

January 14-15, 1939, urging that the Government of the United States adhere strictly to its present policy of absolute neutrality with respect to the war in Spain; to the Committee on Foreign Affairs.

606. By the SPEAKER: Petition of the Hellenic-American Loyal Club, Inc., of New York, petitioning consideration of their resolution with reference to un-American activities in the United States of America; to the Committee on Rules.

607. Also, petition of Yankee Division Veterans Association, of Boston, petitioning consideration of their resolution with reference to Public, No. 304, Seventy-fifth Congress, third session, proposing an amendment; to the Committee on World War Veterans' Legislation.

608. Also, petition of Aurelia Torres, Banco de Ponce, Ponce, R. I., petitioning consideration of their resolution with reference to neutrality; to the Committee on Foreign Affairs.

609. Also, petition of Josephine W. Johnson, St. Louis, Mo., petitioning consideration of a resolution with reference to the extension through the Farm Security Administration of its rehabilitation project in southeast Missouri; to the Committee on Appropriations.

610. Also, petition of Veterans of Foreign Wars of the United States, Lafayette, La., petitioning consideration of their resolution with reference to curtailment of the sugarcane crop in the United States; to the Committee on Agriculture.

## SENATE

FRIDAY, JANUARY 27, 1939

(Legislative day of Tuesday, January 17, 1939)

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

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, January 26, 1939, was dispensed with, and the Journal was approved.

### MESSAGES FROM THE PRESIDENT

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

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed a bill (H. R. 2762) to consolidate and codify the internal-revenue laws of the United States, in which it requested the concurrence of the Senate.

### CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. LEWIS. I announce that the Senator from Utah [Mr. KING] is detained from the Senate because of illness. The Senator from New Mexico [Mr. CHAVEZ] is detained on important public business.

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present.

### SUPPLEMENTAL ESTIMATE FOR LEGISLATIVE ESTABLISHMENT (S. DOC. NO. 26)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, Architect of the Capitol, for the fiscal year 1939, in the amount of \$1,200, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

### DECEMBER 1938 REPORT OF THE R. F. C.

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, reporting, pursuant to law, on the activities and expenditures of the Corporation for the month of December 1938, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

### FINANCIAL REPORTS OF THE CHESAPEAKE & POTOMAC TELEPHONE CO.

The VICE PRESIDENT laid before the Senate letters from the president of the Chesapeake & Potomac Telephone Co., transmitting, pursuant to law, a corrected statement of the receipts and expenditures of the company for the full year 1938, together with a comparative general balance sheet of the company for the same year, which, with the accompanying papers, were referred to the Committee on the District of Columbia.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the House of Representatives of the State of Colorado, which was referred to the Committee on Finance:

Whereas it is to the best interests of the people of the State of Colorado and to the people of the United States that the Congress of the United States liberalize and enlarge the provisions of the Social Security Act to establish increased Federal grants for assistance to aged persons in need; and

Whereas said benefits can be accomplished by amendments to the Social Security Act increasing the allotment of matching funds to the States to be used for such purpose: Now, therefore, be it

*Resolved by the house of representatives of the thirty-second general assembly (the senate concurring herein).* That this general assembly memorialize the Congress of the United States to take such action as will accomplish the purpose of this resolution; be it further

*Resolved.* That the Senators and Representatives of the State of Colorado in the Congress of the United States be requested to give their support to any measure that will increase the grants-in-aid to the States for the purpose of assistance to aged persons in need, and that copies of this memorial be forwarded to the President of the Senate and Speaker of the House of Representatives of the Congress of the United States and to the Senators and Representatives of the State of Colorado in the Congress.

The VICE PRESIDENT also laid before the Senate telegrams in the nature of petitions from William H. Shenners, Jr., executive secretary, Wisconsin Democratic State Central Committee, and Maurice Fitzsimons, Jr., chairman, Democratic legislative caucus, both of Madison, Wis., praying for a public hearing on the nomination of Thomas R. Amlie to be a member of the Interstate Commerce Commission, and also that they be advised thereof so that due opportunity may be had for the presentation of testimony, which were referred to the Committee on Interstate Commerce.

He also laid before the Senate a telegram in the nature of a petition from F. D. Cowdery, of New York City, praying that the proposed reduction in the W. P. A. appropriation be sustained by the Senate, which was ordered to lie on the table.

He also laid before the Senate telegrams in the nature of petitions from several citizens of Philadelphia, Pa., praying for the appropriation of \$875,000,000 for the W. P. A., as

recommended by the President, which were ordered to lie on the table.

He also laid before the Senate telegrams in the nature of petitions from the Office Staff Teachers Union, Ann Barish, Mable Smith, and other citizens, all of New York City, praying for the appropriation of \$875,000,000 for the W. P. A., as recommended by the President, which were ordered to lie on the table.

He also laid before the Senate a letter from Morton Friedman, president, Works Progress Administration Local No. 1, United Federal Workers of America, Washington, D. C., relative to "two telegram forms removed from bulletin boards in W. P. A. administrative building urging W. P. A. administrative employees to petition their Senators by telegram to pass an increased appropriation and remove the ban on civil service," which were published in the RECORD, which were ordered to lie on the table.

**ADDITIONAL APPROPRIATION FOR WORK RELIEF AND RELIEF**

The Senate resumed the consideration of the joint resolution (H. J. Res. 83) making an additional appropriation for work relief and relief for the fiscal year ending June 30, 1939.

Mr. THOMAS of Oklahoma. Mr. President—

The VICE PRESIDENT. When the Senate took a recess yesterday evening the Senator from Oklahoma [Mr. THOMAS] had the floor. The Senator from Oklahoma is recognized.

Mr. THOMAS of Oklahoma. Mr. President, according to the unanimous-consent agreement, the issue before the Senate is an amendment in line 8 on page 1 of the pending joint resolution. The joint resolution as reported to the Senate proposes to appropriate \$725,000,000. A motion has been made to amend that item by striking out "\$725,000,000" and making it read "\$875,000,000." When the vote comes on the amendment, I shall vote for it, but I do not desire to take the time of the Senate to discuss the particular amendment. I wish to call attention to another phase of this so-called relief issue.

Before I shall enter into the discussion which I contemplate, I desire to submit for the RECORD some extracts from current periodicals. First, I send to the desk and ask that the clerk may read portions of a news article by Roger W. Babson. I will ask that those portions of the article marked may be read by the clerk.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

The Washington Government has spent \$62,000,000,000 in the last 10 years. Barring only the World War, this equals the entire amount spent from the day George Washington became our first President until Herbert Hoover stepped into the White House. Yet, President Roosevelt has just indicated that another \$9,000,000,000 will be poured out in 1939-40. We are currently spending at the rate of \$18,000 per minute, or approximately \$50,000 since you began reading this article (nearly 3 minutes). I have always considered \$50,000 as a fair-sized estate. How can the Government go on destroying 20 fortunes every hour, 500 every day, 180,000 every year?

**SUPPORTING 25,000,000**

Last year, public spending, including not only the Federal but the State, county, and local governments, totaled \$17,000,000,000. This represented more than 25 percent of the national income. Add up the number of individuals getting support from the Government. My figures show 25,000,000. One person out of every six gets his livelihood from the Government. There are only 51,000,000 workers who should be gainfully employed. This means that every private wage earner is not only supporting his family, but another person on the public pay roll.

**HALF THE BILLS UNPAID**

Yet, with all our taxes, we are only paying half the current cost of Government. The other half is being borrowed and left for our children to pay. The Federal Government has borrowed \$24,000,000,000 in the last 10 years. How much money State, county, and local governments have borrowed I cannot say. The interest on this new debt alone is \$500,000,000 a year, or more than the Government spent in any year prior to 1900, except during the Civil War. Yet, there are no convincing signs of a let-down in this wild orgy of spending. Despite the economy talk on Capitol Hill a balanced Budget is further off today than ever.

Mr. THOMAS of Oklahoma. Mr. President, on January 8 the Washington Star had an editorial entitled "Our Debts."

I send to the desk the editorial referred to and ask that the clerk read that part which is marked.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

When the United States started its dizzy plunge into the economic ill health of 1929, it was estimated as closely as can be done with any accuracy that the total of our outstanding indebtedness of all kinds was about \$250,000,000,000.

Mr. THOMAS of Oklahoma. I will ask that the remaining portions marked be placed in the RECORD, but I will not ask that they be read.

The VICE PRESIDENT. Without objection, the matter will be printed in the RECORD.

The matter referred to is as follows:

At the present time, or at the beginning of the present fiscal year, the total of indebtedness was at just about this same level of \$250,000,000,000.

In the intervening 8 years, however, important changes had occurred in the character of this debt. For instance, in comparing a few of the major items, it is found that public debt, as represented by outstanding securities of Federal, State, and local governments, rose from \$32,000,000,000 in 1929 to \$53,000,000,000 in 1937; corporate debt rose from \$47,000,000,000 to \$50,000,000,000, and insurance company debts in the form of cash values of outstanding policies moved up from \$12,000,000,000 to \$20,000,000,000. Offsetting these increases, however, was a drop in mortgage indebtedness from \$40,000,000,000 to \$35,000,000,000, a major decrease in short-term debts to banks and corporations from \$53,000,000,000 to \$30,000,000,000, and a drop from something more than \$5,000,000,000 in withdrawable shares of building and loan associations to less than \$4,000,000,000. At the same time deposits in commercial and mutual savings banks dipped, but returned to their earlier level of about \$56,000,000,000, and miscellaneous unmeasurable items held at about \$7,000,000,000.

