the bill is as a tariff, and I think the Democratic Party is against a tariff except in cases where it is absolutely needed for the protection of labor and for revenue. It has no place in a revenue bill, and it is in any event a thinly disguised tariff.

The tax on crude oil is prohibitive. It will keep crude from entering the ports of Baltimore, Savannah, Bayonne, and Norfolk, for the manufacture of asphalt or fuel oil or gasoline; 47,000,000 barrels of crude oil were imported in 1931, from which were produced 1,500,000 tons of asphalt, 25,000,000 barrels of fuel oil, and 7,000,000 barrels of gasoline. These products held down the prices to the public of the Atlantic coast, especially for gasoline and fuel oil.

The oil we use on the Atlantic coast comes from outside the country. The oil which is used in the middle part of

the country comes from the mid-west companies, and the oil which is used in California comes from the oil wells of California.

The tax on fuel oil, which now sells all along the Atlantic for 60 cents a barrel, is 70 per cent of value, therefore prohibitive. The tax would be an umbrella over the heads of the major companies, which would raise the price of fuel oil by that amount.

Mr. McKEOWN. Will the gentleman yield?

Mr. LINTHICUM. The gentleman sees I am trying to stick to facts and figures.

Mr. McKEOWN. Just one question.

Mr. LINTHICUM. Then I will yield, because I always like to yield to the gentleman from Oklahoma.

Mr. McKEOWN. The gentleman knows that these major companies fix the prices. He knows they have always controlled the prices, whether there is an excise tax or any other tax. They have always controlled and fixed the prices, and they fix them as high as the service will stand.

Mr. LINTHICUM. The answer is that they fix the prices, of course; but in fixing the prices they must fix a reasonable price, because of this competitive oil coming in from other countries.

Mr. McKEOWN. The big companies which do this price fixing own the oil that comes in.

Mr. LINTHICUM. The gentleman said he only wanted to ask me one question.

Mr. McKEOWN. That is all. I will not bother the gentleman any more.

Mr. LINTHICUM. Three hundred and forty-eight million six hundred and thirty thousand two hundred and seventy-eight barrels of fuel oil were consumed in the United States in 1930. Cost to the user would be raised \$152,000,000—all for the benefit of the major companies with hundreds of millions of barrels in storage. American steamships alone used 94,130,000 barrels. The increased cost to them would be \$39,000,000, and, worse still, the cheaper fuel oil now brought here would go to their competing lines in Europe, depriving our ships of the only advantage they now enjoy—cheaper fuel—and passing that advantage over to their competitors.

The tax on gasoline is 25 per cent of present selling price of gasoline at American refineries, same being 4 cents per gallon. None would be imported. Under this umbrella the major companies could and would increase the price of gasoline by the amount of the tariff, or possibly more in the East. It would cost the American gasoline-using public, at 1 cent per gallon, an additional \$158,580,000 annually—all paid to the major companies with 632,000,000 barrels of all oils in storage to-day.

The Ways and Means Committee refrained from imposing a 1-cent flat Federal tax on all gasoline used, on account of the cost to the public. But this provision of 1 cent per gallon tax on imported gasoline, together with the barring of the crude from which one-third of it is made, will have the same effect without any return at all to the Government.

Total imported gasoline used in 1931:	Barrels
Imported as gasoline.....	13,000,000
Derived from imported crude oils.....	7,000,000

Or total of 840,000,000 gallons, which is about 20 per cent of all the gasoline used in the Atlantic Coast States; or 3.3 per cent of all gasoline used in the Nation.

Total cost to the American public without return to the Treasury	
Increased cost of fuel oil.....	\$152,000,000
Increased cost of gasoline.....	158,000,000
Increased cost of asphalt (at \$4.20 per ton, as it takes 10 barrels to make one ton).....	13,986,000

Total tribute to major companies..... 323,986,000

To summarize:

The tax, if enacted, will close down the refineries of Baltimore, all of which run on imported crude oil, and reduce the runs of many of the others on the Atlantic, transferring this activity to points in Europe and the Antilles.

<sup>1</sup> Decreasing road construction.

It will place a tremendous burden on all American consumers for the sole benefit of the major companies. No Federal revenue.

It will make our American steamship lines drop out of competition. Its burden upon them vastly exceeds all subsidy aid extended.

It will ruin the purely American industry of production of oil in foreign lands for the bolstering of the American fast-depleting supply of petroleum—which has been encouraged from patriotic reasons by every recent administration. (See hearings, pp. 181, 182.)

It will lay off more American workmen and operatives than are now unemployed in American oil fields. (Hearings, pp. 59, 127, 128, etc.)

And all to the present and continuing benefit of our major oil companies and the royalty speculators of the Southwest. (Hearings, pp. 173-177.)

The United States produces and consumes 68 per cent of the world's oil and has within its borders only 18 per cent of the world's supply. Every report of the conservation board has urged the use of more oil from abroad. This measure would stop that help to our limited supply.

It is just like the lumber question. When the tariff bill came up I voted to let logs and lumber come in from Canada. Why? Because our forests are becoming depleted, and any lumber that we may get from outside will add to the amount that is left for future generations.

Mr. JOHNSON of Washington. Will the gentleman yield for a question on the matter of lumber?

Mr. LINTHICUM. Yes. I am sorry I touched on that subject, now.

Mr. JOHNSON of Washington. I am awfully sorry, because each and every month that the gentleman lives and observes matters he will find that there is more and more timber standing in the United States that can not even pay the taxes.

Mr. LINTHICUM. Well, when it comes to that, we can not pay taxes on anything much.

Mr. JOHNSON of Washington. And we have had to forfeit the market to our neighbor, Canada, and they are quite grateful.

Mr. LINTHICUM. I must admit that I did not see the gentleman sitting there. If I had seen the gentleman, I would not have raised the lumber question.

Mr. JOHNSON of Washington. I am glad the gentleman did not see me, because I like for the gentleman to talk frankly and without fear.

Mr. LINTHICUM. Getting back to lumber, I voted to let the lumber come in because I felt that the more lumber we brought in from some other country the more we would have left for future generations.

Mr. JOHNSON of Washington. Will the gentleman yield again?

Mr. LINTHICUM. Yes.

Mr. JOHNSON of Washington. See how we differ. I voted for everything in Maryland that could be protected by tariff, and years ago when the Democrats had control I helped to vote a tariff on citrus fruits, and then they turned around and would not even put a tariff on the boxes that they packed the fruit in.

Mr. LINTHICUM. I am sorry that Maryland has not treated the gentleman better. It is not because they do not love him, I will tell him that.

The Governments of Venezuela, Mexico, Colombia, and Peru may be expected to recoil at the measure and enlist Latin American reprisals as on other and former occasions. It is our desire to have closer relations rather than halt them. [Applause.]

Mr. JOHNSON of Oklahoma. Since the gentleman from Maryland has mentioned the companies producing oil in Venezuela and other South American countries, let me suggest it is only fair that the gentleman should place in the RECORD the names of such companies. They are, as he knows, the Dutch Shell, the Standard Oil, and the Gulf, owned by the Mellon interests.

Mr. BLANTON. If the gentleman from Maryland will yield, it is well known that the Gulf Co. and the Dutch Shell,

and the Mellon interests are using peon labor in South America and Mexico, and they can ship foreign oil and gasoline into this country and lay it down cheaper than any independent company can produce it that is paying American standard wages. If you can put this tax on foreign oil—and it ought to be doubled—it will put many of the 100,000 men now idle back to work in Oklahoma and Texas. Is not the gentleman from Maryland in favor of that?

Mr. LINTHICUM. I understand in Texas they use a good deal of Mexican labor.

Mr. BLANTON. There is not a Mexican employed in the Texas oil-producing business. It is all white labor, and thousands of them are farm boys who need the money.

Mr. LINTHICUM. Is this the gentleman's speech or mine? [Laughter.]

Mr. BLANTON. I am only glad to get the gentleman from Maryland off of the hard-liquor question onto the soft-oil subject once in a while.

Mr. LINTHICUM. This is a lubricant question, and I stick to the lubricant. [Laughter.]

Mr. GOSS. If the gentleman from Maryland will yield, the gentleman from Texas attempted to make a tax speech the other day and got off on the liquor question.

Mr. BLANTON. Yes; and it was the gentleman from Connecticut that got me off. [Laughter.]

[Here the gavel fell.]

Mr. CRISP. I will yield to the gentleman three minutes more.

Mr. LINTHICUM. Now, I want to tell you what this will do to my State, and I am very much interested in my State. The cost to the State of Maryland if you tax this 1 cent a gallon for gasoline would be \$1,740,000. Fuel oil, 42 cents a barrel, will amount to \$2,239,000.

Closing down the refineries, because we will have to close them down, \$5,000,000.

Suspension of steamship service—I do not know what that would be.

Bunker oil that comes into the country, and is immediately placed on board the steamships—under this you could not receive any oil, for the tax would be levied immediately, and the British ships would not buy from us—they would go elsewhere. That would be a loss of \$2,000,000, making a grand total of \$10,979,000.

Now, gentlemen, this is what it would cost Maryland. It would cost other Atlantic seaboard cities about the same. It will cost the users of automobiles a large sum, and fuel oil for the homes, which have been changed from coal to oil burners, another large sum.

This tax will have a devastating effect upon water-borne commerce of the port of Baltimore and work hardships on the ultimate consumer.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. POLK].

Mr. POLK. Mr. Chairman, our friends on the other side of the aisle, who have been in control of all branches of this Government during the past 12 years, are now coming to the Democrats and asking us with tears in their eyes to help them balance the Budget. To raise enough money to pay the expenses of running this Government we are asked by the Ways and Means Committee to levy a tax which will reach down to the pocketbook of every farmer, every laboring man, and even to the unemployed.

I shall ask your indulgence to-day solely because I believe the time has come when the people of this country need some one to voice their disapproval of the tax bill now under consideration. I prefer to use the words "the people" as Lincoln used them when he spoke of our Government as being a Government of the people, by the people, and for the people. Too often, I fear, our leaders forget the real meaning of these words. I fear they interpret them as meaning a Government of the people, by a part of the people, for the benefit of that small portion of our people who hold Government positions, either elective or appointive or under the so-called civil service. To-day I am thinking not only of those who derive their income from the Government employment. I am thinking more of those

of our people who are toiling on the farms, in the factories, in the workshops, in the mines, in the office buildings, and of that vast army of the unemployed, some eight or ten million of whom are walking the streets of our cities, cold, and hungry, and in rags.

Under this proposed tax bill these people will all have to pay more taxes in addition to those they are now paying. As brought out in the debate of last Thursday, the poor man with only a few pennies in his pocket will have to pay a tax when he patronizes a hot-dog stand, while the wealthy man can buy the finest juicy steak that money will buy in the most expensive restaurant in our land without paying a penny in tax on that steak.

As a farmer and one member of the Committee on Agriculture of this House, I have risen to-day to voice my protest against the sales tax proposed in the tax bill now under consideration. [Applause.] The deplorable financial condition which exists on the farms of America to-day will be aggravated by this measure. At present the farmer—and I use the term "farmer" in its broadest sense, to include all those who are engaged in the production of food products, both grain and livestock, and those who are engaged in the production of all agricultural plant products, as tobacco and cotton. All these people, including in the aggregate some 30,000,000 of our people, will be doubly affected by this proposed sales tax. In the first place, the farmers of America have little control over the selling price of their products. Because of our economic system every farmer is forced to offer his products on the markets, without any control over the price which he may receive. He sends his cattle and his hogs and in fact practically all of his products to market and takes what buyers on that market choose to offer for them. If this sales tax goes into effect, those buyers will decrease their bids approximately the amount of the tax, because it will be easier to charge at least a part of this tax off in this way instead of looking to the consumer for it. If those engaged in manufacturing care to do so, they can charge all of this tax off to the farmer when they buy his products and can collect a double profit for themselves by charging the tax again to the consumer when the consumer buys their manufactured products. So far as I can learn from reading this bill, I find it does not preclude such unfair practices. For example, the farmer can be forced to take a lower price for his cotton than he might otherwise get for it and then be charged with the tax when he goes to the store to buy a pair of overalls or a cotton shirt—the price of those overalls or that shirt will have an item of tax added to its selling price; thus the farmer will be liable for two taxes; he will in many instances be forced to pay the tax twice.

The farmer when he sells his tobacco, his corn, his tomatoes, his cotton, his wool, his cattle or his hogs, or any other food or clothing product which is to be processed or manufactured, will be told by the buyers of that product that because of this manufacturers' sales tax they can not pay him so much for his product as he might otherwise get, while manufactured articles the farmer buys will be taxed. Taxed for whom? Taxed to maintain Federal Government employees in their present good, easy positions, the salaries of which have not been cut one penny. Taxed to pay the deficit of Republican administrations, which during the past 12 years have thrown money away like drunken sailors. I for one shall not by my vote or influence cause one penny additional tax to be levied on the great mass of our people until governmental expenditures are cut to the bone, and I believe that cut should start right here in the House of Representatives. [Applause.]

I have been amused at the unanimity with which the Republican leadership has acclaimed this bill as a Democratic measure. The parts of this tax bill which refer to income taxes, surtaxes, gift taxes, and estate taxes are all Democratic measures. The parts of this bill which include the sales tax and the amusement tax are not Democratic and never have been advocated by any Democratic Party platform since the days of Thomas Jefferson down to the present day. The Democratic Party platforms have favored

the plan of making the wealthy pay instead of poverty. Since 1916 every Democratic platform has favored the income tax. The Democratic Party has never intended to take from the poor man any part of the necessities of life. In 1924 the Democratic Party platform stated "we oppose the so-called nuisance tax, the sales tax, and all other forms of taxation which unfairly shift to the consumer the burden of taxation." Why has our Ways and Means Committee, which has on it just a majority of Democrats, now come before us advocating a sales tax? I think I can answer that question. It was partly answered by the distinguished gentleman from Georgia, Judge CRISP, last Thursday when he called to your attention, as recorded in the CONGRESSIONAL RECORD, on page 5695, that the Treasury Department came before his committee with a recommendation that tobacco should be placed on the tax list with an increase of one-sixth over the present tax; that automobiles and trucks under this Treasury Department program were to be taxed to the tune of one hundred millions; that an additional gasoline tax would be levied; that the poor man who wants to send a letter through the mails would have to pay 3 cents postage instead of the present 2-cent rate; that a stamp tax on checks estimated to place a burden of ninety-five millions principally on the small banks of America; that real-estate transfers affecting the man who wants to sell his farm or the man who owns a little lot in some small town or city and who would have to pay an additional tax to the Federal Treasury should he desire to sell his property; radios and phonographs were to be taxed; and capping the climax of this proposed scheme which our present Treasury Department advocated was the proposition that every domestic consumer of electricity and gas was to have levied upon his light bill and his gas bill an additional sum of money to help pay for the extravagances of government. If I remember correctly, Judge CRISP stated that we must take either one horn or the other of this dilemma—that we must take this tax program advocated by the United States Treasury Department or that we must adopt the sales-tax idea. My answer to the proposition is simply this:

I do not think it is at all necessary to raise this additional sum of money in either the way suggested by the Secretary of the Treasury or the way suggested by the Ways and Means Committee.