Mr. THOMAS of Oklahoma. Mr. President, on January 22 the Dallas Morning News printed an editorial entitled "Thoughts on \$40,000,000,000." I send the editorial to the desk and ask that one paragraph be read.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

[From the Dallas Morning News of January 22, 1939]

At the present time the national debt threatens to reach \$40,000,000,000 by the end of this fiscal year. The current year's deficit is estimated at \$9,000,000,000 and the President recommends that this be continued, not curtailed. You remember the A. E. F. story about the doughboy who was told that Pershing intended to take Metz if it cost him 100,000 men. "Huh!" said the doughboy, "liberal so-and-so, ain't he?" The next generation may say that of 1933-39 spending.

Mr. THOMAS of Oklahoma. Mr. President, recently the United States Chamber of Commerce appointed a committee of experts to consider the Federal debt and expenditures. A report has been made. I have a copy of it. On page 26 I find some figures which I think should be in the RECORD. The figures are in regard to the Federal revenues, expenditures, and deficits. I ask that the printed matter on page 26 may be placed in the RECORD at this point in my address.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The matter referred to is as follows:

*Federal revenues, expenditures, and deficits*

[In millions]

Fiscal year—	Revenues	Expenditures <sup>1</sup>	Deficit <sup>1</sup>	Gross debt
1931.....	\$3,190	\$3,671	\$481	\$16,801
1932.....	2,006	4,535	2,529	19,487
1933.....	2,080	3,864	1,784	22,539
1934.....	3,116	6,011	2,895	27,053
1935.....	3,800	7,010	3,209	28,701
1936.....	4,116	8,666	4,550	33,779
1937.....	5,294	8,442	3,149	36,425
1938.....	6,242	7,626	1,384	37,165
1939 <sup>2</sup> .....	5,000	8,985	3,985	40,650

<sup>1</sup> Expenditures and deficit columns exclude amounts devoted to debt retirement.  
<sup>2</sup> 1939 estimated.

Aggregate deficit, 1931-39..... \$23,967,000,000

Annual averages  
[In millions]

	Revenues	Expenditures <sup>1</sup>
1926-30	\$4,069	\$3,182
1934-38	4,513	7,551
1935-39 <sup>2</sup>	4,890	8,146

<sup>1</sup> Expenditures and deficit columns exclude amounts devoted to debt retirement.  
<sup>2</sup> 1939 estimated.

National debt

Aug. 19, 1919 (war debt peak)	\$26,596,000,000
Dec. 30, 1939 (lowest post-war debt)	16,026,000,000
June 30, 1939 (estimated)	40,650,000,000

Mr. THOMAS of Oklahoma. Mr. President, I propose to try to show that the present condition of the country is due to the management of our monetary policy.

In this connection I send to the desk and ask to have read a portion of a report submitted by the Master Cotton Spinners' Association, Ltd., of Manchester, England. I ask that the portion marked on page 4 may be read by the clerk.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

It is currency devaluation in commodities, not devaluation in gold, that determines the measure of United States recovery. Gold has increased in commodity value since 1926 by over 100 percent, and by over 20 percent since April 1933. Rigid revaluation of the dollar at 60 percent of the 1926 gold value obviously prevents any further substantial recovery in wholesale prices toward the 1926 level. Clearly, also, the existing price level is far too low for full-scale profitable enterprise in farming and in the staple manufacturing industries. At this price level gold reserves and deposit-bank reserves will remain frozen no matter how high they pile up in amount.

With adequate devaluation of the dollar in commodities, the Roosevelt government could abandon all N. E. A. restrictions with equanimity and in full confidence that the existing price disequilibrium would be automatically righted, that national finances would be strengthened, and that the unemployed would be rapidly reabsorbed.

Mr. THOMAS of Oklahoma. Mr. President, on December 29 an eminent economist, Dr. Lewis H. Haney, of New York University, made an address at Detroit, on the subject Our Great Need of a Standard of Value. I desire to read a few sentences from the address.

On page 3 I find this statement:

But in order to measure anything, we must have a standard.

On the same page I find this sentence:

The most fundamental source of our economic troubles today, is monetary uncertainty.

On page 5 I find these two sentences:

Economic democracy is founded upon a standard of value. By economic democracy, I mean "the price system."

On page 10 I find this paragraph.

In this connection, I desire to go on record as predicting that we will never pay our public debt in full.

This is Dr. Lewis H. Haney, of New York University, speaking—one of the eminent economists of our day and one of the writers in our financial publications.

Dr. Haney says, still further:

It will be paid in terms of dollars, but perhaps in terms of 50-cent dollars. The longer we wait, the greater the waste, and the greater the total loss. The longer we wait, the less possible it will be to settle up without the pressure which comes as a result of a financial collapse.

On page 13 I find the sentence I am about to read. Of course Dr. Haney is referring to and recommending that we return to the old orthodox gold standard. He recommends that we coin dollars in gold of the present weight and fineness, and use our fourteen and a half billion dollars' of gold for this coinage purpose. Then he recommends that we print paper money against the gold and make the paper money convertible into gold at the will of the holder of such

money. So upon that recommendation Dr. Haney makes this statement:

This requires that the paper dollar be kept the same in purchasing power with the gold dollar; and the only way in which that can be done, is to allow and encourage a reasonable freedom of conversion between paper dollars and gold bullion.

Mr. President, it is admitted by those who claim to know that we have two dollars in this country today. We have the domestic dollar, which is the paper dollar. We have the foreign dollar, which is an exchange dollar. The exchange dollar is in value a gold dollar. The paper dollar is a commodity dollar in value. These two dollars are not of the same value. Dr. Haney makes that admission in the closing part of his address.

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

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from West Virginia?

Mr. THOMAS of Oklahoma. I yield.

Mr. NEELY. What is the difference in value between the commodity dollar and the exchange dollar?

Mr. THOMAS of Oklahoma. There is no way to determine the value of the commodity dollar as measured in gold, because it is not convertible into gold. Every exchange dollar is based upon gold. Every exchange dollar is worth exactly 15 $\frac{1}{2}$  grains of gold nine-tenths fine.

Let me say in passing that the United States has the only unit of money based upon gold, definitely and fixed. There is no other nation in the world that has its monetary unit based upon a fixed quantity of gold. We have that sort of a unit. So today the United States has the hitching post for all the currencies of the world; and today the currency of every nation is valued in terms of dollars, ours being the only definitely valued dollar in the world.

Mr. President, if I am correct, and if Dr. Haney is correct, that we have two dollars in this country—a domestic dollar and an exchange dollar—and these two dollars not of the same value, then we must admit that the commodity dollar is changing in value from time to time. That makes for instability. Dr. Haney argues for stability, and to bring about that result he recommends that we go back to a gold basis.

Mr. President, it is admitted that the present dollar is not a stable dollar. The kind of dollar we have here in the United States changes in value. If that is true, let me ask this question: How may we have stability when the yardstick—that is, a dollar—by which we measure stability is itself unstable? There is no chance for stability when the thing by which we measure stability is itself unstable; and that is the condition in which we find ourselves today.

Mr. President, the resolution (H. J. Res. 83) now pending before the Senate proposes to make "an additional appropriation for work relief and relief for the fiscal year ending June 30, 1939," in the sum of \$725,000,000.

However much I regret the necessity for my act when the final vote is had, I shall vote for the resolution.

The Congress is the policy-making branch of our Government. Hence, for whatever is in the domain of government we must assume responsibility.

This debate in the Senate has been limited to the issue of the proper amount of money which should be appropriated. Little, if anything, has been said about the governmental policy or policies which have and are making this appropriation necessary.

This depression is now over 9 years of age. Since October 1929 we have increased our national debt from some sixteen to almost forty billion dollars. The States, counties, cities, and other units of government have increased their debts, if not correspondingly, then immensely.

This resolution when passed will provide no remedy for existing conditions. The funds appropriated, admittedly necessary, will do no more than provide a degree of shelter, fuel, and food for a portion of our unfortunate and distressed people.

When this appropriation shall have been made a new demand and a new recommendation will come to the Congress for still further appropriations to meet similar and continuing needs during the next fiscal year.

Mr. President, why does this depression linger on?

Why are economic conditions such as to make this appropriation necessary?

Is there not something that may be done to better existing conditions?

What is the answer?

During the time that I shall impose myself upon the Senate I shall undertake to give my answer. That answer is that our financial policy is out of harmony with economic conditions and the fixed overhead charges now resting upon the backs of our people.

It is reported that we are annually spending for government—Federal, State, counties, cities, and smaller units—a sum in excess of \$17,000,000,000.

If this is correct, then one-fourth of our total annual national income is being expended for government.

It is estimated that the massed debts of all the people total some \$250,000,000,000.

If this is correct, and should the annual interest rate be 5 percent, then the total annual interest bill is some \$12,500,000,000.

If these reports and estimates are even approximately correct, then we see that the total bill for government and for interest is almost \$30,000,000,000.

It cannot be denied that governmental costs, relief expenses, and interest charges are fixed or near fixed charges upon the taxpayers of the country.

Mr. President, it is utterly impossible for the people to meet the costs of government, the needs for relief, the interest charges, and maturing debts upon the present price level.

When the people cannot meet their fixed charges and maturing debts, it is obvious that they have no money for luxuries or even common necessities.

Such conditions confront millions of our people today. Again I ask, What is the cause of such conditions?

It will take a little time to make my analysis, give my reply, and to suggest a remedy.

At the outset I assert that the dollar is too highly valued. Measured in commodities and property, the dollar is now worth 130 cents.

Highly valued dollars mean low prices, low incomes, unemployment, and depression.

The burden I assume at this hour is to show the relation between the value of the dollar and prices, income, business, and prosperity.

The dollar is the unit of our monetary system. The dollar is a measure of value and our medium of exchange. The value of the dollar controls prices, and prices control income and prosperity.

Today, having no gold in circulation and silver dollars being only token dollars, the unit of our money is the paper dollar. Gold today is available only to goldsmiths and dentists for commercial purposes and to foreign governments holding balances against the United States.

Today our unit—the paper dollar—being neither based upon nor redeemable in either gold or silver, is in fact a commodity dollar.

#### MONEY IN CIRCULATION

We now have in common circulation the following kinds of dollars:

Standard silver dollars worth intrinsically some 35 cents, silver certificates, United States notes, and Federal Reserve notes.

Silver certificates are the only class of our money which may be redeemed. Formerly silver certificates were redeemable in silver dollars, but more recently these certificates state on their face—

That there is on deposit in the Treasury of the United States of America one dollar in silver payable to the bearer on demand.

LXXXIV—55

Literally construed, this promise means that upon presentation of a silver certificate for redemption, the Treasury will weigh out a dollar's worth of silver, which at present prices would be some  $2\frac{2}{3}$  ounces of fine silver.

However, under the law our Government redeems dollars with other dollars—probably of the same kind.

Today our monetary system is about 150 years old, and under the present system business is about as chaotic as was business in the Colonies and in the new States prior to the adoption of a definite monetary system in the early days of the new Republic.

#### HISTORY OF THE DOLLAR

Before discussing further the commodity dollar, let me refer briefly to the history of the unit of our currency.

In the colonial days each colony had its own money system. When the war for independence came on it was necessary to have a unit of money which would be accepted by and circulate in and among the Colonies, and the Spanish milled dollar was the unit agreed upon.

On July 6, 1785, the Continental Congress by resolution declared that the money unit of the United States should be a dollar.

On August 8, 1786, the Continental Congress by resolution fixed the weight of the dollar at 375.64 grains of fine silver.

Upon the adoption of the Constitution it was provided that the Congress should have power to coin money and to regulate the value thereof.

On April 15, 1790, the House of Representatives requested the Secretary of the Treasury to investigate and report on the advisability of the establishment of a mint.

On April 28, 1791, Alexander Hamilton, Secretary of the Treasury, in obedience to the request of the House of Representatives, submitted his report, and in that report the Secretary recommended:

First. That both gold and silver be used as basic primary money;

Second. That the unit in our money of account shall be a dollar;

Third. That the gold dollar "ought to correspond with 24 grains and three-fourths of a grain of pure gold";

Fourth. That the silver dollar ought to correspond with 371 grains and one-fourth grain of pure silver; and

Fifth. That the alloy in each case should be one-twelfth of the total weight, making the gold dollar 27 grains of standard gold and the silver dollar 405 grains of standard silver.

Whatever may be said of Alexander Hamilton, the first Secretary of the Treasury, it cannot be said with truth that he did not understand the money question.

As to the importance of the value of the dollar upon prices, income, business, and prosperity, I call as my first witness no other than Alexander Hamilton.

On the establishment of a mint, the creation of a monetary unit, and what the fixing of the value therefor involves, Hamilton said:

The general state of debtor and creditor; all the relations and consequences of price; the essential interests of trade and industry; the value of all property; the whole income, both of the State and of individuals, are liable to be sensibly influenced, beneficially or otherwise, by the judicious or injudicious regulation of this interesting object.

As to the effect upon prices of any considerable change in the amount of real money in circulation, I again call Alexander Hamilton to testify in support of the position I assert and maintain.

I contend that the same economic law which controls the price of corn, wheat, and cotton likewise controls the value of the dollar.

When either corn, wheat, or cotton is plentiful the price of such commodity is low, but when either such commodity is scarce, the price is high. The statement of this economic principle needs neither illustration nor explanation.

In Hamilton's time the trading nations of the world were on bimetallic standards, with 1 ounce of pure gold being equal to the value of some 15 ounces of pure silver, making the ratio approximately 15 to 1.

In the early days, gold and silver coins circulated in the Colonies and in the new States on this approximate ratio. To have denied the coins of either metal recognition as money would have restricted and curtailed the number of money units, with the effects stated by Hamilton as follows:

To annul the use of either of the metals, as money, is to abridge the quantity of circulating medium and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty, circulation.

Secretary Hamilton, in his report to the Congress, recommended that the dollar be made the unit of our currency; that we adopt the bimetallic standard of gold and silver; that the value of the dollar controls prices, and that prices control income and prosperity, and, further, he committed himself and his Department to the quantitative theory of money. In this latter commitment he followed the authorities of the ages.

On April 2, 1792, the Congress acted on the Hamilton report and passed legislation defining the—

Dollars, or units, each to be of the value of a Spanish milled dollar, as the same is now current, and to contain 371 grains and four sixteenths parts of a grain of pure or 416 grains of standard silver.

Thus it will be seen that the first legal unit of our currency was the silver dollar, and the weight of such silver dollar has never been changed from the amount of pure silver recommended by Alexander Hamilton.

#### PRESIDENT JACKSON DEVALUED GOLD DOLLAR

The weight of the gold dollar was changed twice during the administration of President Andrew Jackson.

By the act of June 28, 1834, the weight was reduced by 1.2 grains of standard gold, and by the act of January 18, 1837, the pure gold content of the dollar was changed again slightly, the new gold dollar containing 23.22 grains of pure gold, or 25.8 grains, nine-tenths fine, was to become and remain the gold dollar for 100 years, and from the administration of Andrew Jackson to the administration of Franklin D. Roosevelt.

While the weight of the silver dollar has never been changed, the act of Congress of 1873 demonetized silver as one of our two monetary metals.

The passage of the Silver Demonetizing Act of February 12, 1873, had the precise effect upon prices and prosperity as predicted by Secretary Hamilton in his report of 1791.

When silver was demonetized, silver coinage was stopped and the legal-tender privileges were practically annulled, and such curtailment of the supply of money brought on a major panic and depression.

With the demonetizing of silver by the United States, gold soon became the basic and primary monetary metal of the leading trading and commercial nations of the world.

By the act of March 14, 1900, the gold dollar became the single metallic standard for all the currency of the United States. In the meantime all nations came to accept gold as the basis for international exchange.

#### GOLD HAS INCREASED IN VALUE

In the 100 years from 1834 to 1933 the production of gold did not keep pace with the demand for gold and as a result the value of gold, in terms of property, increased materially.

The World War brought about, in many nations, a vast increase of debt and, consequently, a vast increase in taxes. In every such country, to meet increased debts and heavier taxes, more money was demanded.

It was soon discovered that the world's supply of gold was inadequate to support the then gold standard currencies at the existing weights of the several national units.

Nation after nation went off gold. Some nations devalued their units and tried to remain on a gold standard but in the end they all failed.

#### PRESIDENT ROOSEVELT DEVALUED GOLD DOLLAR

By the act of May 12, 1933, the President was given power to reduce the gold content of the dollar by as much as 50 percent.

On January 31, 1934, acting under the authority granted, the President, by Executive order, reduced the weight of

the gold dollar by some 40 percent, or from 25.8 grains, nine-tenths fine, to 15 $\frac{5}{21}$  grains. Hence, today, while we have no gold coins or gold bars in circulation, yet our theoretical gold dollar contains 15 $\frac{5}{21}$  grains of gold nine-tenths fine.

All United States dollars used in foreign exchange are, in effect, gold dollars and all dollars used domestically are, in effect, commodity dollars, for the obvious reasons:

First. Exchange dollars are based upon and backed by gold;

Second. Domestic dollars are based upon and supported by commodities; and

Third. Such dollars may be redeemed only in commodities or in some form of property or in other currency dollars.

Under existing law the President has the power further to reduce the weight of the gold dollar from 15 $\frac{5}{21}$  grains to 12.9 grains. When and should this be done, the new gold dollar will be just one-half as heavy as the old gold dollar which served our Nation for 100 years.

So much for the history of our monetary system.

So far I have been discussing the kind of a dollar we have had from the beginning of our Government to the present date.

#### KINDS OF MONEY

Two monetary questions still confront us. The first—what kind of money do we have today and, second, what kind of money should we have tomorrow?

According to the latest available reports, January 20, 1939, we now have gold in our Treasury to the value of \$14,619,710,929, and in addition to the gold we have some \$547,079,218 coined standard silver dollars of which \$40,962,394 are in circulation and some \$1,586,976,416 silver certificates are outstanding.

The silver dollars in circulation, plus the silver certificates in circulation, plus our silver stock, against which no money has been issued, makes a total stock of silver money in the sum of \$1,694,346,685.

By adding the stocks of gold and silver we find we have some \$16,314,057,614 in recognized monetary metals.

Against this stock of monetary metal on January 18, 1939, we had in circulation the sum of \$6,666,000,000; hence, it is seen that we could issue almost \$10,000,000,000 in additional currency and have a dollar's worth of gold or silver back of each dollar now in circulation and back of each new dollar which might be placed in circulation.