I believe that the Federal income-tax schedule should be advanced to the war-time rates, together with the elimination of many of the exemptions which are now granted. Second, by a Federal estate tax of 20 per cent as was suggested during the debates of Saturday, approximately one billion eight hundred millions would be brought into the Treasury. Third, a 2 per cent tax on the net worth of all stock and bond transactions has been estimated to bring in an income of approximately a billion dollars.

I heartily agree with the statement that it is necessary to balance the Budget, and in my humble judgment there are two ways, and only two ways, of accomplishing this balance. First, by reducing governmental expenditures, and by reducing them I mean a radical reduction which will hit all along the line. The second method and the easiest, from a political standpoint, is to leave governmental expenditures practically where they are and to place a sales tax on the unsuspecting public. I fear this latter plan is being recommended to us because it is considered to be a painless solution of the problem. As for myself, I can not agree to such a proposition of adding additional tax burdens upon our people until after adequate savings in governmental expenditures have been brought about. We should not levy one cent additional tax burden upon the people until we have cut the costs of government much more than these costs have so far been cut.

I have been surprised at the charge that has been voiced on that side of the aisle that the Democrats have made no effort to cut down governmental expenditures during the present session of Congress. Let us consider this matter fairly and upon its merits. As mentioned in the debate last Thursday, if two proposals recommended and sponsored and supported practically unanimously by those on that side of

the aisle had not been foisted upon the unsuspecting public, there would be no need for a sales tax or an amusement tax. I refer to the moratorium of European war debts amounting to \$252,000,000 and to the \$2,000,000,000 Reconstruction Finance Corporation.

I voted for the former because our President had already promised those foreign countries that he would give them his word that the United States would not ask them to make their payments this year. I voted as I did to support the President, to keep from having our President discredited in the eyes of the world. I think the country will commend us Democrats for our action in supporting the President on this proposition, even though many of us think his charity should have begun at home. The country will not forget the Democratic cooperation with our President in this matter, as the country has not forgotten the lack of cooperation on the part of Republicans some 13 years ago, when you failed to cooperate with the then President, the immortal Woodrow Wilson, after he had made some promises to these same foreign countries.

I can speak frankly about these matters because I voted against the Reconstruction Finance Corporation proposal, which has saddled an obligation of \$2,000,000,000 upon all the people of the country for the benefit of a very few of our people. In this regard I have the distinction of being the only Representative from either political party from the great State of Ohio who voted against the Reconstruction Finance Corporation bill.

I repeat that I have been surprised to hear distinguished statesmen on that side of the aisle hurl the charge to us that we Democrats are making no sincere effort to cut down Government expenses and that consequently additional taxes are necessary. In that regard I would like to call the attention of the House to a vote which is recorded on pages 5305 and 5306 of the CONGRESSIONAL RECORD of March 5, 1932. The House then had under consideration the appropriation bill for the Post Office Department. The distinguished Democratic chairman of the Committee on Appropriations, Mr. BYRNS, repeatedly begged the membership of this House to do our duty and to vote down any proposal seeking to increase appropriations for salaries in that department as we had done in the other departments. A distinguished Republican, the gentleman from New York [Mr. LA GUARDIA], arose and offered an amendment to strike out all of section 4 of the bill then under consideration, which section provided that no postal salaries should be increased during the years 1932 and 1933. The distinguished chairman of the Appropriations Committee had formerly pointed out, as recorded on page 5303 of the CONGRESSIONAL RECORD of that day, that this amendment, if agreed to, would mean an additional tax burden of a million and a quarter dollars on the people, not for the purpose of preventing a cut in salary but to provide actual increases in salaries.

While this problem was under discussion, if I remember correctly, only one Republican Member chose to raise his voice against this raid on the Treasury. I believe in giving credit where credit is due. This was the gentleman from Michigan [Mr. MICHENER], who pointed out that the adoption of the amendment might well lead to an eventual additional cost to the Treasury of \$7,000,000 which must be raised for the next fiscal year. His remarks are recorded on page 5304 of the CONGRESSIONAL RECORD.

In spite of the convincing arguments of the Democratic chairman of the Committee on Appropriations the gentleman from New York demanded the yeas and nays on his proposition to grant this raid on the Treasury. The vote was taken: It was a very interesting vote. It is a very amusing vote. But in reality it is really a tragic vote. This vote shows who had backbone on March 5, 1932. It shows who of the membership of this House were for economy on March 5; it shows who were legislating for the people, and who were legislating for the comparatively few who have their feet in the public trough. As a result of this vote demanded by the distinguished gentleman from New York, 116 Members of this House failed to vote. Their names are recorded on pages 5305 and 5306 of the CONGRESSIONAL REC-

ord. Of those who voted against the amendment, and I was one of that group, and please keep in mind that those who voted against that amendment were voting against the further raiding of the Treasury of the United States, 155 votes are recorded; 114 of these votes are Democrats and only 41 are Republicans. That is an interesting comparison when we remember that the two parties are practically evenly matched in numbers in this House. Of those who voted for this amendment 100 were Republicans and 60 were Democrats. This vote indicates that nearly twice as many Republicans were willing to go on record and register their votes in favor of increasing salaries while nearly three times as many Democrats as Republicans voted against further increases at this time. And yet our Republican friends charge that we Democrats are making no sincere effort to reduce expenses.

There is just one further example of the sincere effort of the Democrats of this House to reduce expenses, to which I shall call your attention. You may remember when the subject of the Speaker appointing an Economy Committee came before this House some weeks ago there was considerable Republican opposition to it. Monday, when the House had under consideration the question of extending the life of this special Economy Committee to the end of the session and the question of giving the committee some additional authority, a very interesting vote was recorded. You will find on page 6014 of Monday's CONGRESSIONAL RECORD the names of the 116 Members of the House who voted against the proposition of continuing the Economy Committee. In checking over those votes you will find that out of the 116 who voted against this proposition, 113 were Republicans. This is a further indication of the character of the opposition to the Democratic program of economy.

In conclusion may I repeat that this tax bill under discussion is not a Democratic measure. It has Andrew Mellon and his chief satellite, Ogden Mills, written all over it. Why do they advocate a sales tax? Simply because such a tax hits those who can not fight back. It strikes at an unorganized group of our people. It further burdens those least able to pay. It is taxation without representation.

In embracing this sales-tax system of taxation, it seems to me, we Democrats will be traveling far from the teachings of Thomas Jefferson, who fought so valiantly for the rights of rural America. Will it be necessary for those of us who choose to defend those same rights to write another Declaration of Independence? An independence of the domination of those who represent wealth, who, forgetful of the rights of the many, bow to the demands of the few.

I appeal to those patriots on both sides of the aisle who represent rural districts to vote against this sales-tax proposal, which will place a further unjust burden on the farmers of America. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I have a great deal of respect for the opinion of the Secretary of the Treasury, Mr. Mills; and I also have a great deal of respect for the opinion of the Under Secretary of the Treasury, Mr. Ballantine. On December 15, 1931, the gentleman from Oregon [Mr. HAWLEY] placed in the RECORD a speech delivered by the Secretary of the Treasury entitled "The National Budget and the Public Credit," which I think it would be well for Members of the House to read. I have an article written by the Under Secretary of the Treasury, Mr. Ballantine, and I ask unanimous consent to include that short article in my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Chairman, in the speech of the Secretary of the Treasury, reading from the RECORD, after discussing the sales tax, he said:

Certain it is that many months would elapse before the necessary administrative machinery could be set up and a number of years before such a new form of taxation could be firmly established in this country. And we are in need of additional revenue now.



The Under Secretary of the Treasury in his article gives a very good reason why I should oppose this bill if the sales tax remains in it.

I read now a portion of the article by the Under Secretary of the Treasury, who, if precedents are followed, will probably some day be Secretary of the Treasury. Mr. Ballantine said in the course of his article:

In its fundamental aspects the general sales tax is open to objections broadly classified as follows:

1. The general sales tax is essentially unjust in that it is a tax levied according to needs rather than according to ability to pay.
2. The general sales tax is grossly discriminatory. In so far as the tax can not be shifted it is distributed according to gross income, which furnishes no measure of tax-paying ability. The tax treats as being alike transactions which are fundamentally unlike; it subjects to very unequal risks taxpayers in substantially similar positions; it affords an indefensible bounty to the large integrated industry as compared with smaller industrial units.
3. The tax rests upon an artificial basis in that it turns upon the mere form of business transactions, and would lead to undesirable changes in business practices.

Mr. Chairman, I propose to follow the lead of the Secretary of the Treasury and the Under Secretary of the Treasury in casting my vote upon the sales tax.

Under my leave to extend I herewith include the article by the Under Secretary of the Treasury, Arthur A. Ballantine, entitled "The General Sales Tax Is Not the Way Out," written when he was a counselor at law in New York, and published in the May, 1921, edition of the *Annals of the American Academy of Political and Social Science*, on the general subject "Taxation and Public Expenditures":

#### THE GENERAL SALES TAX IS NOT THE WAY OUT

(By Arthur A. Ballantine, counselor at law, New York, formerly Solicitor of Internal Revenue)

Consumption taxes and other miscellaneous excise taxes must be relied upon to furnish a reasonable proportion of the vast sums needed as postwar revenues of the United States. A billion dollars sufficed for the fiscal year 1917; for current years expenditures and necessary debt reduction can scarcely be taken care of with four billions. (The Annual Report of the Secretary of the Treasury, submitted to Congress in December, 1920, indicates that the ordinary expenditures for the fiscal year ending June 30, 1921, will be as much as \$4,851,298,931, and that the corresponding figure for the fiscal year ending June 30, 1922, will be \$3,897,419,227. These figures are not inclusive of any amounts for reduction of the public debt and are based in the main upon estimates. Through the action of Congress the actual expenditures may be reduced below these estimates. It does not seem possible, however, that expenditures for this year or next year can be reduced much below four billions.) To place the bulk of the revenue burden upon consumption, through the instrumentality of the widely urged general sales tax, would, however, be unjust and unsound. Such a course would be a reversion to methods of taxation discredited by modern thought.

Under the revenue legislation now in force, according to the latest reliable estimates, out of a total estimated yield for the calendar year 1921 of approximately four billions, there will be derived from taxes on tobacco, admissions, transportation, automobiles, musical instruments, sporting goods, candy, toilet articles, jewelry, and luxuries about \$1,300,000,000, compared with a yield of somewhat less than one billion from the individual income tax, about half a billion each from the income tax and from the excess-profits tax on corporations, \$200,000,000 from minor business taxes, such as the capital-stock tax, stamp taxes, and license taxes, and somewhat under \$400,000,000 from customs duties. (These figures are taken from an unofficial estimate made in January, 1921, by Dr. Joseph S. McCoy, actuary of the Treasury Department—see revised report of the tax committee of the National Industrial Conference Board. Preliminary statements as to the amount of income and excess-profits taxes paid on March 15, 1921, appear to indicate that the actual yield, which was very difficult to gage because of the changed business conditions, will be somewhat higher than this estimate.)

Thoroughgoing proponents of the general sales tax urge that the tax system be changed so that the greater portion of the revenue will be derived from a flat tax on sales or turnover. The rate ordinarily proposed for such a tax is 1 per cent, and estimates of the yield relied upon by them vary from somewhat less than two billions to as much as six billions. The taxes which they would supplant are the excess-profits tax, the current estimated yield of which is rather less than half a billion, the corporation-income tax, and at least the greater part of the individual surtaxes. Sales-tax advocates are not clear and not in harmony among themselves as to what would be done with the present miscellaneous consumption taxes, but presumably these would be in the main supplanted by the general flat tax.

In current discussions proposals for far-reaching uniform sales tax take at least three forms:

1. A tax on every sale or turnover not only of commodities but also of services, real property, capital assets, and on rent and interest.

2. A tax on every business sale or turnover of goods, wares, and merchandise—sometimes referred to as the merchants' gross sales tax.

3. A tax on all final sales of goods, wares, and merchandise for consumption or use.

The first two differ only in the scope of their application, and most of the difficulties with the wholly inclusive tax apply also to what is left within the scope of the more modified second form. While the first form, "a tax on all sales by anyone to anyone," would have the merit of simplicity in definition, it is scarcely conceivable that any tax seriously considered for adoption would include the bothersome item of services, or would be made so burdensome as to cover sales of real estate, sales of securities, or sales of capital assets. A tax in the third form, on "final retail sales" only, would involve so much practical difficulty in requiring the constant distinguishing of final sales for consumption from other sales, and would have to be so high, probably at least 4 or 5 per cent, to yield the amount desired by sales-tax advocates, that it does not require special consideration. Discussion is therefore directed to the tax in the second form—a tax on all sales of goods, wares, or merchandise at a rate sufficient to yield the bulk of the needed revenue. It is assumed that such a tax would be assessed upon the net-sales of each taxpayer, presumably for each month, and would not be required to be collected from the buyer by the seller as a separate item. Such a requirement is clearly not adapted to conditions prevailing in commercial transactions in this country, and would constitute an intolerable clog and annoyance.

The general sales tax seems on first consideration to afford the most attractive solution of the revenue problem. The advocates of this tax maintain that it would easily furnish the bulk of the needed revenues; that it would be the fairest of all taxes, because under it, all transactions are treated alike; that it would be economically beneficial through freeing for investment purposes funds now absorbed in taxation, and through furnishing incentive for industrial effort by increasing the portion of profits that could be retained; that it would be easier upon the consumer than present forms of taxation because there would be less "pyramiding" of taxes; that the taxpayer would always know where he stood in reference to his obligations to the Government instead of being involved, as at present, in long-continued doubt and uncertainty; that the Government would be more securely financed through a tax which did not depend upon profits, and more conveniently financed by reason of the collection of the bulk of the revenues each month instead of at quarterly periods; and that the tax would be far easier for the Government to administer than income and profits taxes.

This is a formidable array of arguments, but analysis shows that the only arguments for the general sales tax having any substantial foundation are those of convenience, and that even here the advantages are generally exaggerated. In its fundamental aspects the general sales tax is open to objections broadly classified as follows:

1. The general sales tax is essentially unjust in that it is a tax levied according to needs rather than according to ability to pay.

2. The general sales tax is grossly discriminatory. In so far as the tax can not be shifted, it is distributed according to gross income, which furnishes no measure of tax-paying ability. This tax treats as being alike transactions which are fundamentally unlike; it subjects to very unequal risks taxpayers in substantially similar positions; it affords an indefensible bounty to the large integrated industry as compared with smaller industrial units.

3. The tax rests upon an artificial basis in that it turns upon the mere form of business transactions and would lead to undesirable changes in business practices.

Approach to the general sales tax is frequently made through the avenue of foreign experience. There is, however, very little in experience in other countries to commend the tax theoretically or, indeed, to furnish any basis for a judgment as to how it would operate under the very different conditions prevailing in the United States. The sales tax is by no means new; it was used in Egypt, in Babylonia, and in Rome. (For remarks and as to the history of the sales tax and foreign experience, see Prof. E. R. A. Seligman's report, *Proceedings of the Second National Industrial Tax Conference (1920)*, pp. 70-83.) Under the rule which prevailed in France prior to the revolution, and which has prevailed in many instances when a privileged aristocracy was in a position to dictate the method of securing the funds of the state, the greater part of the revenue was drawn from sales taxes which applied directly to the necessities of the common man. One of the chief objects of the democratic movement was to get rid of methods so oppressive.