#### NO INFLATION

During recent years we have heard much about inflation. Inflation is the printing and issuing of irredeemable paper money into circulation.

Under this definition there can be no real inflation in the United States until we have increased our money in circulation to the total sum of \$16,314,057,614.

Under existing law, paper money may be issued upon 40 percent gold and 60 percent of liquid assets and upon this legal basis we have a gold stock sufficient to back over \$35,000,000,000 of paper money.

From this analysis it is clear that there is no danger from the bugaboo of inflation in the immediate future.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I wish the Senator from Oklahoma would state the amount of money we could have in circulation without inflation.

Mr. THOMAS of Oklahoma. I will use January 24 instead of today in giving the figures. On January 24 we had in the Treasury the sum of \$14,625,113,081.74 in gold. Those are the latest available figures.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. NEELY. Will the Senator state about what proportion of the gold of the world the \$14,000,000,000 the United States now has in the Treasury represents?

Mr. THOMAS of Oklahoma. Mr. President, of course, no one knows how much gold there is in the world. Before devaluation it was estimated we had between eleven and

twelve billion dollars. After devaluation the estimate was raised to \$21,000,000,000. If \$21,000,000,000 is a fair estimate of the amount of monetary gold in the world, then we have fourteen and one-half billion of that \$21,000,000,000, or over two-thirds of all the monetary gold in the world.

Mr. LEWIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. THOMAS of Oklahoma. I yield.

Mr. LEWIS. I wish to interrupt the Senator, from whom I have gathered from time to time much information on the question of money. We observe the distinguished Senator from Nevada [Mr. PITTMAN] present in the Chamber. We all recall with what incessant labor he has fought to preserve what he felt to be the rights of silver. I now wish to ask the Senator from Oklahoma if he will be good enough, in addition to the definition he made with respect to the gold dollar, to state what he terms a silver dollar to be and what is its value?

Mr. THOMAS of Oklahoma. Formerly our silver certificates were redeemable in silver dollars. Formerly one could take a silver certificate to the Treasury and it could be redeemed with a standard silver dollar. But since the silver purchase program was passed in 1934 the Treasury Department has changed the wording used on the silver certificate, so today a silver certificate is not redeemable in a silver dollar but in a dollar in silver. I construe that to mean literally that if you should take a silver certificate to the Treasury and ask that it be redeemed, the Treasury would weigh you out \$1 worth of silver, which at present prices would be something like 2½ ounces of silver.

Does that answer the Senator's question?

Mr. LEWIS. Yes; it gives me a viewpoint, Mr. President. I thank the Senator. I was not clear on that particular point. I wanted to have it clarified.

Mr. THOMAS of Oklahoma. I wish to state again that under the law the Federal Reserve System is authorized to issue Federal Reserve notes on the basis of 40 percent of gold and 60 percent of commodities—that is, commodities in the form of liquid assets. By "liquid assets" is meant a note, bond, or security that can be converted readily into money.

Mr. LEWIS. Some of my colleagues and myself are still in the dark and should like to ascertain the able Senator's view with respect to a certain matter. What is the difference between a dollar's worth of silver and a silver dollar in value?

Mr. THOMAS of Oklahoma. A silver dollar weighs less than 1 ounce. The weight of the silver dollar has never been changed since the days of the Colonies. In the colonial days a Spanish-milled dollar contained 371¼ grains of fine silver. The standard silver dollar today contains exactly that much fine silver. It is not an ounce. An ounce of silver will coin \$1.29. In other words, an ounce of silver will make \$1.29 in silver dollars. That is the monetary value of silver. That is not its commercial value, but its monetary value. So, a silver dollar is not an ounce of silver. Under present prices a silver dollar intrinsically is worth only 35 cents. If silver is worth 43 cents an ounce, it would require some 2½ ounces of silver to be worth \$1. Hence intrinsically 2½ ounces of silver is worth \$1, and a standard silver dollar is worth 35 cents.

Mr. LEWIS. I am very much obliged to the Senator.

Mr. THOMAS of Oklahoma. I wish to say again that under present law we have enough gold legally to back \$35,000,000,000 of paper money. We have enough gold and silver to back 100 percent, dollar for dollar, over \$16,000,000,000 of paper money. The facts are that on yesterday we had in circulation only \$6,623,000,000 of all kinds of money. We have ample gold and silver to back approximately \$10,000,000,000 more of paper money, and then have in the Treasury a dollar's worth of gold—not 40-percent gold and 60-percent liquid assets, but a dollar's worth of gold, or a dollar's worth of silver measured in terms of gold—to back every dollar of that paper money. And yet when someone suggests that we could issue some United States notes, it is said that that would be inflation. We would have to issue \$10,000,000,000 of new

United States notes before we reached the time when we could not redeem each of those notes with a dollar's worth of gold or silver.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. CONNALLY. When the dollar was devalued to 59 cents, is it not true that under the practices of the Treasury the volume of money was not substantially increased at all? There is relatively about the same amount of money now outstanding as there was formerly.

Mr. THOMAS of Oklahoma. When the dollar was cut 40 percent, it was thought we would reduce the value of the dollar by 40 percent. When we took 40 percent of the gold from the dollar, we made it 40 percent lighter; 40 percent smaller. Gold is said to have intrinsic value. Then, by reducing the size of the gold nugget which we call a dollar, it was obvious to the public that we were cheapening the dollar by 40 percent. The results which were anticipated did not follow. At that time we had forty billions of deposits in the banks of the Nation. If by devaluing the dollar by 40 percent we had reduced the value of the dollar by 40 percent, we would by that act have killed, destroyed, and canceled 40 percent of the value of \$40,000,000,000.

After devaluation prices did not rise greatly in the United States, except on world commodities. Prices did rise on world commodities. Wheat jumped up. Wheat is a world commodity. Cotton jumped up in price. Cotton is a world commodity. But how about domestic commodities? Take automobiles for illustration. Before the devaluation one could buy a very good car for a thousand dollars. After devaluation he could buy a better car for a thousand dollars. The prices of cars did not increase. The prices of clothing have not increased. Only the prices of world commodities increased. So the devaluation of the dollar in terms of gold operates effectively only on world commodities and does not operate correspondingly on domestic commodities.

When we passed the monetary legislation in 1933 the dollar had a value of 167 cents in terms of commodities. That meant that a farmer, or miner, or oil producer, or lumberman, or fisherman had to produce and dispose of 167 cents worth of commodities to obtain a dollar to pay a dollar's worth of taxes, or to pay a dollar's worth of debts, or a dollar's worth of interest. They did not do it. They could not do it. Because of such conditions prices were the lowest in generations.

We started to cheapen the dollar, to raise prices. We thought we were doing it. We did cheapen world commodities. After we devalued the gold dollar the foreigner could take \$600 of the old gold dollars and buy a thousand dollars of American currency, and with that thousand dollars he could buy a thousand-dollar car. We did cheapen wheat and things of that character by 40 percent to foreigners, but not here in America.

Two monetary questions still confront us: First, what kind of money do we have today? Second, what kind of money should we have tomorrow?

During recent years we have heard much about inflation. I have just given a definition of inflation. Inflation is the printing and issuing into circulation of irredeemable paper money. We cannot print and issue into circulation irredeemable paper money until we have printed \$10,000,000,000 more and placed that in circulation. So, under the definition of inflation, there can be no inflation until we have printed as much as \$10,000,000,000 new, additional paper money and placed that in circulation. Then if we keep the laws upon the statute books that we now have, and issue paper money on the basis of 40 percent gold and 60 percent liquid assets, there can be no inflation until we have printed and issued into circulation more than \$35,000,000,000 of money.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. NEELY. May I inquire of the Senator what, in his opinion, the effect on the credit of the Government would be if it were to issue the \$10,000,000,000 in additional currency to

which the Senator has referred, and with that sum redeem outstanding Government obligations in order to stop the interest thereon?

Mr. THOMAS of Oklahoma. Mr. President, that question cannot be answered in one sentence. It is my judgment that if we should issue \$10,000,000,000 of new paper money and place that money in circulation, the buying power of our paper money would be very greatly reduced. When money is plentiful it becomes cheap. Germany has inflated twice, and reduced the value of the German mark to nothing. It is possible to put so much money into circulation that one could not carry enough money to buy his breakfast. No one is in favor of that kind of inflation. The only kind of expansion I am in favor of is the placing of enough money in circulation to get the dollar down and prices up so that we can balance the Budget, so that the people can live, so that they can pay their interest and pay their debts and make some money. That result has not been accomplished in 9 years. It cannot be done on the present value of the dollar.

In 1933 we started to cheapen the dollar. We cut the gold content by 40 percent. If we take 167 cents, the value of the dollar in 1933, and multiply it by 40 percent, we get 67. Subtracting 67 from 167 leaves a 100-cent dollar. Some so-called economists must have thought that by cutting 40 percent of the gold out of the dollar we would reduce the value of the dollar back to 100 cents. What we did did not have that effect. We did start to cheapen the dollar, but the task has not been completed.

It is my judgment that of all the relief programs we have passed in Congress the silver-buying program has brought more relief to the people of America than all the rest of such programs combined. Under that program we have placed more than a billion dollars of new money in circulation. That money is now in circulation. It is not retired. Nobody pays any interest on that money. It is based upon silver, not upon the monetary value of silver, but the real value of silver. There is a dollar's worth of silver, measured in terms of gold, back of each dollar in circulation. So, of all the money in circulation today, the best we have is the silver certificate. It is the only money we have that has something definitely back of it and the only money that may be redeemed.