#### THE SALES TAX IN OTHER COUNTRIES

In current practice the most notable instances of the use of the general sales tax are those of France and Canada. In neither case is the tax a flat general tax. In France the turnover tax instituted on July 1, 1920, covers three categories:

1. One and one-tenth per cent on general turnover, except such turnover as comes under headings 2 and 3 below.

2. Three per cent on all business classified as category 11 of luxury trades (articles which are considered as luxuries if price exceeds a certain figure).

3. Ten per cent on all business classified as category 1 of luxury trades (articles which from their nature are considered as luxuries).

It is clear that it was regarded as unreasonable to adhere to a general flat rate and that the classification of articles adopted must

involve many difficult distinctions. According to official reports it furthermore appears that this tax is yielding not over 45 per cent of the estimated revenue. France has been notably backward in the development of a modern, adequate system of taxation.

The Canadian tax rests upon sales of finished articles by manufacturers, wholesalers, and jobbers. As originally adopted it was coupled with other taxes upon the sales of a variety of specified commodities at rates of 3 per cent, 5 per cent, 10 per cent, 15 per cent, 20 per cent, and 50 per cent, and was subject to a long list of exemptions which included all food products, building materials for construction purposes, fuel, and other articles, and was subject to the power of the governor and council to add to the list of exempt articles so far as it was deemed expedient or necessary. The luxury taxes have been recently modified to meet the changed business conditions. Neither in France nor in Canada is the volume or complexity of transactions at all comparable to those in the United States.

In the Philippines the 1 per cent sales tax often referred to, which represents a continuation of Spanish methods, applies to sales of merchandise in raw, manufactured, or partly manufactured state and also to the sales of various kinds of services, including those by power, transmission, and transportation companies, but is subject to a large number of exemptions, including the sales of agricultural products used by farmers and the sales of small merchants. Philippine business is too trifling for mention in comparison with United States business, and we can not turn to the Philippines for instruction in the field of finance any more than in the field of politics. Mexico has indeed a comprehensive general sales tax, but even the Carranza government, after a careful report, recommended abolition of the tax because of cost of collection and the injustice to the poorer classes. One of the first acts of the United States on coming into the possession of Cuba was to abolish the old sales or consumo tax and substitute other methods of taxation. In England, where taxation is generally believed to have been handled with greater consideration and intelligence than in any other country, the sales tax has been carefully considered and rejected; so also in Italy.

#### DOES NOT DISTRIBUTE REVENUE BURDENS FAIRLY

To warrant adoption for a major source of revenue, other than as a last resort, a tax must be shown to rest upon some principle which makes it fair to the average citizen. The general sales tax rests upon no such principle; its theoretical basis is the bald proposition that the consumer must foot all the bills. This proposition makes about the same appeal to the citizen as did Ricardo's "Iron law of wages" to the workmen. That law doomed the wage worker to the minimum wage needed for bare subsistence; the sales tax, resting upon no higher ethical basis, would levy a toll even upon that wage.

That the consumer would pay the general sales tax is the outspoken and fundamental position of its advocates. And the burden which they would lay upon the consumer is not light, as implied by the 1 per cent rate usually suggested, but heavy. The minimum yield desired is \$2,000,000,000—more than the entire yield of the income tax at its highest. The rate necessary to procure the revenue desired from this source would very likely be as much as 2 per cent instead of 1 per cent. The most reliable estimate of the yield of a 1 per cent tax covering sales of all kinds by traders, manufacturers, mines, and farms—the estimate of Dr. Joseph S. McCoy—is \$1,100,000,000. To assure two billions or more it would therefore seem to be necessary to make the rate 2 per cent. (See report of the tax committee of the National Industrial Conference Board, December, 1920, pp. 13-14.)

Under this tax all sales transactions would indeed be treated alike, but far from being just this uniform treatment would be grossly inequitable. It has been wisely remarked that no injustice exceeds that of treating as equals things which are unequal. The general sales tax would levy toll upon sales of bread, of medicines, of plows, of tools, of building materials, of the simplest clothing, and would levy toll at the same rate from the sale of jewels, candy, and of automobiles. Sales do not pay taxes; the money must come from the buyer or the seller.

There is nothing whatever in the fact that all desired goods must be bought, which warrants a conclusion that all buyers can justly pay to the Government the same percentage on the price of what they buy. The one argument for such a method of tax is that sales may furnish a basis for collecting revenue which is convenient. That argument may suffice for a levy very small in total burden or resting upon articles not of prime necessity, but it fails to justify a uniform toll upon all articles, both necessities and luxuries.

In sharp contrast the income tax rests not upon needs but upon ability to pay. That ability is measured generally by the taxpayer's increase in assets over the taxable period and increases progressively with the amount of the income. Here we have a genuine principle commending itself as fair to the individual. More effort upon the part of the taxpayer and of the Government is required for the collection of taxes according to this principle, but, as in almost every field, painstaking effort is the price of justice.

Sales-tax advocates urge, however, that the consumer pays the taxes now—not only the excess-profits tax but also the income tax. The position that the consumer pays income and profits taxes is somewhat difficult to reconcile with the zeal of sales-tax advocates to do away with such taxes on the ground that they stifle industry. How can industry be burdened by taxes which are passed on? The truth of the matter is probably that taxes as-

essed against net incomes from business activities are in part shifted. (For an interesting and illuminating discussion of the relation of the income and excess-profits tax to prices, see David Friday's *Profits, Wages, and Prices*, Harcourt, Brace & Howe, 1920.) Under conditions such as prevailed during the war, those of a "sellers'-market" taxes on business income may be largely shifted, while under conditions such as now prevail they may be shifted to a relatively small extent. Always the producer near the margin finds it difficult to shift, for his prices can not be increased. Decisive here, however, is the consideration that the placing of the bulk of the tax burden directly upon income and profits leaves it in the first instance where the ability to pay is clear and in such a way that the largest possible portion will actually be paid through subtraction from income and profits.

That there would be less pyramiding of the general sales tax in the course of passing it on than of the income and profits taxes is a proposition without real foundation. Colorable support for this idea is drawn from a picture of the sales tax as a 1 per cent item which can be added as an item of a particular invoice. Waiving the difficulty that very many sales are not invoiced at all, it is apparent that even for invoiced sales 1 per cent covers the tax only in the case of initial sales of raw materials and even then only approximately. When the manufacturer or dealer comes to make a sale, he must, in order to cover the tax which he has had to pay or bear, allow not only for the tax applying to what he sells but for many things purchased by him subject to tax, not resold by him but constituting elements of expense such as equipment, packages, fuel, and the like. Under any practicable sales-tax plan this tax, like any other item, will so far as possible be treated by the sellers simply as an element of expense, not separately disclosed to the buyer, and subject to the same possibility of increase when passed on as is any other item of expense. Under this tax, as under income and profits taxes, the seller will charge all that he believes he can charge wisely, and the buyer must depend for protection against pyramiding not upon the form of tax but upon the maintenance of competitive conditions.

Keeping up a flow of profits available for investment in industry is essential to the successful working of the industrial system. It is, however, difficult to urge that business profits should in such times be left free from any substantial tax and that the needs of the Government should be met by the consumer, whose participation in the benefits of the investment process is rather more limited than the participation by the investors themselves. So long as Government expenditure remains inordinately high the flow of capital for investment is bound to be checked, whatever the form of taxation. Just distribution of the revenue burden is a consideration of even more pressing importance to those who desire to maintain the present industrial system than the full maintenance of the flow of profits for investment. On no economic or social principle so far developed can the general sales tax stand comparison with income taxes as the major revenue source.

#### INDEFENSIBLE DISCRIMINATIONS

Subjected to the same tax, sales transactions of every sort would result in indefensible discrimination in the distribution of the tax burden.

So far as the general sales tax is not shifted to the buyer, it would constitute a tax distributed according to gross income. Such income furnishes no test of taxpaying ability. A manufacturer having a substantial investment in plant and comparatively small turnover may realize on his sales a high percentage of profit, his net profit being a larger percentage of his gross receipts. If we assume that on sales of \$500,000 such a manufacturer realizes 15 per cent, or \$75,000, the sales tax which he would be required to pay, if he could not shift the tax, would at the rate of 1 per cent amount to \$5,000. In many lines, notably in jobbing and some retail lines, the gross profit is very low and the large turnover is what produces a satisfactory return upon the capital. Thus, according to the reports of the Harvard Bureau of Business Research, the average wholesale grocer turns his capital five times a year and makes a net profit on his sale of somewhat less than 2 per cent. To result in \$75,000 profits the sales of such a grocer would have to amount to \$3,750,000. The grocer's tax upon such sales would, at 1 per cent, amount to \$37,500. Accordingly, if the grocer could not shift his tax, he would in the case assumed be paying more than five times as much to the Government as the manufacturer, although his net profits, except for the tax, would be exactly the same. The Government would take one-fifteenth of the manufacturer's profit, but would take one-half of the grocer's profit. This is by no means an extreme case, for the difference in rates of net profits and the range of difference in relation of net to gross are very great. Nor is it idle to say that a large part of the total burden of the sales tax could not be shifted. Merchants selling goods at established prices or selling broken lots, merchants already charging all that the traffic will bear without destructive loss of volume, would be helpless before the discriminatory levy of the general sales tax.

Even where the tax can be largely shifted those who pay it in the first instance are subject to very unequal risks. In the illustration stated the manufacturer in making his payment to the Government risks only \$5,000, while the grocer risks \$37,500. The Government would take the money but would give to the taxpayer neither guarantee of his ability to collect it out of the buyer nor justification for requiring him to pay it himself. This levy would operate not only in prosperous times when the tax-

payer would feel able to pay it or in a position to collect it out of the buyer but also in hard times when unavoidable expense can barely be met.

Discrimination through the cumulative effect of the general sales tax has been often pointed out but never explained away. How this results is seen by considering such a situation as, for example, that existing in the shoe industry. Here, if the business is conducted by a great integrated enterprise, there may be but one or at most two sales between the raw leather and the delivery of shoes to the wearer. While if the different steps in the process are carried on by small dealers there may be five or six sales as follows:

1. Hides to tanner.
2. Tanner to leather merchant.
3. Leather merchant to shoe manufacturer.
4. Shoe manufacturer to jobber.
5. Jobber to retailer.
6. Retailer to consumer.

Where the goods pass by successive sales through six hands a sales tax will be levied six times. Where the goods move directly from the tanner to the consumer there would be one tax. The profits in the shoe industry are in general a very small proportion of gross receipts, frequently as low as 2 per cent, and this discriminatory cumulative tax burden might mean the difference between the success and failure of the small units. Even more striking instances of the disastrous cumulative effect of the tax might be taken from other lines of industry, such as the textile field or the field of the metal industries, where there may be seven or eight sales between the raw material and the placing of the finished articles in the hands of the consumer.

Under the income tax such discrimination does not occur. The net profits resulting from each stage in the process of manufacturing are taxed to the small unit where they are realized by small units but are also taxed to the great enterprise where that enterprise realizes profits from several different processes. That small units have been able to survive in many fields of industry in spite of certain advantages enjoyed by larger enterprises furnishes no justification for placing upon them a discriminatory tax burden, and, on the contrary, makes it clear how desirable it is to keep the small enterprise free from such burdens. It does not appear to be practicable to meet this difficulty of the cumulative effect of the general sales tax by attempting to apply the tax to each clearly marked stage in the processes of the integrated industry. The large manufacturer does not and can not sell raw materials to his factory or finished goods to his jobbing branch, and to attempt to set an imaginary price on the goods as they pass from one stage to another would lead to endless difference of opinion and confusion. Taxes to be practicable must follow transactions and not create them. They must be made to rest upon real transactions, not upon imaginary transactions.

#### UNDESIRABLE BUSINESS PRACTICES

Even as applying to actual sales the turnover tax would rest upon an artificial basis and would result in undesirable changes in business practices.

The use of direct sales upon which this tax would rest would probably be materially restricted in order to avoid the tax. Even where the tax could be shifted it would still be a substantial competitive advantage so to conduct business as to avoid accumulation of the tax. The burden of a 1 or 2 per cent tax on gross sales added at various stages is by no means light and would be emphatically worth saving. Hence the woolen manufacturer instead of buying his yarn would buy the wool and hire the spinner to make it up into yarn, and would also hire the dyer and the finisher. Sending of goods out to be processed would become a standard practice; consignments would take the place of direct sales. Effort to avoid the tax might result in the absorption of small units into the larger enterprises, a process that might have some advantages but which is not to be justly accelerated by a scheme of taxation.

Some advantages of convenience to the taxpayer the general sales tax undoubtedly has. It is simpler to make up a statement of net sales than a statement of net profits; it is easier to pay monthly than to pay quarterly; it is a relief to feel that a tax paid can not be the subject of any real difference of opinion. Yet these advantages of convenience are less important than it seems. Even though the general sales tax were adopted as a major source of revenue, a modified income tax would very likely be retained so that the sales tax reports would be additional and not in substitution for net income reports. Quarterly payment of income taxes as now permitted enables a prudent taxpayer to adjust his financing in a reasonably convenient way. Differences as to tax assessments, which have been so frequent, have arisen mainly as to excess profits taxes. That tax is distinctly a war tax. It ought to be abolished at the earliest possible date, and it can be abolished without resort to the general sales tax.

Under the income tax alone, with increasing experience by taxpayers in the application of the tax, increasing improvement in the structure, interpretation, and administration of the tax, difficulties with it should be far less in the future than they have been in the past when it has been a new tax operating under war conditions. What advantage in the convenience of the sales tax compares with the advantage of the income tax in ceasing to accrue when there is no net income?

This very consideration, that the income tax diminishes in yield in bad years, of course emphasizes the need of the Government to have at all times sources of revenue other than income taxes. Such sources can, however, be maintained as they have been with-

out resort to the wholly inclusive general sales tax. So far as sales taxes are needed, and they will be needed for some time, use can continue to be made of taxes levied upon the sales of selected articles not of prime necessity and levied at one stage of the process only so as to avoid any cumulative effect. (For a discussion of the methods of replacing revenue lost through the abolition of the excess profits tax and reduction of surtaxes, see the report of the tax committee of the National Industrial Conference Board, Special Report No. 18, December, 1920. See also in such report the discussion of the general sales tax and full statement of the reasons which induced a report against this tax by a committee unusually representative of industry.)

That objections to the general sales tax are much more than academic is shown by the rejection of the tax by the United States Chamber of Commerce in the recent referendum to its constituent local chambers of commerce throughout the United States; by the tax committee of the National Association of Credit Men; and notably by the rejection of it, after careful consideration and investigation, by the tax committee of the National Industrial Conference Board.

O, Mr. Chairman, where is this going to stop? Do the Members of this House feel for an instant that the masses are going to remain silent? You abuse the privilege granted to the Congress to provide for a tariff by placing a burden of over \$2,000,000,000 on the public. What for? To collect a few hundred million dollars? No. Under the guise of protection you extend special benefits to a selected few at the expense of the many and paralyze our foreign trade, causing American manufacturers to open plants in Europe.