From this analysis, Mr. President, it is clear that there is no danger from the bugaboo of inflation in the immediate future.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. BANKHEAD. If the Government should issue \$10,000,000,000 additional paper money against the \$10,000,000,000 in gold in the Treasury, in order to avoid the effect of that additional money being inflation to that extent, would it be necessary to make that paper money redeemable in gold?

Mr. THOMAS of Oklahoma. Mr. President, we could issue greenbacks or Treasury notes, which, of course, are backed by all the property of all the people, plus the earning power of all the people in the United States. So it is my judgment the Treasury notes, greenbacks, so-called, are the best form of currency.

If we should issue some kind of money against this surplus gold, in my judgment, we should only put enough of that money in circulation in the form of certificates to bring the price level up to where it ought to be. I am not in favor of raising prices to the point they were after the World War. There is no occasion at the present time to have wheat selling at \$3 a bushel or cotton at 44 cents a pound. I am not for such a proposal, but I want cotton to sell around 20 cents a pound and wheat around \$1.50 a bushel.

Mr. BANKHEAD. The point concerning which I wish to develop the Senator's idea is whether in issuing additional money against the gold—and I am in accord with that view—it is necessary in any way to tie that new money on to the gold in the vaults?

Mr. THOMAS of Oklahoma. Not at all. Treasury notes are based upon and backed by all the property of all the

people. All the gold we have is back of our Treasury notes; all the unallocated silver we have is back of our Treasury notes; all the farm lands, all the factories, all the property of America are back of our Treasury notes. We can issue those notes and place them in circulation to make money a little more plentiful, a little cheaper, and that will raise prices to the point where the Nation can survive.

Mr. LEE. Mr. President—

Mr. THOMAS of Oklahoma. I yield now to my colleague from Oklahoma.

Mr. LEE. Mr. President, the Senator said that he would issue money but did not want inflation. I agree with that; but what barometer would the Senator establish to determine when we had reached the proper level?

Mr. THOMAS of Oklahoma. Every nation in the world measures value according to a set of statistics. All these years we have measured value in this country according to the index prepared by the Bureau of Labor Statistics. That set of statistics is made up of 784 commodities. Each week the Bureau ascertains the price of a fixed quantity of each of those commodities; the prices of the 784 commodities are added, and then an average is taken. If the average is up, that means the dollar has gone down; if the average is down, that means the dollar has gone up in buying power. We measure the value of money by this system of statistics, and every nation in the world has a similar set of statistics by which it measures the value of its money.

Mr. LEE. That is called the "all-commodity index," is it not?

Mr. THOMAS of Oklahoma. That is the proper name for it; yes, sir.

Mr. LEE. And according to that index now, the dollar is worth how much?

Mr. THOMAS of Oklahoma. It is worth 130 cents.

Mr. LEE. Then, if we issue sufficient money to bring its value back to 100 cents, that could not possibly be inflation; it would be reflation, would it not, until it reached the 100-percent level?

Mr. THOMAS of Oklahoma. Exactly so.

Mr. LEE. Then, if the value of the dollar should pass that level, from that point on there would be inflation?

Mr. THOMAS of Oklahoma. It could be construed as inflation according to one definition.

Mr. LEE. But it could not be inflation, at least, until the 100-percent mark was reached?

Mr. THOMAS of Oklahoma. The inquiry submitted by my colleague suggests the question of what the public believes inflation to be. The public believes inflation to be rising prices. When prices start up the public understands that condition is being brought about by inflation of the dollar, which means cheapening the dollar. As I have said, at the present time we could bring the dollar down to 100 cents, and that would be, to that extent, inflation as the public believes, but it would not be inflation according to the dictionary meaning of inflation.

In 1933 the dollar was at 167 cents. We cheapened the dollar through devaluation and through the broader use of silver, together with the liberalization of credit, and we got the dollar down to 112 cents in March 1937. At that time we thought we were getting out of the depression, and we did not think it would be necessary to make any appropriation for relief to tide us through the next year. We thought that unemployment was being taken care of; business was becoming good; prices were going up slowly; and, of course, the dollar was falling. Then the bond-holding class and the big banking class became alarmed lest prices were going to go too high, lest their dollars were going to become too cheap, and so, obviously, they came to Washington and secured action on the part of somebody or a number of somebodies until that trend was stopped and the dollar did not fall any lower than \$1.12. When the money managers changed the trend the dollar started back up again; when the dollar started up prices began to fall, and we had a second depression beginning in March 1937, when the dollar was worth 112 cents. The dollar has gone back from 112 cents until on the

21st of the present month it was worth 130.5 cents. The dollar is now slowly going up in value.

Mr. LEE. Mr. President, will my colleague yield further?

Mr. THOMAS of Oklahoma. I yield.

Mr. LEE. I am sure that my colleague agrees with me that after it reaches a certain point the Government should then, by the contraction of credit or by one method or another, prevent further movement to cheapen the dollar. Regardless of what definition each person may apply to it, I wish to say that I am in full accord with the distinguished Senator's views as to placing sufficient money in circulation to bring the dollar to the hundred-cent level and hold it there.

Mr. THOMAS of Oklahoma. I shall cover that in the remainder of my address, but I may say, in passing, that I am in favor of a revaluation of the dollar or an adjustment of its value to 100 cents. That was the value of the dollar in the Coolidge administration, when we had an era of so-called Coolidge prosperity. At that time we had a dollar measured in terms of commodities and property which was valued at 100 cents. At that time we were collecting more money in taxes than we were spending. We were applying the surplus money to the retirement of the national debt. The national debt was reduced from \$26,000,000,000 in 1920 to \$16,000,000,000 in 1930, and it was done by having good times and high prices. People made money. They paid their taxes. We paid the expenses of the Government and applied the surplus to the retirement of our national debt, so that in 10 years' time we reduced the national debt to the extent of \$1,000,000,000 a year. I want to go back to that time. I should like to see the dollar revalued on the same basis that it was valued in that era, namely, at a hundred cents. That would bring wheat back to a price of approximately \$1.50 a bushel; it would bring cotton back to a price, possibly, of 20 cents a pound, and other commodities in proportion. If we can get those prices reestablished in this country, we have ample tax laws to raise all the money that we should spend, and, with a dollar valued at a hundred cents in terms of commodities, we could get rid of this depression; we could get rid of the unemployment situation and raise all the money we need to spend for every necessary purpose.

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

Mr. THOMAS of Oklahoma. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. I thank the Senator. Is it not true that one of the troubles now with our international trade is the difficulty that foreign governments have in buying dollars? Is it not true that they have sent practically all their gold to the United States, which has already been converted into dollars? So, in case we should issue new currency, would not the increased supply facilitate foreign trade by making it easier for foreign nations to acquire American dollars?

Mr. THOMAS of Oklahoma. The reason gold is coming to this country is the reason assigned by the distinguished Senator from Texas. Foreigners must have dollars to buy goods in America, and dollars are so scarce and the demand for them is so great that the dollar constantly tends to go up in terms of buying power.

Mr. CONNALLY. Let me ask the Senator one further question, if he will bear with me—

Mr. THOMAS of Oklahoma. Certainly.

Mr. CONNALLY. Is it not true that whenever we buy gold—and we are buying all the gold that is tendered, as I understand, and have been for some time—every time we buy gold we have got to pay for it in dollars? In order to get those dollars, the Treasury has been issuing bonds, and we are paying interest on those bonds in order to get the money with which to buy the gold and take it out in the country and bury it? Would it not have been entirely sound, instead of issuing bonds, to have issued money, because for every dollar we have spent for gold we got a dollar's worth of gold in exchange? We could double the volume of the currency now outstanding, and yet have more than a hundred percent of gold in the vaults and pay for every dollar of outstanding paper money and do away with the payment of interest on four or five billion dollars?

Mr. THOMAS of Oklahoma. I think the Senator's statement is eminently correct. Let me show what this gold policy is doing to the world. All exchange throughout the world is based on gold. When any bank issues a bill of exchange or a draft on some foreign bank there has to be gold back of that draft. So to the extent that exchange is issued there must be gold back of the exchange. Gold is coming to America. We now have more than two-thirds of all the gold of the world. We are draining the gold of the world to America. That makes gold scarcer in foreign countries, and when gold is made scarcer in foreign countries, gold becomes more valuable in those countries. When it comes here, we put the gold in quarantine, so to speak, take it to Kentucky, where it goes back in the ground, and such gold is dead at least for the time being. The gold does us no good, but the scarcity of gold, because of its coming to America, is injuring foreign nations and gold from day to day is increasing in value in terms of property. So long as these policies are continued gold will still keep on going up in terms of property. That will mean that prices will go further down unless the United States further devalues its gold unit and in addition places more currency in circulation.

Mr. NEELY. Mr. President, will the Senator yield once more?

Mr. THOMAS of Oklahoma. I yield.

Mr. NEELY. Earlier in the Senator's address he stated that the present value of the exchange dollar in terms of commodities is now \$1.30.

Mr. THOMAS of Oklahoma. That is correct.

Mr. NEELY. I assume that the Senator means in commodities as of the price of today.

Mr. THOMAS of Oklahoma. The present price of commodities based upon the average over many years.

Mr. NEELY. What I wish to know is this: Is the present valuation determined upon the basis of a comparison of the price of commodities in the United States today with the price of commodities in the United States in 1926 or some other year?

Mr. THOMAS of Oklahoma. Exactly so; that is correct.

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

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. NORRIS. The Senator speaks of issuing money—gold certificates, we will say—secured by the gold on deposit in Kentucky. In the Senator's judgment, what form would those certificates take? Would they be like our silver certificates? Would a gold \$20 bill, for instance, say that it was payable on demand to the holder of the certificate?

Mr. THOMAS of Oklahoma. Mr. President, answering the Senator's question, and referring to the daily statement of the United States Treasury, I find that on the 24th of this month we had the sum of \$688,943,367.53 of gold that was not in any way allocated. Nobody has any claim on that gold excepting the people of the United States. It is in the Treasury with no certificates against it. It is there as free gold. It would be easy to issue a form of money against that unallocated, unclaimed, free gold to the extent of practically \$700,000,000. But answering further, it is my contention that we may issue United States notes backed by this gold, backed by the other gold, backed by all the farms, all the factories, all the railroads, all the people, plus their earning power; and I contend that United States notes constitute a better form of money than even gold certificates backed dollar for dollar by gold.

Mr. NORRIS. Mr. President, may I pursue my question just a little further?

Mr. THOMAS of Oklahoma. Certainly.

Mr. NORRIS. Suppose the Government should decide to issue gold certificates in lieu of the gold on deposit either in the Treasury or elsewhere, just so the Government has it and has the ownership of it. Would a gold \$20 bill, let us say, provide that upon presentation of the certificate 20 gold dollars would be paid to the bearer?

Mr. THOMAS of Oklahoma. That brings up the question whether or not we are to make these certificates convertible or redeemable.



Mr. NORRIS. To my mind that is quite an important question. Could we issue these gold certificates and not provide for their payment in gold upon presentation?

Mr. THOMAS of Oklahoma. I will say to the Senator from Nebraska that there are different ways in which that could be done. In France, at one time, the authorities ceased to coin gold, but issued gold in bars, and the smallest-sized bar that they issued was a bar that cost about \$8,000. French francs were redeemable in gold, but it was necessary to have \$8,000 of French francs to get the smallest-sized bar used for redemption purposes. We might do the same thing in this country. That would result in having our money based upon gold and convertible, provided a man had, say, \$10,000 worth of gold certificates to get the smallest-sized bar.

Mr. NORRIS. I have always been friendly to the idea of the issuance of money in place of bonds, backed by the gold that we own; but the question arises in my mind—and I think it is a practical one which would have to be solved—whether, if we did that, we should not have to provide for the redemption of the gold certificates in gold dollars; and, if we did, we might by that means lose the gold that the Government now owns.

Mr. THOMAS of Oklahoma. Mr. President, from my viewpoint that would be a merest incident of the problem. If we should decide to use the gold in a practical way, there are different ways in which it could be used. We could coin \$10 gold pieces and \$20 gold pieces, as we used to, making them, of course, smaller in size, or we could put out the gold in bars of different size and not coined at all.

Mr. NORRIS. Our object in trying to get all this gold was to prevent the gold from being exported, for instance.

Mr. THOMAS of Oklahoma. That is correct.

Mr. NORRIS. If we should issue it in the form of gold coin and put it in circulation, or in the form of gold certificates redeemable in gold, we should frustrate that object. All of it might disappear into foreign countries.

Mr. THOMAS of Oklahoma. From the practical standpoint, it is my judgment that it would not be necessary to place in circulation very much new money to raise the price level to the point where I think it should be. It would not take very much new money. It would not take \$10,000,000,000. It would not take \$5,000,000,000. Probably it would not take \$2,000,000,000. I do not know the amount that would be required, but I would place money in circulation until we brought up the price level; and every man in the world who claims to know a thing about the money question must admit that by placing more money in circulation it is made more plentiful, and to the extent that money is made more plentiful it becomes cheaper. To the extent that it becomes cheaper, to that extent prices are raised.

Mr. NEELY. Mr. President—

Mr. THOMAS of Oklahoma. I yield to the Senator from West Virginia.

Mr. NEELY. Will the Senator inform us whether, in his opinion, the Government's \$14,000,000,000 in gold at the present time has any sort of practical value?

Mr. THOMAS of Oklahoma. Well, I am glad we have it. We can use it to liquidate our national debt; but in my judgment no good use is being made of it, except as a matter of confidence in the minds of people who have money, who have property, and great investments.

Mr. NEELY. If the store of gold down in Kentucky should be stolen and carried out and dumped into the middle of the ocean, and nobody ever were to find it out, what would be the effect on the credit of the United States or on the political economy of the United States?

Mr. THOMAS of Oklahoma. We take it for granted that the \$14,500,000,000 is still in Kentucky. If it is not, and nobody should find it out, it would not make any difference. Of course, however, we know the gold is safe, and we can use it at will to reduce our national debt when we see fit to do so.

Mr. President, in this presentation I am contending that notwithstanding our vast hoard of gold and silver, we now have internally and domestically a commodity dollar. Like-

wise, I am contending that all nations now have commodity units of currency. By this I mean that all nations, save our own, have or are regulating the value of their monetary units in terms of price or value of their domestic products.

Every nation should regulate the value of its money to suit its own domestic economy. This to date we have failed to do.

When the law was passed giving the President the power to cheapen the dollar, and thereby raise prices, our dollar was valued at 167 cents in terms of property.

This meant that in 1932-33 a farmer or any citizen had to give up 167 cents worth of goods or services to secure a dollar. It was because of this fact that prices were so low, budgets were unbalanced, and the most severe depression in history confronted us.

This law gave the President power to reduce the weight of the gold dollar; to issue additional money into circulation, and to expand the currency by a wider use of silver.

To date reducing the weight of the gold dollar has had little effect on prices save the prices of so-called world commodities, such as wheat and cotton.

For devaluation of the gold dollar to have raised domestic prices the gold taken from each dollar should have been either recoined and placed in circulation or paper currency should have been issued and circulated against such surplus gold.

By this process, gold dollars would have become more plentiful, hence cheaper, and prices would have been raised accordingly.

Nevertheless it is certain that had not the gold dollar been devalued and in the absence of our present system of commodity loans, wheat today would be selling for less than 25 cents per bushel and cotton would be selling for less than 4 cents per pound.

#### BENEFITS OF SILVER PROGRAM

It is my contention that since 1933 the expansion of the currency, through a wider use of silver, has been more beneficial to farmers, producers, and the people generally than any or even all other enactments or policies combined.

In 1933 we started out deliberately to cheapen the dollar and to raise prices. Through such efforts the value of the dollar was reduced from 167 cents in March 1933 to 112 cents in March 1937.

The cheapening of the dollar raised the price of wheat from some 30 cents to over \$1 per bushel and raised the price of cotton from some 5 cents per pound to some 12 cents per pound.

In March 1937 the money managers decided that the dollar was becoming too cheap and that prices were getting too high, so that steps were taken to check the cheapening of the dollar and stop the rising of prices.

The action taken was effective and a new depression was the result of such action.

#### DOLLAR STILL TOO HIGHLY VALUED

Today, notwithstanding the gold dollar has been reduced in weight by some 40 percent, the smaller-sized gold dollar is worth 130 cents in commodities, property, and services.

Coming, as I do, from a farm and producing State and trying to represent the farmers and producers of our country, I am demanding that the dollar be reduced in value from 130 cents, its present value, to 100 cents, the average value from 1921 to 1930, when the bulk of the massed and consolidated debts, some \$250,000,000,000, were contracted and which still rest upon the backs of the people of the United States.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. MINTON. Will the Senator be good enough to state to us the things that were done in the spring of 1937 which reversed the process of cheapening the dollar and started it back up again?

Mr. THOMAS of Oklahoma. Mr. President, the amendment which was adopted as a part of the Agricultural Adjustment Act gave the President four powers.

He had the power, first, to issue or provide for the issuance of \$3,000,000,000 of Federal Reserve notes. That is power No. 1.

The amendment authorized the President to issue \$3,000,000,000 of Treasury notes, so-called United States notes, or greenbacks. That was power No. 2.

The amendment authorized the President to cut the gold dollar in two and make two dollars out of one, and had he done that, the new gold dollar would have been worth just one-half as much as the old gold dollar. The President exercised that power only to the extent of 40 percent. He cut 40 percent out of the gold dollar and left 60 percent in.

The fourth power was the power to remonetize silver. Under that power the President can open the mints to the free coinage of silver. Under that power he can fix the weight of the silver dollar at anything he sees proper, and then issue an order that the mints will coin all the silver that is brought to the mints in dollars of the weight to be fixed by him.

Those were the four powers that were given the President. The people thought, evidently, that the President would use some of those powers to bring about a substantial cheapening of the dollar. The people had a right to that opinion, and I will give the reason for that statement.

On May 6, 1933, over a Nation-wide hook-up, President Roosevelt said:

The administration has a definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollars which they borrowed.

Again, on July 3, 1933, in a message to the World Economic Conference at London, the President said:

Let me be frank in saying that the United States seeks the kind of dollar which a generation hence will have the same purchasing and debt-paying power as the dollar value we hope to attain in the near future.

On July 5, 1933, in a second message to the World Economic Conference in London, the President said:

The revaluation of the dollar in terms of American commodities is an end from which the Government and the people of the United States cannot be diverted. We wish to make this perfectly clear; we are interested in American commodity prices.