Now, you come along with a tax bill, include a manufacturers' or a plain sales tax, that will take more from the pockets of those least able to meet your demands.

A set of those who have enjoyed special privileges from the Republican Party could not have drawn a bill that would have better satisfied them.

As my friend, Charles Ross, the Washington correspondent of the St. Louis Post-Dispatch says, "The sales tax is the income tax in reverse. It is large or small, according to the amount consumed by the taxpayer."

Prof. E. R. A. Seligman, of the Columbia University, says, "It sins against the cardinal principle of equality in taxation."

The St. Louis Star in an editorial says—

The sales tax is a tax on goods consumed. It is a tax on what people spend. Because most people must spend all they have, it is a tax on the entire income of the multitude. Far more important is the fact that the adoption of the sales tax would be an entering wedge for a complete shift of policy, the beginning of a drive against the income-tax theory, the opening of a campaign to go back to the old convenient system of putting the tax burden on those least able to pay.

Mr. Chairman, surely Mr. Mills should have some excellent reason for changing the position he took in December last; and Mr. Ballantine—what is responsible for him changing the view he expressed in this article, or can I be mistaken, is he of the same view to-day?

Some one around me says Mr. Ballantine wrote about a sales tax and not a manufacturers' tax. Call it what you will, but this proposal is an out and out sales tax and nothing else.

If a sales tax was such an evil when Mr. Ballantine prepared his article, surely it is equally as much an evil to-day. I so regard it and will cast my vote against it. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, this sales tax seems to be a waif, a political foundling. Nobody acknowledges its paternity, nobody wants it, and yet a great many gentleman on both sides of the aisle say we must take it in and nourish it upon our emaciated bosoms. The Republican papers call it a Democratic measure, and the Democratic papers say that it will be known as the Hoover surtax. It makes me think of the story of a meeting of the Indiana Society in Chicago a few years ago, when Mr. McCutcheon was toastmaster and George Ade was on the speaking list. When McCutcheon came to introduce Ade he said:

The next gentleman on the program is a very distinguished son of Indiana. Two cities claim him in the same way that nine cities claimed to be the birthplace of Homer, but with this difference, that Logansport says that he was born in LaFayette and LaFayette insists that he was born in Logansport.

We talk about balancing the Budget. Some gentlemen are arriving at this a little late in the session. I began to think about this with my first vote cast here when I voted against the moratorium. I voted against the Reconstruction Finance Corporation bill and voted against the road bill. These three bills totaled \$884,500,000. All of them had arguments which appealed to me, but I voted not to impair the credit of the Nation. Many gentlemen think I am wrong in all of those votes, but from the time I came here and knew the situation the country was in I thought the best way to balance the Budget was to keep money in the Treasury rather than vote it out. We talk about balancing the Budget; but I have one thought which has not been brought to the attention of this Congress. I offer it for your consideration.

We have more than one budget to balance. We have the Budget of the Federal Government; but, in addition to that, we have the budgets of 48 States, of 3,000 counties, of tens of thousands of towns and townships and cities and counties and school districts and drainage and levee districts and park districts in this country, all of which are supporting municipal securities that are now in the hands of the American investor.

The total of Federal obligations outstanding is around \$17,000,000,000. The total of municipal obligations outstanding is \$15,000,000,000, or almost an equal amount. These securities are held by banks, insurance companies, and private investors in the same way that Federal securities are, and it is just as important to them that the credit of those municipalities be maintained as it is that the credit of the Federal Government be maintained.

Where does this \$600,000,000 represented by the sales tax come from? It comes from the pockets of the American people and from no other source. It comes from the same pockets that pay the general property taxes upon which the budgets of tens of thousands of municipalities in this country depend and upon the balancing of which the value of their municipal obligations rests, and the question is, Can you drain \$600,000,000 from the States of this Union by enforcing a consumption tax which their taxpayers can not avoid paying, because they are upon the very necessities of life itself, without further impairing the ability of those same taxpayers to pay their property taxes, which are the basis of the credit of tens of thousands of municipalities in this country, which credit protects the integrity of \$15,000,000,000 worth of municipal obligations? In other words, are you not running a risk that for every benefit you seek to obtain for the Federal Government you are creating a more dangerous credit structure for the municipal corporations of the country?

Without pyramiding, the sales tax of \$600,000,000 will take \$5 per capita from the American people, or \$20 or \$25 per family per year, or \$2 per month per family. If it is passed on to the consumers of my district, that is over \$2,000,000. If it is not passed on, the manufacturers of my district will pay \$6,000,000 more to the support of the Federal Government than they are now paying. But, of course, it will be passed on, in whole or in part, plus some pyramiding. The sales tax will take \$21,000,000 from my State, which doubles its contribution to the support of the Federal Government, because it is now paying income taxes of \$21,000,000.

Now, my friends, people will pay their property taxes if they possibly can. It is a debt that they will pay before they even pay their grocery bill or their doctor bill, because if they do not pay the property tax they will lose the old homestead and the farm and the cottage of the wage earner in the city, properties into which so much of tears and sacrifice has gone. My friends, they are losing them now, because they are not able to pay the property tax, and that is affecting the credit structure of every municipality in this country. Literally millions of dollars of property taxes are in default at the present time.

From 1926 to 1930, 682,000 farms, or more than one-tenth of the total number of farms of this Nation, were sold at forced sale, because they could not pay their property tax

or the interest on their mortgages, and if you load on to those people who are living on such a thin margin as that another burden of \$25 per year per family, how many more farms and homes are going to foreclosure; and what is that going to do to the credit structure of the municipalities, which have issued obligations to be retired by the general property tax that they expected to collect but failed to do so? And for every forced sale of a home or a farm you add to the heartache and despair and social unrest of our people.

The gentleman from Montana [Mr. EVANS] the other day said that in his State 29 per cent of all the taxpayers are in default on the payment of their property tax and in some counties as much as 78 per cent. We know that that is true, more or less, in every State in this Union, and it is affecting the credit structure of every State and every county and every school district and every other tax-levying district in this country, against which a total of \$15,000,000,000 worth of municipal obligations are outstanding. How many more will default?

One of the leading bankers of this country—and I may say to the gentleman from Georgia [Mr. CRISP] he is not one of the New York bankers, but he is one of the leading bankers of this country nevertheless, one of the few big bankers of this country who has been doing a lot of constructive thinking, one of the very few who has kept his reputation in the last few years—said to me at the time of the Jackson Day dinner in Washington that there are 38 States of the 48 in the American Union in which municipal obligations of some tax-levying body are already in default.

Now, it is said that a sales tax of \$25 per family per year is a small burden; but you add that on when they are not able to pay the general property taxes, which is the very basis of \$15,000,000,000 worth of municipal securities, and what are you going to do back home?

Talk about balancing the Budget; we have other budgets to think of than the Federal Budget alone. It is not a small burden. In my city of South Bend, Ind., there are 32,000 automobiles. The last day for paying the license expired on March 1, and, according to my newspapers, 11,000 automobiles were taken off the streets of my city, one out of every three, because they could not pay six or seven or eight dollars necessary to pay for the license tax. You can imagine what that did to the sale of gasoline.

Now, my friends, the United States has not yet reached the limit of its borrowing capacity, as was clearly evidenced by the fact that for the \$900,000,000 that were offered last week we had an oversubscription of \$2,500,000,000, at 3½ per cent on the average, without any campaign to sell them. So the surplus borrowing capacity of this Government is not yet exhausted.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. JOHNSON of Washington. For what length of time was that obligation that was oversubscribed?

Mr. PETTENGILL. Three hundred million dollars for 7 months; \$600,000,000 for 12 months.

Mr. JOHNSON of Washington. The gentleman realizes the great difference between ability to sell short-term bonds and long-term bonds?

Mr. PETTENGILL. I appreciate that; but nevertheless I call the gentleman's attention to the fact that the rate upon which the United States Government is able to obtain money is a much lower rate of interest than the average rate of interest paid by the municipal corporations of the country.

Mr. JOHNSON of Washington. I agree with the gentleman as a general proposition, but I am wondering if, when the gentleman puts the township necessity ahead of the necessity for keeping up the credit of the whole Federal structure, which is above the township, he is not getting the cart before the horse a little?

Mr. PETTENGILL. Well, that is for the gentleman to answer. The gentleman may think that Federal bureaus are more important to his people back home than their schools, police, and fire protection. I say that the credit of the American Nation is not exhausted, but the credit of

thousands of municipalities is exhausted, either because they are not able to sell their bonds or because of constitutional limitations which prevent them from going into the market to get additional funds to meet deficiencies caused by general property taxes which are now in default or because municipal funds are in closed banks.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. MARTIN of Oregon. Would the gentleman exhaust the Government credit and the great resources of this country in selling Government bonds? Does the gentleman not realize how the sale of these bonds keeps manufacturers from getting money?

Mr. PETTENGILL. I would say that I am not in favor of issuing any bonds, because I would raise this money by a tax on nonintoxicating beer, the only tax you can propose where both the manufacturers and the consumers will pay without any protest whatever.

Mr. MARTIN of Oregon. Does the gentleman remember in 1919 that the Government was paying 6 per cent for money?

Mr. PETTENGILL. I do not recall that. But if so, we are not paying 6 per cent now. We are paying on an average 3½ per cent. So your observation does not seem to me to be pertinent to this discussion.

Mr. MARTIN of Oregon. And it was on these short-term loans paying 6 per cent. What chance would manufacturers have with rates like that?

Mr. PETTENGILL. I never heard of that. You are conjuring up a scarecrow that is not now before us. If you are having difficulty now by reason of the burdens on the people back home by way of property taxes, you will find the value of municipal obligations going down and affecting the portfolios of the same people who are holding the securities of the Federal Government itself, if you superimpose this sales tax on the very necessities of life. It was the last straw, not the first, that broke the camel's back.

You will create danger that schools are going to close and people are going to go short on fire and police protection and hospitals, which are a darned sight more important to them than tens of dozens of the various bureaus here in Washington.

So I submit to you, my friends, whether by bolstering up \$17,000,000,000 worth of Federal securities by taking \$600,000,000 away from the States of the Union you are not going to impair the budgets and credit of the municipalities of this country which are supporting \$15,000,000,000 worth of municipal obligations?

If with this burden, my friends, thousands of farms and homes are now going under the hammer, will not more go under the hammer if you place on the people of the Nation a burden of taxation which will amount to \$25 per family per year?

In other words, my friends, the sales tax is the income tax in reverse. If a man can pay an income tax he can also pay his property tax and will not lose his home nor will his city or county find its budget unbalanced, and its credit affected by such form of Federal taxation. The same is true of taxes on estates, or on luxuries or semiluxuries. But if you put a sales tax on the necessities of life, on his clothing, on his shoes, his fuel, his gas, his electricity, and almost everything else, you are going to make it more difficult for him to pay his property tax.

In other words, my friends, one of the objections to this sales tax, as I see it, is that it is the one form of Federal taxation which we might think of at the present time which is most designed to impair the credit structures of the municipal corporations of this country because it is a forced tax on the very people who are having great difficulty paying their property taxes and will necessarily be paid out of the same slender pocketbook. To balance the Federal Budget you run the risk of throwing thousands of other governmental budgets out of balance. To strengthen Federal credit you are adopting the one form of tax most dangerous to \$15,000,000,000 of municipal bonds held by the investors of the Nation.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. JOHNSON of Washington. I understood the gentleman to say that he thought this money could be raised by a tax on beer?

Mr. PETTENGILL. Yes. And let me say again, I am not in favor of issuing any bonds whatever. I prefer to tax beer, which millions want, to bonds which no one wants.

Mr. JOHNSON of Washington. Will the gentleman tell me how the people who are now losing their property can afford to drink enough beer to save their property and pay the beer tax?

Mr. STAFFORD. They are drinking it anyhow and not paying any tax at all, and paying two or three prices for it besides.

Mr. JOHNSON of Washington. Where are they drinking beer?

Mr. STAFFORD. In Chicago and all over the country, and Capone and his like are getting the revenue which belongs to the Government.

[Here the gavel fell.]

Mr. HADLEY. Mr. Chairman, I yield two minutes to the gentleman from Kansas [Mr. STRONG]. [Applause.]

Mr. STRONG of Kansas. Mr. Chairman and members of the committee, I want to correct the inference left by my friend from Missouri [Mr. COCHRAN] with the members of the committee when he quoted from Mr. Mills and Mr. Ballantine in opposition to the sales tax. I think most of the members of the committee thought he meant the manufactures tax carried in this bill. The fact of the matter is that the quotations he read, made by Mr. Mills and Mr. Ballantine, were against a general sales tax. They were statements they made in 1921, when we were considering a general sales tax upon every article sold, which would be pyramided. The article he quoted as having been written by Mr. Ballantine was published in a magazine printed in 1921.

I just wanted members of the committee to know the facts. I did not want these gentlemen of the Treasury Department quoted as being opposed to this manufactures tax.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. BOLAND]. [Applause.]

Mr. BOLAND. Mr. Chairman, I ask unanimous consent to extend my remarks and to include some newspaper clippings.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that in addition to the general consent to revise and extend his remarks he be permitted to include certain newspaper clippings. Is there objection?

There was no objection.

Mr. BOLAND. Mr. Chairman, it was not my intention to debate upon any question before the House of Congress in this session, but because of the result of a meeting held yesterday before Secretary of the Treasury Mills, in behalf of the exclusion of materials coming from Russia into this country, I am forced to abandon that idea, and I expect to offer an amendment against this sales tax bill. Secretary Mills told that committee yesterday it was a matter for Congress, and that Congress should not be passing the buck to the Secretary of the Treasury in reference to the exclusion of materials coming from Russia.

This important matter of anthracite coal coming into this country, which is fast becoming a menace, was brought very forcibly to my attention by a letter from Mr. Charles H. Dorrance, president of the Pennsylvania Anthracite Mining Co. This letter appeared in the Scranton Times, our leading publication in northeastern Pennsylvania, on February 8, 1932. Mr. Dorrance is a resident of my congressional district. His letter is as follows:

Vitally interested as I know you are in one of the basic industries of the State of Pennsylvania, I am taking the liberty, as one of your constituents, of calling your attention to a very serious matter affecting the sale of Pennsylvania anthracite at or near the ports of the North Atlantic States, especially in the New England territory.

The report of the Department of Mines, under date of January 29, shows that during 1931 there were 216,000 tons of Russian

anthracite imported into this country. From private advices which I have from New England, this tonnage is probably more nearly 350,000 tons. On a check-up we have recently completed we find that there are at least 30 cargoes, averaging 4,000 to 5,000 tons per steamer, which are due to arrive in New England from foreign countries before the 1st of March. A very large proportion of this is Russian Soviet coal.

We also find that this Russian coal is being sold in the New England market for a price equal with Pennsylvania anthracite and in some cases at a slight premium over Pennsylvania anthracite. Therefore, there is nothing in connection with this situation whereby the exclusion of this coal mined by convict or indentured labor would in any way work to the detriment of the consumer in this country but its exclusion would definitely work to the benefit of the prosperity and the employment of your constituents in Pennsylvania. I think that you will agree with me that there is no question as to this Russian coal being mined by indentured labor and very properly being subject to exclusion from import into this country. As one of your constituents, and speaking, as I think I do, for an overwhelming majority of the people of Pennsylvania, I am asking whether you can not arrange to bring such force to bear that this Russian Soviet coal may be excluded from import into this country.