On October 22, 1933, in a Nation-wide radio address, the President stated:

It is the Government's policy to restore the price level first.

Also, in the same address he said:

When we have restored the price level we shall seek to establish and maintain a dollar which will not change its purchasing and debt-paying power during the succeeding generation. I said that in my message to the American delegation in London last July, and I say it now once more.

Mr. President, under the powers given the President, and because of his statements, the dollar became cheaper. It lost value, from 167 cents down to 112 cents. Then a determination was reached not to cheapen the dollar further, but to give the dollar more value, and policies looking to that end were initiated in March 1937. Gold was sterilized. Reserve requirements were raised. Rediscount rates were raised. In other words, restrictive policies on the issuance of money and credit were placed in operation. That had the effect of increasing the value of the dollar, and as the dollar went up prices began to fall, and today we have the dollar worth 130 cents plus, which means that the farmer must raise 130 cents worth of cotton, or wheat, or corn, or what not in order to get a dollar with which to pay his taxes or to pay his interest or to pay his debts. It is not being done; it cannot be done. There is no possible solution of this depression question save through cheapening the dollar.

The dollar must be made cheaper, and there will be no substantial relief to the people of this Nation until the dollar is made cheaper.

#### RUBBER DOLLAR

During recent years we have heard much about a rubber dollar. What is meant by a rubber dollar? The answer: A dollar of widely varying value or buying power.

When have we had a rubber dollar? Let history answer. From 1789 to 1873 our country was on a bimetallic standard and from 1873 to 1933 we were on a fixed gold standard.

In the first years of the new Republic the dollar varied only slightly from 100 cents as valued in property.

In 1812, because of war, money was placed in circulation, money became more plentiful, money became cheaper, and prices rose accordingly. In 1830 the value of the dollar was 152 cents. President Jackson reduced and held the value to near 100 cents. In 1864 the value of the dollar was 74 cents. That was during the War between the States. The Treasury had no gold and no silver, and Mr. Lincoln had to resort to the issuance of paper money, money called "United States notes," or "greenbacks"; and when those notes were placed in circulation, without either silver or gold back of them, they lost their value; and, measured in terms of gold, the paper dollar was worth only 74 cents, which meant that prices were correspondingly high. In 1896 the value of the dollar was 215 cents. That was when we had 50-cent wheat in Indiana. At that time hogs and cattle were not worth driving to the market.

Let me say to my colleagues on this side of the aisle that history records that no political party has ever succeeded itself on 50-cent wheat and 5-cent cotton. If our party desires to retain control of the Government, things must be done to raise the price level; and if wheat is not selling for more than 50 cents a bushel and cotton for more than 5 cents a pound next year, we may see a radical change in the structure of the next administration.

In 1920 the value of the dollar was 64 cents. After the World War we placed so much money in circulation, we made money so plentiful, that money became cheap; and when money became cheap, prices went up. Then it was that we had the highest prices I have ever seen. In my State wheat sold for \$2.40 a bushel and cotton sold for 44 cents a pound. There were no foreclosures of farms in those days. Everyone wanted to buy farms. For every farm that was for sale there was a buyer at practically any price the owner wanted to ask.

From 1921 to 1929 Governor Strong, of the New York Federal Reserve Bank, so managed our money system as to bring back and keep the dollar at a 100-cent value. With the passing of Governor Strong the dollar value began to rise, until in March of 1933 the value was 167 cents.

In 1933 our administration undertook the task of reducing the value of the dollar in terms of property to 100 cents, or to the 1926 level, but to date the task is incomplete.

#### DOLLAR VALUE CAN BE STABILIZED

As stated, Governor Strong, although the United States was on a fixed gold standard, regulated the value of the dollar to 100 cents and stabilized such value during the remainder of his life. I contend that what has been so well done may be done again.

Also, I contend that our money managers have fixed the value of our dollar in terms of commodities, goods, and services at approximately 130 cents and that such dollar is being held at about that value. I contend that this value is entirely too high and that the Budget cannot be balanced on such a valued unit and that we will never work out of this depression until the dollar value is reduced to approximately 100 cents.

#### SUMMARY

Before making my recommendation, let me summarize:

In the light of history it is obvious that the prosperity of a people depends upon the fairness and stability of their domestic price level.

Progress and prosperity depend upon prices, prices depend upon the value of the dollar, and the extent of prosperity and the level of prices depend upon the amount of money in circulation.

In times past money was limited to gold, silver, or copper metal stamped in the form of coins. Later the term "money" was expanded to include not only metal coins but paper currency as well.

Today we define anything as money that has been, by law, declared to be legal tender for the payment of taxes, interest, duties, and debts.

Money exists by law and not by Nature.

Money is not always of the same value.

The dollar, when based upon a given quantity of gold, is of the same value as such quantity of gold; hence, as gold changes in value, the dollar changes in value.

Formerly by money we meant only gold, silver, and copper coins. Today by money we mean legal-tender currency, and by currency we mean gold coin, silver coin, nickel or copper coin, and paper money.

By "currency" I do not mean bank credit. Currency is money. Bank credit is only a substitute for money.

While bank credit serves as a medium of exchange and may be converted into currency, bank credit is not currency.

Currency units or dollars, as herein defined, measure prices. Bank credit or substitute money does not measure prices. The number of currency dollars in circulation, in the main, control the value of the dollar. An increase in the number of currency dollars in circulation means increasing the supply of price-measuring money units.

The same economic law which controls and governs the value of wheat and corn and cotton likewise controls and governs the value of the dollar. When any commodity is plentiful, such commodity is cheap; likewise, when dollars are plentiful, dollars are cheap; and when dollars are cheap, prices are high.

On the other hand, when dollars are scarce dollars are high, and when dollars are high prices are cheap.

The value of the dollar depends, in the main, upon the number of currency dollars in circulation. Scarce money means high-valued dollars, and high-valued dollars means unemployment, low wages, low prices, panics, and depressions. Plentiful money means cheap money and cheap money means employment, high wages, high prices, progress, and prosperity.

If there be those who disagree with the economic principles just stated, then I must leave them to answer, not me but the master financial minds of history.

#### MONETARY AUTHORITIES

Let me call a few witnesses, famous monetary economists of the world, to sustain my position.

Ricardo says:

The value of money is determined by the amount existing.

Ruffner says:

Doubling the amount of money tends to double prices.

Again he says:

The price level will tend to rise in proportion to the increase in the money supply.

John Locke says:

The value of money in general is the quantity of all the money in the world in proportion to all the trade.

James Mills says:

And again, in whatever degree, therefore, the quantity of money is increased or diminished, other things remaining the same, in that same proportion the value of the whole, and of every part, is reciprocally diminished or increased.

Sir J. Graham says:

The value of money is in the inverse ratio of its quantity, the supply of commodities remaining the same.

John Stuart Mill says:

The value of money—other things being the same—varies inversely as its quantity, every increase of quantity lowering the value and every diminution raising it in a ratio exactly equivalent.

And again he says:

That an increase of the quantity of money raises prices, and a diminution lowers them, is the most elementary proposition in the theory of currency, and without it we should have no key to any of the others.

Modern economists have the following to say:

Taussig says:

Double the amount of money and, other things being equal, prices will be twice as high as before and the value of money one-half. Halve the quantity of money and, other things being equal, prices will be one-half what they were before and the value of money double.

Gustav Cassel, one of the greatest living authorities on money, says that the value of money depends upon its supply and the demand therefor.

#### CURRENCY DOLLARS ARE PRICE-MEASURING UNITS

The Wall Street Journal, one of the leading financial publications of the country, in arguing against the payment of the soldiers' bonus with United States notes, used the following language:

The essential thing involved in the issue of more currency is that it increases the supply of price-measuring money units. Therein lies the fundamental difference between currency and bank credit. Both function as media of exchange but only one kind measures prices.

In harmony with these quotations, let me call your attention to the following facts:

In Andrew Jackson's day money was plentiful, prices were high, and prosperity was enjoyed by all.

Following the Civil War, greenbacks, or United States notes, were plentiful, prices were high, prosperity returned, and reconstruction was quickly accomplished.

During and immediately after the World War money was plentiful, prices were high, work was plentiful, wages were good, and America became the leading creditor nation of the world.

History sustains the contention that plentiful money makes good prices, and good prices make good times and general prosperity. Likewise, scarce money makes low prices, and low prices make hard times, panics, and depressions.

In 1873, through the demonetization of silver, one-half of the basic money of our country was struck down and discredited. The destruction of silver, by closing the mints for its coinage, brought about a scarcity of money, causing a fall in prices, deflation, and depression. The demand for more money and higher prices led to the Bryan free-silver campaign in 1896.

In 1921 prices were lowered by the process of taking money out of circulation. Beginning on March 4, 1921, and lasting for 18 months, the party in power deliberately made money scarce by taking out of circulation over \$100,000,000 per month.

Thereafter, in less than 2 years' time, wheat fell in price from \$2.50 to \$1 per bushel, cotton fell from 40 to 20 cents per pound, and other prices were reduced in proportion. This deflation of our currency ruined agriculture first, then livestock, lumber, and mining industries followed the decline. Still later, smaller towns and cities suffered, and with one-half the people impoverished the 1929 crash came.

In 1930 to 1933 money was scarce—so scarce and so valuable that prices were the lowest in generations.