As regards the Welsh, German, Scottish, and Chinese anthracite, I fall to see why, with a differential tariff in Canada against our Pennsylvania anthracite and bituminous, we should not have a protective tariff against the dumping of this coal into the Atlantic seaboard ports.

I would be very glad if you would advise together with our other Pennsylvania representatives and see what can be done in order to protect the employment of our Pennsylvania miners.

Upon receipt of this communication I immediately gathered the statistics which substantiate the previous statement showing this custom is becoming a menace to one of the Nation's greatest industries.

*Statement regarding importations of coal from Germany entered at various districts during the months of December, 1931, and January, 1932*

	Amount	Value	Importer
<b>ANTHRACITE COAL</b>			
December, 1931:	Tons		
Maine district.....	366	\$2,972	Chase, Beavitt & Co., Portland, Me.
Massachusetts district.....	4,137	26,337	John G. Hall & Co., 33 Broad Street, Boston, Mass.
New York district.....	4,590	25,658	Domestic Fuel Corporation, 17 Battery Place, New York City.
January, 1932:			
Massachusetts district.....	3,245	19,962	2,502 tons to John G. Hall & Co., 33 Broad Street, Boston; 743 tons to John A. Conkey & Co., Boston, Mass.
Total.....	12,338		
<b>BRIQUETS (BRICKS MADE OF COAL DUST AND OTHER COMPOSITIONS)</b>			
December, 1931:			
Maine district.....	991	7,125	Chase, Beavitt & Co., Portland, Me.
Massachusetts district.....	8,104	43,960	5,602 tons to John G. Hall & Co., 33 Broad Street, Boston; 2,502 tons to William C. Atwater & Co., Fall River, Mass.
Philadelphia district.....	118	299	Allen Forwarding Co. for the account of the Nucoal Co., Philadelphia, Pa.
January, 1932:			
Massachusetts district.....	3,051	16,447	2,502 tons to John G. Hall & Co., 33 Broad Street, Boston; 549 tons to John A. Conkey & Co., Boston, Mass.
Philadelphia district.....	370	1,051	Allen Forwarding Co. for the account of the Nucoal Co., Philadelphia, Pa.
Total.....	12,634		

No transactions in bituminous, shale, and lignite.

Only briquets imported at New York was a sample shipment of 70 pounds from Germany during November to the American Shipping Co. for the Transocean Coal & Transport Corporation.

*Import coal situation*

Foreign anthracite coal shipped in January, 1931:	Long tons
Russia.....	38,772
Great Britain.....	24,536
Canada.....	414
	63,722

*Coke imports shipped in January, 1931:*

Belgium.....	711
Netherlands.....	202
Great Britain.....	1,788
Canada.....	2,536
Mexico.....	80
	5,317

Briquets shipped in January, 1931:	Long tons
Germany.....	5,993
Foreign anthracite coal shipped in January, 1932:	
Russia.....	24,425
Great Britain.....	32,736
Germany.....	5,944
Belgium.....	8,849
	71,954
Coke imports shipped in January, 1932:	
Great Britain.....	6,250
Germany.....	3,354
Belgium.....	96
	9,906
Briquets imported in January, 1932:	
Germany.....	3,421
Belgium.....	2,301
	5,722

Ocean freight rate from British coal and coke shipping ports and Germany when British currency was at par, \$1.80 a ton, but since the sterling has depreciated the rate is now about \$1.35.

George E. Warren Co., Boston, handling Russian coal.

E. E. Kalthoff handling German coal coming in January and February, 1932, into Baltimore.

Information on Russian coal, February 18, in this country from Commissioner of Customs Eble in January, into the port of Baltimore, January, 1932, 250 tons; February, 1932, 700 tons, by E. Kalthoff.

Mr. Bradley further stated, February 19, 1932, a cargo of Hindu China anthracite just arrived in Boston. Will sell to wholesaler or party importing it at \$12.25 gross ton, f. o. b. Boston, with 75 cents a ton charged off for degradation and 25 cents a ton for cash in 10 days (gross ton, 2,240 pounds).

The same party is also importing English coke at \$7.50, f. o. b. Boston, net tons (2,000 pounds).

*Statement showing quantity and value of 23 shipments of anthracite coal entered at the port of Boston, Mass., from the United Kingdom, from January 1, 1931, to February 8, 1932, consigned to the New England Gas & Coke Co., 252 Stuart St., Boston*

Tons:	Value
4,094.....	\$23,894
2,994.....	14,111
2,996.....	15,506
3,594.....	21,081
4,200.....	29,095
3,362.....	20,224
2,355.....	20,053
2,999.....	26,830
2,492.....	20,274
3,599.....	28,961
3,334.....	22,098
2,595.....	17,866
2,692.....	20,314
2,492.....	21,162
2,376.....	13,793
3,239.....	24,799
2,647.....	21,095
3,444.....	25,692
3,200.....	27,938
2,786.....	14,270
3,053.....	14,825
3,584.....	18,208
2,974.....	13,866

**FEBRUARY 29, 1932.**

After compiling some of these figures as to shipments of foreign coal to the various corporations I was greatly surprised to learn that some of our own citizens were involved in this traffic. I wish at this time to bring to the attention of Congress the statement of March 4 in the leading newspaper of Scranton, Pa., the Scranton Times, which involves our present ambassador to the Court of St. James.

[Scranton Times, March 4, 1932]

**AMBASSADOR ENRICHED BY ANTHRACITE IMPORTS—SCRANTON TIMES REPRESENTATIVE REVEALS BIG SHIPMENT OF HARD COAL TO MELLON INTERESTS FROM ABROAD—BELIEVES MUCH OF IT RUSSIAN MINED**

WASHINGTON, D. C., March 4.—Profits from importation of low-cost foreign anthracite coal are adding their share to the already swollen private fortune of Andrew W. Mellon, former Secretary of the Treasury and now American ambassador to Great Britain.

This was learned by the Scranton Times here to-day through Government and private agencies.

Through a subsidiary company, the New England Gas and Coke Co., 252 Stuart Street, Boston, the Mellons and their associated interests have imported approximately \$486,000 worth of foreign anthracite coal.

All of this coal entered through the port of Boston, and all of it came from the United Kingdom.

The anomaly whereby an American ambassador's fortune is being privately enriched through imports from the country to which he is diplomatic representative is thus presented.

#### TWENTY-THREE SHIPMENTS

Federal figures show positively that 23 shipments of foreign anthracite entered the port of Boston consigned to the New England Gas and Coke Co., and that the customs valuation of these shipments was \$485,955.

Although this anthracite is billed as from the United Kingdom, to the principal country in which (England) Mellon is the accredited ambassador, it is very probable that some of it originates in Russia.

Since Great Britain has diplomatic relations with Russia and trade between the two nations is relatively free, it is regarded as virtually certain that the majority of the anthracite imported by the Mellon-controlled firm originates in Russia.

Another angle to the situation brought to the forefront by this revelation is the fact that the Mellon interests control large Canadian interests and that much of the imported anthracite probably enters Boston from abroad by way of Canada.

#### PITTSBURGH MEN DIRECTORS

The New England Gas & Fuel Association, the parent company for the New England Gas & Coke Co., and other Mellon interests in New England, was formed in 1929 by interests identified with the Koppers Co. of Pittsburgh. Seven Pittsburghers, all regarded as affiliated with the Mellons, are on the board of directors, including the Rusts and R. K. Mellon.

The New England Gas & Fuel Association owns 98.8 per cent of the stock of the Massachusetts gas companies, which in 1917 formed the New England Fuel & Transportation Co., which in turn controls the New England Gas & Coke Co., and is virtually the transportation firm of the latter concern.

Herewith are listed individually, in the order received, the shipments of anthracite coal consigned through the port of Boston to the New England Gas & Coke Co.:

Tons:	Value
4,094	\$23,894
2,994	14,111
2,996	15,506
3,594	21,081
4,200	29,095
3,362	20,224
2,355	20,053
2,999	26,830
2,492	20,274
3,599	28,961
3,334	22,098
2,595	17,866
2,692	20,314
2,492	21,162
2,376	13,793
3,239	24,799
2,647	21,095
3,444	25,692
3,200	27,938
2,786	14,270
3,053	14,825
3,584	18,208
2,974	13,866

If this statement is true, as it undoubtedly is, we certainly should feel very proud of the ambassador we have at the Court of St. James, and it also proved very conclusively to me that there was a very good reason for the nonexclusion of Russian coal, which in my opinion was mined entirely by forced labor. There seems to be some doubt as to our being able to get the proper kind of evidence that these shipments of anthracite coal from Russia are being mined by forced labor and, therefore, that particular coal can not be excluded from our shores, although it is helping to create the hardship that now exists in the anthracite fields. It is impossible for me to convey the deplorable conditions that now exist in the anthracite coal field, but I might say in a few words that they are heart-rending, and with this condition existing, it is regrettable to think that this country would allow a commodity of this kind to come from foreign countries to compete with one of our greatest assets.

Anthracite coal from those countries is now being transported thousands of miles over the seas and sold in Boston at prices as low as we can sell ours at the mines. Of course, the present unnatural differences in values of currencies are responsible to a degree for that condition, but only to a degree. The low cost of labor is the major element. In many instances there is almost a total lack of labor cost,

investment cost, and costs similar to those of maintaining our standards of protection of human life in mining. The oversupply of freight ships, coupled with such use of labor, makes the transportation of coal halfway around the world cost less than from Scranton, Pa., and Boston.

The freight rates on recent cargoes from Indo-China was \$3.50 per net ton. Our Scranton-Boston rail rate is \$3.88.

Recent rates from Russia are \$2.27 per net ton; from Germany, Belgium, Wales, and Scotland, \$1.05 to \$1.22.

Imports of foreign anthracite into New England territory have been as follows:

	Net tons
1926	387,000
1927	106,000
1928	369,000
1929	483,000
1930	658,000
1931	638,000

I am also informed that new contracts insure an increase of importations to more than 1,000,000 tons in 1932. Already the record is being made, and up to February 16 material increases have arrived.

Mr. Dorrance, to whom I have heretofore referred, in a letter to Senator REED of March 9, says that the charge is not made that this Russian anthracite is produced or transported to tidewater by convict labor. The charge very definitely is made and widely known that it is produced and transported by "forced labor," under any just or fair interpretation of "forced labor" in section 307 of tariff act of 1930. This fact was related to us by a Pennsylvania engineer who had actual experience in the Donetz field of Russia for nearly two years. He said the workmen are sent to these mines by the soviet. They are not compelled to go nor are they compelled to work. But if they do not go or do not work—with some possible exceptions—their bread card, which means food, clothing, and housing to them, is taken away. I am satisfied with that kind of condition you can not designate this in any other manner than "forced labor."

Now, Mr. Chairman, I believe that the Customs Department would exclude this Russian-mined coal from our shores if they could get the proper kind of evidence that it was being mined by forced labor, but unfortunately they are unable to get this evidence because of the arbitrary attitude of the Russian Government. However, I have always been under the impression that this body was all powerful and could, if they thought it wise, find a remedy to meet any kind of an emergency. If this is true, I am appealing to this Congress in the name of humanity, in the name of protection for American industries, in the name of starving women and children, because of the lack of employment for their bread earners, to find a remedy for this very important matter. You will not only help the unemployment situation but you will be responsible for the bringing of happiness in no small measure to hundreds of thousands of American citizens. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Chairman, I rise at this time to read an editorial that appeared this morning in the Philadelphia Public Ledger in connection with the bill that is now under discussion, as follows:

#### CONGRESS MUST GET BACK TO BEDROCK

Capitol Hill is swarming with terrified Congressmen. The frenzied screaming in Congress as the new tax bill is debated in the House is drowning out all other sounds in Washington.

Some 435 Members of Congress are now face to face with their own sins of omission and commission. The appropriation chickens they so willingly hatched during the last decade are coming home to roost. They finally realize that even for Heaven's own anointed in Congress the new era is over.

Somebody must pay for the wildest orgy of governmental spending ever known in this or any other country in all recorded time. Somebody must pay for four billion dollar Congresses. Somebody must pay for all the frantic irrigation projects, all the Farm Board experiments, and all the enormous subsidies and tremendous but unproductive "improvements" of the last 15 years.

That somebody is the American taxpayer, and he happens to be in a mood of brooding revolt against further and increased taxation. He is looking at Congress with a hard and cynical eye. He wants his taxes reduced at the exact moment when Congress simply and inevitably must increase taxation.

The richest government in the world is facing the biggest deficit in the world. As swiftly as possible the Federal Budget must be balanced. To do this additional revenues totaling more than 1,000 millions must be raised in the fiscal year 1932-33.

Borrowing can not do it. There would come a day—and soon—when the Government could not borrow. No matter how much Congress may fear and dread it, the money must be raised by taxation.

It can not come from income taxes. Only a little more can be had by taxing incomes. In 1929-30 these taxes yielded \$2,411,000,000. At the present rates, incomes would yield not more than \$867,000,000 for the year 1932-33. Even under the proposed steeply raised rates they can not return more than \$1,110,000,000. The deficit can not be cured by income taxation. That source of revenue is failing.

Customs receipts can not carry the new load. Nor can the now heavily burdened internal revenues. Oil, tobacco, utilities, amusement, and motor interests stopped the congressional attempt to place the whole burden on their backs. Miscellaneous items of revenue can not make up a tenth of the deficit.

Congress and the Nation have made their beds and must lie therein. The country finds itself between the devil of its own wild spending and the deep sea of certain resentment. For nearly 15 years it has gone along on the apparent assumption that the Treasury of the United States was a golden and bottomless bin. Congress has spent just about what it was asked to spend. There have been subsidies and commissions and improvements, and Congress has handed out the cash.

Now, all this must be paid for and maintained. The big whoopee is over, but the piper must be paid. We thought the devil had been chained for a thousand years in the bottomless pit. We were mistaken. Mr. Ford and Mr. Schwab were mistaken. Mr. Coolidge and Mr. Hoover and Mr. Raskob and Professor Fisher and divers other gentlemen were mistaken.

The old delusions and illusions have exploded in our faces. We are back to bedrock. Congress must get back to bedrock along with the rest of us. We shall have to stop emptying the Treasury with a steam shovel. Some tens of thousands of our officeholders must be cast into outer darkness. Washington must stop explaining why it can not cut, and do some actual cutting. Government must be deflated along with everything else.

Congress fears the new manufacturers' tax. Congress fears any tax that can not be saddled on a minority.

Nobody wants to be taxed. Somebody will fight any tax that can be proposed. But Congress may as well cease whining and wriggling and screaming and dodging. It must pass a tax bill, and it may as well enact one that will spread what is everybody's burden on everybody's shoulders.

Mr. CRISP. Mr. Chairman, the gentleman from North Carolina [Mr. DOUGHTON] says he has no one to go on now, the gentleman from Oregon [Mr. HAWLEY] has no one, and neither have I.

I move, Mr. Chairman, that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 10236, the revenue bill, had come to no resolution thereon.

#### LIMITATION OF INJUNCTIONS

Mr. SUMNERS of Texas submitted the conference report on the the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes.

#### PROPOSED AMENDMENT TO THE CONSTITUTION

The SPEAKER. The Chair lays before the House the following communication:

STATE OF NEW YORK,  
EXECUTIVE CHAMBER,  
Albany, March 11, 1932.  
Washington, D. C.

SIR: I desire officially to inform you that the Legislature of the State of New York has ratified the proposed amendment to the Constitution of the United States passed at the first session of the Seventy-second Congress relating to terms of the President, Vice President, Senators, and Representatives of the United States, time of assembling of Congress, and the method of succession to the Presidency and Vice Presidency.

I am inclosing herewith an engrossed copy of the concurrent resolution of ratification of the Legislature of the State of New York.

Very truly yours,

FRANKLIN D. ROOSEVELT.

Mr. CHINDBLOM. Mr. Speaker, a parliamentary inquiry. What will become of the communication of the Governor of New York?

The SPEAKER. It goes in the archives of the House.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. GILLEN (at the request of Mr. THOMASON), for the remainder of the week, on account of illness.

#### PENDING LEGISLATION

Mr. JEFFERS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of pending legislation.

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

There was no objection.

Mr. JEFFERS. Mr. Speaker and my colleagues of the House of Representatives, several matters of interest to our war veterans and their dependents are pending before the Congress at this time, and it is my desire to call attention briefly to these matters, to register my views concerning them, and to express the hope that we may be afforded the opportunity of bringing these bills to the floor of this House for action at the earliest possible time, and certainly during this session of Congress.

#### THE ADJUSTED-COMPENSATION CERTIFICATES

I am in favor of the payment of the balance on these certificates, and I am confident it can be done without seriously impairing or disrupting the economic or financial status of this Nation.

We have during this session of Congress enacted into law several measures of major importance. We have passed upon these questions in good faith, believing them to be necessary to the stabilizing of business, and in the sincere hope that with the aid of these relief measures that we have passed the confidence of our people would be restored.

The bill to enable the Federal farm land banks to extend mortgage payments in meritorious cases; the reconstruction finance act, to give new lifeblood to faltering business; the Glass-Steagall bill, to expand Federal reserve credits—all should be of material help in the long run. We are hoping for and looking forward to the return of more prosperous conditions; but in the meantime we sorely need, in every nook and corner of the land, among the rank and file of the people, some form of relief which will put money into circulation immediately, even though it may not be in such plentiful quantities. Any amount of actual cash in circulation, however small, would give hope and encouragement to our people. If there ever was a time when this was needed, it is now.

This is not a matter of charity to be extended to our people by the Federal Government. These adjusted-compensation certificates constitute an outstanding obligation. Some may use the argument that while these adjusted-compensation certificates are an obligation of the Government they are not yet due. But, let us remember that if this adjusted compensation, or added pay, as we might well term it, had been issued at the time when it should have been—that is, when the soldiers of the World War received their discharge—these certificates would now be a great deal nearer due for full payment than is now considered to be the case, because they were not issued until a good many years had elapsed after the soldiers had finished their services and had received their honorable discharges. But, even though it may be argued that the certificates are not due, according to their terms, to be paid in full at this time, we must take into account the actual conditions that exist among our people all over our Nation to-day, and as we do find in these certificates an outstanding obligation we can very properly see, through their payment now, an opportunity to relieve distress and, at the same time, stimulate business.

I feel perfectly safe in making this prediction, that if these certificates are paid off at this time a vast majority of the veterans will undoubtedly put this money to good use by paying current debts, making payments on homes and thereby preventing the actual loss of their homes, which is now confronting a great many of these men; for the purchase of furniture for their homes or equipment for their farms,



and many other such worthy purposes. This money would find its way into every channel of business. We have already put over a big program of legislation which we hope will, in the course of time, stabilize and stimulate business, and I can not think of anything which would be more apt to set things into motion than to put these funds immediately into circulation. And remember that these certificates have had a small loan value from year to year, and a large percentage of the veterans have found it necessary to borrow annually on their certificates. Remember, too, that last year we granted a 50 per cent loan value on the certificates and a still larger percentage of the veterans, on account of the very distressing economic condition existing last year, borrowed up to 50 per cent of their certificates. And remember one thing further, and that is that if we do not now find a way to pay off the balance of these certificates, the banks and the Government will consume it by compound interest on what has been borrowed, so if the veterans are forced to wait for this balance until, under the terms of their certificates, it becomes due, they will then find that there will be no balance, because by that time it will have been eaten up by compound interest. Let us not forget that fact. Certainly that condition is not one which we wish to anticipate.

The payment of these certificates would be of great practical benefit to these veterans, to their families, and other business people of the country; but let me say that a result just as valuable as that, or even more so, would be the satisfied feeling toward their Government, for the protection of which they served in time of national peril, in the minds and hearts of our ex-service men and women, and I want to see that result just as much as any other.

When the adjusted compensation bill was passed in March, 1924, I strongly favored cash payment to those who wanted and needed cash, and the issuance of a certificate for an insurance policy to those who might elect to take a policy instead of the cash. On March 5, 1924, I was given the opportunity to appear before the Ways and Means Committee to testify regarding the form of an adjusted compensation bill. Permit me to quote, in part, from that testimony as follows:

Mr. JEFFERS. Mr. Chairman and gentlemen of the Ways and Means Committee, as to the form of a bill to provide for adjusted compensation for ex-service men and women who served in the World War, we respectfully recommend and urge that the bill which will be reported out by your committee shall be a bill providing two options, to wit:

(a) Adjusted compensation in cash to all such ex-service men and women who desire cash;

(b) A paid-up insurance certificate, so that those who would prefer the terms of the paid-up insurance certificate to the cash may accept it instead of cash. \* \* \*

We believe that a bill containing only the two options—(a) cash and (b) a paid-up insurance certificate—would certainly satisfy a greater per cent of the ex-service men and women.

The following extract from a news item which appeared in the Washington Star of March 6, 1924, states correctly the fact that it was not with any partisan feeling that I testified before the Ways and Means Committee regarding this legislation:

While the twofold proposition to allow either full cash payments or the insurance policies was advanced by the special committee of veterans named by the House Democratic conference, the plan is not binding on the Democrats as a whole, it was explained, and Representative JEFFERS, Alabama, chairman of the committee, asked that it not be considered as a partisan view.

We have heard from some quarters that the war veterans themselves are not, as a rule, desirous of securing the payment of the balance on these certificates. I am sure that is not a correct estimate of the situation. If those who are making that contention could see the letters that come every day from organizations and groups of veterans and read the steady stream of individual letters, all emphasizing the distress and actual need in which so many of these veterans and their families now find themselves, and through no fault of their own, they would not long continue to labor under such false impression.

We are furnished with reliable statistics which give us a very clear and understandable idea as to how this money

would be put into circulation in every county and community, however remote, and I note that it is estimated that the probable amount which would go to my own State of Alabama is \$29,876,139.92. In the congressional district which I have the honor to represent the probable amount which would be put into circulation is as follows:

Alabama	
Autauga County.....	\$222,345.26
Calhoun County.....	627,848.19
Clay County.....	200,600.72
Coosa County.....	140,673.40
Dallas County.....	622,011.26
Elmore County.....	387,021.20
St. Clair County.....	276,717.90
Talladega County.....	510,770.89
Fourth congressional district.....	2,987,988.82

In concluding my remarks, when I spoke on this subject here in the House of Representatives on March 17, 1924, I stated:

I am in favor of fair adjusted compensation for the ex-service people of our Nation as a matter of right, looking at it from the standpoint of merit, fairness, and justice.

And now in this hour of distress among these same ex-service people of our Nation, let me again say, looking at this proposition from the same standpoint of merit, fairness, and justice, I am of the sincere and honest opinion that this matter can be rightfully settled only by arranging for the payment of the balance of these certificates.

#### WIDOWS' AND ORPHANS' PENSION BILL

The Committee on World War Veterans' Legislation, on which committee I have the privilege of serving, has reported a bill to the House providing financial relief for the widows and orphans of deceased World War veterans, regardless of the immediate cause of the death of the veteran. Everyone knows that there is real need for general legislation of this character.

Of course, we have now the law under which widows and orphans can draw a pension, provided it can be proven by medical evidence that the veteran's death was caused by some service-connected disability. But even if the veteran has suffered all the time since the World War with service-connected disability, and if his death is brought about by some cause other than his service-connected disability, we find these widows and orphans left without any financial aid whatever. There is no Member of Congress who does not know from his actual experience of many such cases that exist in his district where these women are prevented from making a living for themselves and their children because of having these children to rear which they have borne by these war veterans who are now dead. The members of the Committee on World War Veterans' Legislation and Members of Congress know that for several years I have worked for legislation of this character. I am very glad that it seems now that we have good prospects of securing consideration on the floor of the House on this proposition during this session.

Personally, I am opposed to the so-called needs clauses, which are sometimes referred to as pauper clauses, and if we can secure the opportunity to do so I will be very glad to support an amendment to take those particular provisions out of the bill. Of course, we realize that we are working under a great handicap at this time, in view of the general economic situation over the country, and in view of the present condition of the Federal Treasury; but, nevertheless, this relief for these widows and orphans which is so sorely needed in so many pitiful cases is of such meritorious appeal that I am perfectly willing to go on record in favor of the passage of this bill during this session of Congress.

#### THE 90-DAY CLAUSE

In the past all pension laws have required a specific number of days of service as a minimum as a condition of title to a pension for disability not of service origin. This has been the policy in this regard for service pensions for veterans of the Civil War and the Spanish-American War. This policy has been followed in the law providing disability allowance for World War veterans on account of disability not of service

origin. Upon mature study of this question I think it reasonable to conclude that on account of the different conditions covering the recruiting of men for the World War the 90-day clause, as a condition of title to a pension for disability not of service origin, should be eliminated.

In the wars prior to the World War the soldiers enlisted for terms or for the duration of the war. It was not so in the World War. In that war this Nation adopted the policy of drafting men. Under that policy the men had to wait until the Government called them. Therefore we can see that it was through no fault of the veteran that he did not serve the 90 days. The men were called at the will of the Government and discharged in the same manner; and all those who were discharged within 90 days from the time they were drafted are barred from participation in the benefits of the disability allowance law. I do not think there should be this discrimination against these veterans since the matter of the exact time when they entered the service, or the exact length of their period of service, was not within their control under the policy of our Government during the World War.

I will do what I can, therefore, to bring about the repeal of that particular provision of the law.

#### CIVIL-SERVICE PREFERENCE FOR VETERANS

The experience of war veterans that the preference which is supposed to be granted them under existing laws and regulations in recognition of their services to their country in time of war has been, in many instances, defeated by executive and administrative agencies in the executive departments of the Government in connection with original appointment, promotion, and retention in service. It may be said that existing laws, Executive orders, and regulations are confusing and therefore can not be fairly and adequately administered.

I believe it is the desire of the Congress to effect real recognition of war service in granting civil-service preference to veterans, and, in order to do this, I believe that it is necessary for Congress to give definite expression to its desire by the enactment of specific legislation which will not permit of manipulation or misinterpretation. This is particularly true at a time like this when the Congress is endeavoring to accomplish economy in the governmental services and to require reductions in forces wherever it can be done without serious injury to the services.

I have introduced a bill (H. R. 10420) providing specifically that appointments shall be made in recognition of such preference, and prohibiting the introduction of other contingencies and conditions. The bill would prevent the discharge of war veterans where nonveterans are retained in similar positions, requiring that the discharge of a war veteran must be for good cause, in accordance with civil-service regulations. Unsympathetic officials will be hesitant to initiate adverse action affecting war veterans if they are required to set forth in writing the basis of such action. The bill proposes definite and specific preference to veterans of military service who have served under war conditions when applying for appointment, or while in the service, in all departments, bureaus, and branches of the governmental service located throughout the United States.

I believe this legislation would be reasonable and right, there is need for it, and I hope we can secure favorable action on it.

#### NATIONAL DEFENSE

We need to give attention to our national defense, and by all means we should at least maintain our national plan of defense as it was intended that it should be maintained when it was first adopted. Our national plan of defense is largely a civilian plan, depending upon the understanding and support of our civilian population. It is the least militaristic and also the least expensive national plan of defense which could possibly be devised, and upon which we could depend for the protection and preservation of our Nation in time of need. I earnestly favor the maintenance of our National Guard in a higher state of efficiency, and I am opposed to the attempts to cripple the National Guard by cutting off finances necessary to conduct trial periods and en-

campments. I am opposed to the efforts which are being made at this time to curtail or even abolish the summer training camps of the Reserve Officers' Training Corps and the citizens' military training camps. Our Regular Establishment is but a skeleton as it now stands, and it would be folly to further reduce its strength. To allow our Navy to become weak by failure to continue a reasonable and safe building program in order to provide renewals for deteriorated and obsolete craft is but to let the rest of the world see for themselves the weakness of our national defense, and such a blunder on our part might prove to be a fatal one.

At this time of disturbance and unrest in all other parts of the world it is essential to our national life that we demonstrate to the rest of the world by adequate maintenance of our own national defenses that we stand ready, if need be, to defend our own Nation and maintain her integrity if emergency should arise. We are not a militaristic people, and we do not desire a vast Army establishment for any offensive purposes, but, as Americans we must, if we are to hope to preserve our Nation, guard carefully our defenses. With other Members of Congress who feel as I do concerning the component parts of our national plan of defense, I am doing what I can to prevent the crippling of our defenses.

While it is true that we are in the midst of a very busy session of the Congress, with highly important legislation under consideration, let us not forget that these matters must not be overlooked and must receive due consideration.

#### MUSCLE SHOALS

Mr. CRISP. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by having printed therein an address of Hon. LISTER HILL, of Alabama, on the Muscle Shoals bill, drafted by the subcommittee of the Committee on Military Affairs of the House of Representatives, delivered over the Dixie network of the Columbia Broadcasting system, Tuesday evening, March 15, 1932.

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

There was no objection.

The address is as follows:

I wish to thank the Columbia Broadcasting Co. for this opportunity to briefly tell you of the bill which the subcommittee of the Committee on Military Affairs of the House of Representatives has drafted for the disposition of Muscle Shoals. The subcommittee, of which I was chairman, was composed of Representatives JED JOHNSON, of Oklahoma, JAMES M. FITZPATRICK, of New York, NUMA F. MONTET, of Louisiana, Democrats, and Representatives W. FRANK JAMES, of Michigan, THOMAS W. COCHRAN, of Pennsylvania, WILLIAM H. STAFFORD, of Wisconsin, Republicans.

As we recall, Muscle Shoals was built under the authority of section 124 of the national defense act of 1916 for the production of nitrogen and other products for munitions of war and for the manufacture of fertilizer for agriculture. Agriculture in the United States in our time has undergone and is still undergoing profound and far-reaching changes. We have seen the first chapter of this country's agricultural history close with the passing of the public lands. The main work of our people for half a century was to acquire and occupy the public domain, continental in extent. Practically all the tillable public lands of the Nation have now been occupied. There remain no longer vast stretches of free land, rich and unowned. Agriculture has consequently come to require a new national basis of life, and we must adopt new agricultural policies.

There are only two great forces that destroy national life. One is an invading army and the other is the depletion of the soil. Invading armies wipe out peoples and civilizations. Depletion of the soil makes it impossible for peoples and nations to sustain life in their habitat. They move on as in times gone by the people of Greece moved to the more fertile lands of southern Italy. In soil depletion lies the tragic story of the fall of Babylon, of Greece, of Rome. Strange as it may seem, by divine ordinance the element which is used to destroy life is the element which gives life. The nitrogen which makes the gunpowder also brings forth the products of the field. It is estimated by the Department of Agriculture that nitrogen exhaustion in this country each year is represented by about 9,000,000 tons and replenishment by about 5,450,000 tons. The net depletion of 3,550,000 tons represents the impairment of 118,000,000 acres of farm lands each year. Are we to permit our America to become a China with her soil so exhausted that she can produce only one crop in seven years? Shall we become an India where because of soil depletion famine haunts a destitute people? It is said that there are more hungry people in India every year than the total population of the United States. We must begin again as did our forefathers, not to conquer the land, wrest a living from it and abandon it, but to restore it. We must reclaim our lands by restoring their lost soil

fertility, for when the lime is extracted from the soil and deposited in men's arteries the end of the Nation is in sight.

There are at Muscle Shoals Government properties representing an original investment of approximately \$140,000,000, including Dam No. 1, which is a small navigation dam; Wilson Dam, which is the great power dam, and the most talked-of dam in all the world, the big steam plant; nitrate plant No. 1, a small pilot plant the operation of which did not prove successful; nitrate plant No. 2 with annual production capacity of 40,000 tons of fixed nitrogen which uses the cyanamid process and which was operated successfully during a two weeks trial run; the Waco limestone quarry; and approximately 4,000 acres of land. For 10 years Congress has been endeavoring to make disposition of these properties. In 1928 it passed a bill for Government operation of them, but this bill was killed by the veto of President Coolidge. Again in 1931 Congress passed a bill which was primarily a Government operation bill, and this bill was killed by the veto of President Hoover.

The subcommittee was instructed by the full committee to draft a bill providing for the operation of the power-generating facilities and power switch by the Government, the construction of the Cove Creek Dam, the leasing of the nitrate properties on liberal terms, and if the making of a lease be impossible the operation of the properties by the Government. The bill drafted by the subcommittee and which was reported to the full committee this morning creates a board of three members to be appointed by the President with the advice and consent of the Senate and to be known as the Muscle Shoals Board.

Members of the board shall have no financial interest in any business adversely affected by the provisions of the bill. The board is authorized to employ such officers and employees as may be necessary and is authorized, with the approval of the President, to lease, for a period not exceeding 50 years, the properties at Muscle Shoals, except the power plants and power-generating facilities, but no lease can be made with any power-distributing company or with any holding company or other company affiliated or allied with any power-distributing company. It is the duty of the board to operate and control the power-generating facilities and the power switch and to supervise and enforce the obligations of all contracts made by it. Preference as a lessee is accorded to States and to nonprofit corporations exclusively owned and controlled by organizations of farmers; and so far as may be practicable in the negotiations of any lease, open competition shall be employed after due advertisement. The lease contract shall contain a stipulation requiring the lessee to produce at Muscle Shoals within two years from the date of the lease, in the most economical manner, fertilizer containing not less than 10,000 tons of fixed nitrogen and shall require periodic increases in quantity of fixed nitrogen from time to time as the market demands may reasonably require, and such increases shall finally reach the maximum production capacity of the plants at Muscle Shoals as the board may find them to be economically adapted or susceptible of being made economically adapted to the fixation of nitrogen.

The lease shall further provide for the production at Muscle Shoals of an initial quantity of phosphoric acid containing not less than 15,000 tons within two years and six months from the date such production becomes effective, and such production shall be increased from time to time in response to the reasonable market demand until it shall amount to 40,000 tons of phosphoric acid per annum which shall be offered for sale in concentrated fertilizer. The lessee shall be required to offer all fertilizer for sale first to farmers or their authorized agents under conditions providing for equitable distribution at a profit not to exceed 8 per cent of the cost of production and sale. The fertilizer shall be of greater concentration than now generally sold to the farmers. The lessee shall maintain the nitrate properties in an up-to-date condition, so that they will be ready for operation in the event of war or national emergency, and in such event shall turn them over to the Government. All power necessary for the production of fertilizer and for the manufacture of chemicals by the lessee at Muscle Shoals shall be allocated by the board to the lessee, and power in excess of that so allocated shall be sold by the board at the switchboard on an equitable basis—States, counties, municipalities, and the manufacturers of chemical products to have preference. Rental payments to the Government and prices charged for power shall be fixed by the board and shall be fair and reasonable.

In the event the board is unable within 18 months to effect a lease, it shall be the duty of the board until a lease can be effected to manufacture fertilizer at Muscle Shoals by employment of existing plants and facilities or by modernizing the existing plants and facilities or by the construction of new plants and facilities. Such fertilizer shall contain not less than 10,000 tons of fixed nitrogen per annum, and said amount shall periodically be increased until the maximum production capacity of the plants is reached. Surplus power in excess of that required from time to time by the board for production of fertilizer shall be sold at the switchboard on an equitable basis giving States, counties, and municipalities the preference. When a lease of the Muscle Shoals properties has been effected, or if no lease be effected, when the board shall certify to the President that there is a demand for increased power for the manufacture of fertilizer at Muscle Shoals, the Secretary of War is authorized to construct the Cove Creek Dam. This dam will be 225 feet high with a reservoir of 83 square miles. It is an integral part of the Muscle Shoals project and will more than double the amount

of primary electric power now available at the Wilson Dam and at all other dams on the Tennessee River below it. It will contribute mightily to the navigation of the river with its channel of 652 miles twisting capriciously until it empties into the Ohio 67 miles from the Mississippi. It will control in large measure the floods on the Tennessee and even lessen the ravages of those on the Father of Waters. The bill insures the disposition of Muscle Shoals.

It is liberal in its leasing provisions, affords every opportunity for a lease that will be fair to the lessee and yield a reasonable return to the Government on its investment. The bill contemplates at Muscle Shoals a great electrochemical development requiring coal, coke, limestone, phosphate, and various other raw material. The labor necessary for fertilizer-plant operations, limestone quarries, phosphate mines, coal mines, coke ovens, and electrochemical operations will require a population of thousands of men in Alabama and Tennessee. For 12 years the people of the Tennessee Valley have awaited the disposition of Muscle Shoals as the entering wedge for the development of the valley. The bill will forge the first link in the chain of development and open up the industrial empire of the Tennessee Valley destined to become a greater Ruhr. As has been said, there are in the Tennessee Valley conjunctions of raw materials of all kinds, of coal, iron, and waterpower more fateful than conjunctions of the stars. The bill will keep the promise of the Government to the farmer, afford cheaper fertilizer, and lighten the burdens of him who is a partner with God to liberate the forces of nature and feed and clothe the teeming millions of the Nation. It will set an honest standard of cost for the generation of electric power for the benefit of the millions of power consumers of the land. It will keep available for use the powder horn of the Nation.

There comes down to us through the ages the injunction to multiply and replenish the earth and the earth must be replenished with nitrogen. Wherever man looks, the living, moving, doing thing in the world is nitrogen, constantly reminding us that "There's a Divinity that shapes our ends, rough hew them how we will."

#### EXTENSION OF REMARKS

Mr. STRONG of Kansas. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement made by President O'Neal, of the American Farm Bureau Federation, on the stabilization of the purchasing power of money.

Mr. STAFFORD. Mr. Speaker, will not the gentleman withdraw that request and present it to-morrow morning when the gentleman from Massachusetts is present? For the time being I object.

#### SENATE BILLS REFERRED

Bills, a joint resolution, and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 95. An act to amend the second paragraph of section 6 of the civil service retirement act of May 29, 1930 (relating to persons retired for disability); to the Committee on the Civil Service.

S. 266. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly; to the Committee on Agriculture.

S. 1003. An act for the relief of Capt. Jacob M. Pearce, United States Marine Corps; to the Committee on Naval Affairs.

S. 1307. An act authorizing an appropriation for the alteration and repair of the buildings of Eastern Dispensary and Casualty Hospital; to the Committee on the District of Columbia.

S. 1406. An act to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark.; to the Committee on Military Affairs.

S. 2059. An act for the relief of Albert Ross; to the Committee on Naval Affairs.

S. 2062. An act for the relief of Adam Augustus Shafer; to the Committee on Naval Affairs.

S. 2148. An act for the relief of Clarence R. Killion; to the Committee on Military Affairs.

S. 2290. An act for the conservation of rainfall in the United States; to the Committee on Agriculture.

S. 2335. An act for the relief of O. R. York; to the Committee on Claims.

S. 2355. An act to define, regulate, and license real-estate brokers and real-estate salesmen; to create a real-estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for

other purposes; to the Committee on the District of Columbia.

S. 2682. An act to amend section 5 of the Criminal Code; to the Committee on the Judiciary.

S. 3362. An act to prevent fraud in the promotion or sale of stock, bonds, or other securities sold or offered for sale within the District of Columbia; to control the sale of the same; to register persons selling stocks, bonds, or other securities; to provide punishment for the fraudulent or unauthorized sale of the same; to make uniform the law in relation thereto, and for other purposes; to the Committee on the District of Columbia.

S. 3508. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes," approved June 25, 1910, as amended; to the Committee on Indian Affairs.

S. 3536. An act for the relief of Jerry O'Shea; to the Committee on Claims.

S. 3570. An act to amend the act entitled "An act confirming in States and Territories title to land granted by the United States in the aid of common or public schools," approved January 25, 1927; to the Committee on the Public Lands.

S. 3584. An act to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 3744. An act for the construction of a reservoir in the Little Truckee River, Calif., and for such dams and other improvements as may be necessary to impound the waters of Webber, Independence, and Donner Lakes, and for the further development of the water resources of the Truckee River; to the Committee on Irrigation and Reclamation.

S. J. Res. 116. Joint resolution relating to the allocation of funds to the Secretary of Agriculture under the Reconstruction Finance Corporation act; to the Committee on Banking and Currency.

S. Con. Res. 6. Concurrent resolution favoring the designation and appropriate observance of American conservation week; to the Committee on the Judiciary.

#### RESOLUTION AND BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution and bills of the House of the following titles:

H. J. Res. 182. Joint resolution authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933;

H. R. 361. An act to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes;

H. R. 5866. An act to authorize the construction of a dam across Des Lacs Lake, N. Dak.;

H. R. 6485. An act to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes; and

H. R. 8235. An act to clarify the application of the contract labor provisions of the immigration laws to instrumental musicians.

#### ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 13 minutes p. m.) the House adjourned until to-morrow, Thursday, March 17, 1932, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Thursday, March 17, 1932,

as reported to the floor leader by clerks of the several committees:

#### COMMITTEE ON BANKING AND CURRENCY

(10.30 a. m.)

Stabilization measures.

#### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Railroad holding companies (H. R. 9059).

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. THOMASON: Committee on Military Affairs. H. R. 8624. A bill to authorize the loan of War Department equipment to the Knights of Pythias; with amendment (Rept. No. 808). Referred to the House Calendar.

Mr. CHAVEZ: Committee on Indian Affairs. H. R. 9071. A bill to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to provide for the protection of the watershed within the Carson National Forest for the Pueblo de Taos Indians of New Mexico and others interested, and to authorize the Secretary of Agriculture to contract relating thereto and to amend the act approved June 7, 1924, in certain respects; with amendment (Rept. No. 820). Referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PITTENGER: Committee on Claims. H. R. 1261. A bill for the relief of Pierre E. Teets; with amendment (Rept. No. 809). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H. R. 1834. A bill for the relief of Claude E. Dove; with amendment (Rept. No. 810). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 2916. A bill for the relief of Kathryn Thurston; with amendment (Rept. No. 811). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 5980. A bill for the relief of Lottie W. McCaskill; without amendment (Rept. No. 812). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 6623. A bill for the relief of Minnie D. Hines; with amendment (Rept. No. 813). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 7215. A bill for the relief of May Weaver; with amendment (Rept. No. 814). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 7278. A bill for the relief of Joseph Vigliotti; without amendment (Rept. No. 815). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 8144. A bill for the relief of O. H. Chrisp; with amendment (Rept. No. 816). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 84. An act for the relief of Abraham Green; without amendment (Rept. No. 817). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. S. 1205. An act for the relief of Edith Tolerton Lathrop; without amendment (Rept. No. 818). Referred to the Committee of the Whole House.

Mr. BACON: Committee on Claims. H. R. 5513. A bill to permit the United States to be made a party defendant in certain cases; without amendment (Rept. No. 819). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McCORMACK: A bill (H. R. 10558) authorizing the establishment of a seaplane base on Castle Island in the city of Boston, Mass.; to the Committee on Military Affairs.

By Mr. STEVENSON: A bill (H. R. 10559) to amend so much of the first deficiency act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives; to the Committee on Printing.

By Mr. EVANS of Montana: A bill (H. R. 10560) giving consent to the several States for the taxation of personal property in private ownership on certain military reservations within the States; to the Committee on Military Affairs.

By Mr. CHRISTGAU: A bill (H. R. 10561) placing certain positions in the Postal Service in the competitive classified service; to the Committee on the Civil Service.

By Mr. IGOE: A bill (H. R. 10562) to authorize the establishment of a national cemetery at Hines, Cook County, Ill.; to the Committee on Military Affairs.

By Mrs. NORTON (by request of the Commissioners of the District of Columbia): A bill (H. R. 10563) to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. LAMNECK: A bill (H. R. 10564) to fix the rates of postage on catalogues exceeding 8 ounces in weight; to the Committee on the Post Office and Post Roads.

By Mrs. NORTON: A bill (H. R. 10565) to amend section 3 of an act, as amended, entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife, or his or her minor children, in destitute or necessitous circumstances, approved June 10, 1926"; to the Committee on the District of Columbia.

By Mr. CONNERY: A bill (H. R. 10566) to provide that the prevailing rate of wages shall be paid to laborers and mechanics employed on certain public works of the United States, the District of Columbia, the Territories, and the Panama Canal, and for other purposes; to the Committee on Labor.

By Mr. BRITTEN: A bill (H. R. 10567) for the repeal of the drastic provisions of the so-called Jones 5 and 10 law; to the Committee on the Judiciary.

By Mr. AMLIE: A bill (H. R. 10568) to establish a referendum to enable the people of the United States to propose candidates for nomination for President of the United States, and the other purposes; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. BYRNS: A bill (H. R. 10584) to prevent the sale or transportation in interstate and foreign commerce of certain commonly used poisons; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMMERS of Washington: Joint resolution (H. J. Res. 335) to promote the conservation of health and the education of minor children residing on tax-free Indian land on the Yakima Reservation, Wash.; to the Committee on Indian Affairs.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHINDBLOM: A bill (H. R. 10569) granting a pension to Elizabeth Woods; to the Committee on Pensions.

By Mr. DOUGLASS of Massachusetts: A bill (H. R. 10570) to extend further benefits of the employees' compensation act of September 7, 1916, as amended, to Guisepe Iacono; to the Committee on Claims.

By Mr. ENGLEBRIGHT: A bill (H. R. 10571) granting a pension to Apostolo Calaritto; to the Committee on Pensions.

By Mr. GARRETT: A bill (H. R. 10572) to correct the naval record of Aubrey Layton Dunn; to the Committee on Naval Affairs.

By Mr. HARE: A bill (H. R. 10573) for the relief of Florence M. Humphries; to the Committee on War Claims.

Also, a bill (H. R. 10574) for the relief of Dr. B. J. Hammet; to the Committee on War Claims.

By Mr. HARLAN: A bill (H. R. 10575) granting a pension to Arthur L. Atkins; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 10576) granting an increase of pension to Ruth P. Shivers; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 10577) granting a pension to Emma C. Fisher; to the Committee on Invalid Pensions.

By Mr. REED of New York: A bill (H. R. 10578) granting an increase of pension to Elsie R. Decker; to the Committee on Invalid Pensions.

By Mr. SWANK: A bill (H. R. 10579) granting a pension to Susie A. Box; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10580) for the relief of George Louis Dynes; to the Committee on Military Affairs.

By Mr. TEMPLE: A bill (H. R. 10581) for the relief of Julia Krenz; to the Committee on Foreign Affairs.

By Mr. UNDERHILL: A bill (H. R. 10582) granting an increase of pension to Amy R. Knox; to the Committee on Invalid Pensions.

By Mr. WOLVERTON: A bill (H. R. 10583) for the relief of James Smith; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4433. By Mr. ALDRICH: Resolution of Betsy Ross Council, No. 23, Sons and Daughters of Liberty, of Providence, R. I., urging passage of House bill 1967; to the Committee on Immigration and Naturalization.

4434. By Mr. COCHRAN of Missouri: Petition of thousands of mothers of St. Louis, urging the Congress to enact the Cochran bill making it a Federal offense to kidnap a person and remove that person from one jurisdiction to another. Some of the petitions represent 100 per cent the congregations of churches, lodges, and societies; to the Committee on the Judiciary.

4435. By Mr. DALLINGER: Petition of 35 citizens of Woburn, Mass., protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4436. By Mr. ENGLEBRIGHT: Petition of Board of Supervisors, City and County of San Francisco, Calif., through its clerk, J. S. Dunnigan, protesting any reduction in Army appropriations; to the Committee on Appropriations.

4437. Also, petition of Glendale Post, No. 127, American Legion (Ltd.), favoring House bill 7115; to the Committee on Agriculture.

4438. By Mr. FITZPATRICK: Memorial of the Polish National Alliance of the United States of North America, urging the enactment of House Joint Resolution 144 directing the President of the United States to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4439. By Mr. GARBER: Petition of Chamber of Commerce of Pittsburgh, opposing House bill 9390; to the Committee on Interstate and Foreign Commerce.

4440. Also, petition of Enid Cooperative Creamery Association, opposing the repeal of the agricultural marketing act or any amendment abolishing the Federal Farm Board or transferring the function of same to any other Government department; to the Committee on Agriculture.

4441. Also, petition of citizens of Oklahoma, protesting against resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4442. Also, petition of the Woodward Chamber of Commerce, urging the enactment of legislation regulating inter-

state traffic of motor busses and motor trucks; to the Committee on Interstate and Foreign Commerce.

4443. Also, petition of Ben E. Mobley, Oklahoma State game warden, Oklahoma City, Okla., on behalf of Oklahoma sportsmen, supporting 1-cent-a-shell tax for the purpose of restoring and perpetuating migratory waterfowl and upland game birds; to the Committee on Ways and Means.

4444. Also, petition of Ralph Hemphill, of Oklahoma City, urging exemptions of agricultural fairs; to the Committee on Ways and Means.

4445. Also, petition of Citizens of Okema, Okla., urging the passage of Senate bill 2487 and House bills 1197 and 7797; to the Committee on Agriculture.

4446. Also, petition of Sam Brown Warden, opposing the use of convict labor on Federal roads; to the Committee on Labor.

4447. Also, petition of Lynn Thompson, of Minneapolis, urging Army mobilization; to the Committee on Ways and Means.

4448. Also, petition of Harry H. Smith, of Tulsa, Okla., protesting against proposed Federal tax on Gasoline; to the Committee on Ways and Means.

4449. Also, petition of citizens of Garber, Okla., urging passage of bill which provides for the immediate payment of the soldier's adjusted-service certificates; to the Committee on Ways and Means.

4450. Also, petition of Kiwanis Club of Enid, Okla., urging the passage of bill providing for the immediate payment to ex-service men of the balance due on their bonus certificates; to the Committee on Ways and Means.

4451. Also, petition of C. O. Moser, of New Orleans, representing the American Cotton Cooperative Association, advocating a tariff against foreign-produced oils and fats; to the Committee on Ways and Means.

4452. Also, petition of citizens of Park Ridge, Ill., urging passage of bill 9891, railroad employees national pension; to the Committee on Pensions.

4453. Also, petition of H. E. Manly, of Oklahoma City, protesting against the manufacturers' sales tax; to the Committee on Ways and Means.

4454. Also, petition of H. C. Busker, of Newkirk, Okla., urging amendment of Sherman Anti-trust Act, H. R. 8930; to the Committee on the Judiciary.

4455. Also, petition of citizens of Oklahoma, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4456. By Mr. GARRETT: Petition of citizens of Texas, in behalf of the Federal Farm Board; to the Committee on Agriculture.

4457. By Mr. GLOVER: Resolution of Pine Bluff Chamber of Commerce; to the Committee on Ways and Means.

4458. By Mr. HADLEY: Petition of some residents of Wickersham, Wash., urging maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4459. By Mr. HOGG of West Virginia: Petition of Romney Fire Co., recommending the passage of House bill 9596; to the Committee on Roads.

4460. By Mr. IGOE: Petition of the Crawford Business Men's League of Chicago, Ill., petitioning the President and Congress of the United States to withdraw and stay out of the Orient and not involve the Nation in any quarrels which may arise between the respective nations of the East; to the Committee on Foreign Affairs.

4461. By Mr. JAMES: Petition of Journeymen Barbers International Union of America, Local No. 955, of Hancock, by Ralph Ziegenbein, secretary, office at Houghton, Mich.; to the Committee on Ways and Means.

4462. By Mr. JOHNSON of Texas: Petition of C. C. Adams, of Rockdale, Tex., favoring immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

4463. By Mr. KELLER: Petition of Local Union No. 790, United Mine Workers of America, Zeigler, Ill., with a membership of 900, petitioning Congress to allot to southern Illinois a hospital for disabled veterans; to the Committee on World War Veterans' Legislation.

4464. Also, petition of the members of the Martin, Carter, Steveson Post, No. 744, American Legion, Cutler, Ill., urging the payment of the amount remaining due on the soldier bonus; to the Committee on Ways and Means.

4465. Also, petition of Local Union No. 812, United Brotherhood of Carpenters and Joiners, urging the passage of a law to compel contractors to pay the prevailing rate of wages and observe the hours of labor; to the Committee on Labor.

4466. By Mr. LINDSAY: Petition of Arbuckle Bros., favoring a duty on refined sugar; to the Committee on Ways and Means.

4467. Also, petition of William E. Lindsley, of Newburgh, N. Y., opposing 2¼ per cent sales tax; to the Committee on Ways and Means.

4468. By Mr. MEAD: Petition of National Live Stock Marketing Association, objecting to sales tax on meat; to the Committee on Ways and Means.

4469. By Mr. NELSON of Maine: Petitions of W. E. Gerald and 75 other residents of the State of Maine, protesting against Senate bill 1202, providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4470. By Mr. NOLAN: Resolution of the City Council of Minneapolis, requesting that the Congress of the United States enact House Resolution No. 1, relating to the payment in full of soldiers' adjusted-service certificates; to the Committee on Ways and Means.

4471. By Mr. PARKER of Georgia: Petition of L. P. Maggioni & Co., of Savannah, Ga., urging the enactment of regulatory legislation for busses and trucks for hire; to the Committee on Interstate and Foreign Commerce.

4472. Also, petition of Hon. Pleasant A. Stovall; H. L. Kayton; the Georgia Ice Co.; A. F. Rehm; Abrahams, Nounhan, Atkinson & Lawrence, attorneys; E. W. Thomas, for Odeon Theater employees; Arcadia Theater employees; Robert Hardee, for Bijou Theater; A. W. Thiot, secretary Trades and Labor Assembly of Savannah; Lucas Theater employees; Love B. Harrell and B. J. Fowler, of Macon; Paul S. Ethridge, chairman Fulton County Commission; Arthur Lucas, Moultrie Chamber of Commerce; and O. C. Lam, all of the State of Georgia, protesting against certain phases of proposed tax legislation; to the Committee on Ways and Means.

4473. By Mr. PATMAN: Petition of D. I. Hooks and 60 other citizens of Bowie County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4474. Also, petition of Tom Jeffus and 17 other citizens of Lamar County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4475. Also, petition of A. W. Smith and 186 other citizens of Camp County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4476. Also, petition of M. O. Combs and 54 other citizens of Titus County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4477. Also, petition of C. B. Anderson and 18 other citizens of Delta, County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4478. By Mr. RUDD: Petition of Arbuckle Bros., New York, favoring a duty on refined sugar; to the Committee on Ways and Means.

4479. Also, petition of Eugene Fitzpatrick, Long Island City, favoring the passage of House bill 319 providing for tariff on imports of copper; to the Committee on Ways and Means.

4480. Also, petition of Dr. R. B. Church, Akron, Ohio, favoring the passage of Senate bill 2683 and House bill 4499; to the Committee on Military Affairs.

4481. By Mr. SCHUETZ: Petition of Group No. 1424 of the Polish National Alliance of the United States, memo-

rializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4482. Also, petition of Group No. 1991 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4483. Also, petition of Group No. 2424 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4484. Also, petition of Group No. 2459 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4485. Also, petition of Group No. 843 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4486. Also, petition of Group No. 2352 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4487. Also, petition of Group No. 4 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4488. Also, petition of Group No. 844, of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4489. By Mr. SEGER: Petition of John Kehrlé, secretary, and 30 members of the St. Boniface Holy Name Society, Catholic Central Verein of America, Paterson, N. J., favoring immediate modification of the Volstead act and eventual repeal of the eighteenth amendment; to the Committee on the Judiciary.

4490. By Mr. SELVIG: Petition of Henning Farmers' Creamery, Henning, Minn., composed of 300 farmers, opposing any sales tax whatever; to the Committee on Ways and Means.

4491. By Mr. STRONG of Kansas: Resolution of Gen. E. S. Godfrey Camp, No. 5, United Indian War Veterans, Clay Center, Kans., urging the passage of the widows' uniform pension bill, H. R. 7230; to the Committee on Pensions.

4492. By Mr. SWING: Petition signed by 13 residents of Blythe, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

## SENATE

THURSDAY, MARCH 17, 1932

(Legislative day of Monday, March 14, 1932)

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

### CHANGES OF REFERENCE

Mr. JONES. Mr. President, the bills (S. 3467) amending the annual rate of payment of irrigation-construction assessments on the Wapato irrigation project, and (S. 3998) approving and confirming contract for apportionment of waters of Ahtanum Creek, Wash., between Yakima Indian Reservation and lands north thereof, dated May 9, 1908, were referred to the Committee on Irrigation and Reclamation. I do not know how it happened, but that reference occurred. The bills ought to be referred to the Committee on Indian Affairs, as they deal with Indian reservation matters.

The VICE PRESIDENT. Without objection, the Committee on Irrigation and Reclamation will be discharged from the further consideration of the bills, and they will be referred to the Committee on Indian Affairs.

### CALL OF THE ROLL

Mr. ROBINSON of Arkansas obtained the floor.

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

The VICE PRESIDENT. Does the Senator from Arkansas yield for that purpose?

Mr. ROBINSON of Arkansas. I do.

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

The VICE PRESIDENT. The clerk will call the roll.

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

Ashurst	Dale	Jones	Robinson, Ark.
Austin	Davis	Kean	Robinson, Ind.
Bailey	Dickinson	Kendrick	Schall
Bankhead	Dill	Keyes	Sheppard
Bingham	Fess	King	Shipstead
Black	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah	George	McGill	Steiwer
Bratton	Glass	McKellar	Thomas, Idaho
Brookhart	Goldsborough	McNary	Thomas, Okla.
Broussard	Hale	Metcalf	Townsend
Bulow	Harrison	Moses	Trammell
Capper	Hastings	Neely	Tydings
Caraway	Hatfield	Norbeck	Vandenberg
Carey	Hawes	Norris	Walcott
Connally	Hayden	Nye	Walsh, Mass.
Coolidge	Hebert	Oddie	Walsh, Mont.
Copeland	Howell	Patterson	White
Costigan	Hull	Pittman	
Couzens	Johnson	Reed	

Mr. KEAN. My colleague the junior Senator from New Jersey [Mr. BARBOUR] is unavoidably absent. I would like to have this announcement stand for the day.

Mr. LOGAN. I announce the necessary absence of my colleague the senior Senator from Kentucky [Mr. BARKLEY] on public business. I ask that the announcement may stand for the day.

Mr. ROBINSON of Indiana. I wish to announce the continued illness of my colleague the senior Senator from Indiana [Mr. WATSON]. I ask that this announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent in attendance upon the disarmament conference at Geneva.

Mr. SHEPPARD. The junior Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate. I ask that this announcement may stand for the day.

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

### RADIO ADDRESSES BY GOVERNOR LA FOLLETTE AND SENATOR LA FOLLETTE ON PROGRESSIVE GOVERNMENT

Mr. BLAINE. Mr. President, I ask unanimous consent to have printed in the RECORD speeches delivered by the governor of my State, Hon. Philip La Follette, and my colleague, Hon. ROBERT M. LA FOLLETTE, JR., over the National Broadcasting System on the evening of March 14, 1932.

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

### SPEECH OF GOVERNOR LA FOLLETTE

Some of you may have been in the forest with a guide when you have lost the trail. You will recall that moment of panic and fear that comes when suddenly you realize that the guide, in whose knowledge you had trusted, himself no longer knows where you are or where next to turn. The forest looms about, its stillness intensifying the terror that lurks within you. Only a calm consideration of factors of stream flow and the lay of the land, of basic factors, will enable you to reach your ultimate objectives. Yet it is precisely at such a time that one can maintain a sufficient evenness of judgment only with the greatest effort. Such is the situation of America to-day. We have lost confidence in leaders, because leaders have lost their own way. In our fear and uncertainty it is difficult for us to be able to apply the basic knowledge we already possess. And so we endanger ourselves further with irrational but humanly understandable despair and panic. This is not worthy of our heritage.

Sober and conservative minds are convinced to-day that we face one of the gravest emergencies of our history. Confronted by this emergency, people have divided themselves broadly into two groups. One group has maintained that there was nothing to do but let the depression run its course in the vague hope that somewhere, somehow, something might happen that would automatically start the machine running again on the right road. This group is now, and has been for 25 years, with few interruptions, in complete control of our national business and political life, as well as of most of the governments of our States and municipalities.