In 1933 the administration at Washington proceeded to raise prices by lowering the value of the dollar. The value of the dollar in foreign exchange was lowered by reducing the gold content of such dollar. The value of the domestic dollar was reduced by making money more plentiful through a wider use of silver.

The contraction of the currency just after the World War reduced prices. The expansion of the currency in 1933 to 1937 increased prices.

By expansion of the currency I mean a planned, orderly, and controlled increase in the number of currency dollars in circulation. Domestically our currency dollars are neither based upon nor redeemable in gold; hence, such dollars are commodity dollars. Not being based upon gold, the value of such dollars depends upon the number placed in circulation.

#### CONGRESS HAS POWER TO COIN MONEY AND REGULATE VALUE

The Congress has the right and power to increase or decrease the amount of money in circulation; hence, has the

right and power, at will, to increase or decrease the general price level, which includes commodity prices and wages.

This power is constitutional.

The section of the country from which I come demands that prices and wages be increased through an absolutely safe and orderly expansion of the currency.

How may this be accomplished?

Under existing law the Federal Reserve System may expand the currency at will through the policy of open-market operations. Under this policy the Federal Reserve banks may enter the open market and purchase bonds and pay for such bonds with Federal Reserve notes. This policy places new money in circulation and thereby directly expands the currency.

Under existing law, our administrative officials have ample power to raise prices through a safe and orderly expansion of the currency. If this program should be inaugurated, and if money should become too plentiful and prices should rise too high, the Federal Reserve System now holds billions of bonds which could be sold, and thereby any amount of currency may be removed from circulation at will.

Economic laws are as immutable as are the laws of gravity. Expanding the currency will cheapen the value of the dollar. Cheaper dollars mean higher prices. Higher prices mean more profits, higher wages, greater income, and increased prosperity.

#### A REMEDY

Now, we come to the final point—the remedy, or perhaps a remedy.

The Constitution gives the Congress power to regulate the value of the dollar. Under this power the Congress is responsible for whatever value the dollar has at any given time.

The Congress is responsible for the dollar having a value of 130 cents today.

The Congress has the power to cheapen the dollar and to raise prices at will.

As a Member of the Congress, I thought we were exercising our constitutional power in 1933. Such power was exercised by conferring discretionary power upon the President. To date the President has not used as much of the power conferred as I think he should.

As I see the picture, the Budget will not be balanced, unemployment will not be decreased, and prosperity will not return until prices are increased, and prices will not be increased until the managers of our money act.

#### PROFIT TO TREASURY AND METALLIC MONEY STOCK

Prices of world commodities may be increased by a still further devaluation of the gold dollar. The President has the power under existing law to take some  $2\frac{1}{4}$  grains out of the present gold dollar. Should this be done, the amount of gold so removed from each dollar would be profit for our Treasury. This profit would be some \$2,500,000,000, and, when added to the former devaluation profit of some \$2,800,000,000, would make a grand total gold devaluation profit of some \$5,300,000,000.

Should this legal act be taken, our present \$14,619,000,000 of gold would become over \$17,000,000,000.

Then our new gold stock added to our silver stock would give us almost \$19,000,000,000—gold and silver—in our Treasury.

The immediate effects of such action would be:

First. Increase the price of all world commodities.

Second. To the extent that new currency is placed in circulation, the price of all commodities would be increased.

Third. With increased prices, business will be stimulated and profits will be possible; hence, tax payments will be increased, making possible the balancing of the Budget.

Fourth. Such action will enable our people to pay the present increased national debt with less gold than it would have taken to have paid the smaller national debt in 1933.

Fifth. Such action would reduce the present national debt and all debts in terms of commodities, such as cotton, corn, wheat, livestock, oil, and copper, to a point where our present

debts, interests, taxes, and fixed charges could be paid with less of such commodities than could the smaller debts and charges have been met and paid in 1932.

For example, the President may cheapen the dollar in terms of commodities by ordering additional currency placed in circulation. He has such powers already conferred by law. The Board of Governors of the Federal Reserve System has the same power through the exercise of open-market operations, lowering of the discount rate, and liberalizing credit rules and regulations.

#### NO NEW LEGISLATION NECESSARY

It does not absolutely require any new legislation to have done the thing which I think should be done.

The specific thing which I think should be done is set forth in Senate Resolution 216, reported favorably to the Senate on February 9, 1938, and as follows:

*Resolved*, That it is the sense of the Senate that the Federal Reserve Board, the Treasury, and the executive agencies of the Government should proceed forthwith to adjust the purchasing power of the dollar by the necessary monetary policies and measures to attain within the next 12 months approximately the 1926 price level of wholesale commodities, including farm products.

The program outlined in the resolution was intended to carry into effect the policy outlined by the President in his May 6, 1933, radio address and his subsequent addresses of July 3, 1933, July 5, 1933, and October 22, 1933.

The President's program was stated clearly in his address of July 5, 1933.

To the World Economic Conference in London, he said:

The revaluation of the dollar in terms of American commodities is an end from which the Government and the people of the United States cannot be diverted. We wish to make this perfectly clear; we are interested in American commodity prices.

The Chief Executive is on record in this particular matter. Again permit me to summarize:

I have stated that the value of the dollar controls prices and that prices control income and prosperity. Also I have stated that a highly valued dollar makes a low price level, hence, low prices; and that a cheaply valued dollar makes a high price level; hence, high prices.

It is obvious that increasing the weight of the gold dollar decreases the value of gold in terms of dollars and thereby reduces prices. Also reducing the weight of the gold dollar increases the value of gold per ounce and increases prices.

From the foregoing statement of principles we must conclude that it is all important that the dollar should be properly valued in terms of domestic commodities and property, and that when such dollar value is regulated and adjusted such value should be stabilized and thereafter kept as fixed and unchanged as is humanly possible.

Formerly both gold and silver, on a fixed or definite ratio, formed the base for the moneys of the world. More recently gold has formed the metallic base supporting the monetary units of most of the world's currencies.

By this is meant that most of the nations were on the single gold standard. By the single gold standard is meant that the paper currencies issued into circulation by such countries were redeemable on demand in gold coin or in gold bullion on the basis of a definite weight of gold of a fixed degree of fineness for each unit of such currencies.

Now all nations are off the gold standard, domestically and internally, however, all exchange issued by the banks of the several nations is issued on the basis of so much gold by weight of a certain degree of fineness for each monetary unit of such nation.

The United States has always had a fixed weight of gold for the dollar, although such weight has been changed a number of times. At the present time the weight of the gold dollar is  $15\frac{5}{21}$  grains of gold nine-tenths fine.

The first gold dollar weighed  $24\frac{3}{4}$  grains of pure gold. During the administration of Andrew Jackson the gold dollar was devalued twice and for the 100 years from 1834 to 1933 the gold dollar was fixed and retained at 25.8 grains, nine-tenths fine.

For the 100 years prior to 1933 when the gold dollar was fixed at 25.8 grains, nine-tenths fine, an ounce of pure gold was worth \$20.67.

At the present time, with the gold dollar fixed at 15 $\frac{1}{21}$  grains nine-tenths fine, an ounce of fine gold is worth \$35.

An ounce of fine gold, when valued at \$20.67, meant that such quantity of gold could be coined into 20.67 dollars. When we raised the value of gold to \$35 per fine ounce, it meant that the same ounce could be coined into 35 gold dollars.

Since gold at all times, even from day to day or from hour to hour, has a definite or fixed value in terms of monetary units or dollars, it follows that by decreasing the weight or size of the gold dollar decreases its value comparably.

As stated, gold has what is termed intrinsic value. For example, formerly an ounce of fine gold, because it could be coined into twenty and sixty-seven one-hundredths of a dollar, was worth \$20.67, and obviously was, in effect, \$20.67. At the present time, because an ounce of fine gold can be coined into 35 gold dollars, it naturally follows that such ounce of gold is worth \$35 and, in effect, is \$35.

Formerly and now fine gold had and has the same value either coined or uncoined. The only effect coinage has upon gold is to certify that the little nugget of gold stamped "one dollar" contains a certain amount of gold by weight and of a fixed degree of fineness.

Thus it is seen that an ounce of fine gold not only is worth \$35, can be coined into \$35, and, in effect, such ounce, either coined or uncoined, is \$35.

By devaluing the gold dollar we accomplish two definite things. First, we reduced the weight of the gold dollar; and, second, we reduced its value in proportion that the weight was reduced. When the gold ounce was worth \$20.67 each dollar weighed 25.8 grains, nine-tenths fine, and when gold was revalued so as to be worth \$35 per fine ounce, then each dollar weighs only fifteen and five twenty-firsts of a grain of gold nine-tenths fine.

#### HOW DEVALUING GOLD DOLLAR RAISES PRICES

Gold has intrinsic value, if not inherently, then by law. Formerly an ounce of fine gold was worth by law \$20.67. Today an ounce of fine gold is worth by law \$35. Formerly, when gold was worth \$20.67 per fine ounce, each gold dollar contained 25.8 grains nine-tenths fine.

Today, with gold worth \$35 per fine ounce, each gold dollar contains only 15 $\frac{1}{21}$  of a grain of gold nine-tenths fine. Thus it is seen that the higher the value of the gold ounce the smaller the size, weight, and value of the gold dollar. By raising the price of gold per ounce we reduce the size, weight, and value of the gold dollar.

Conversely, by lowering the price of the gold ounce we increase the size, weight, and value of the gold dollar.

From the foregoing it is obvious that by increasing the value of gold—thereby cheapening the value of the gold dollar—we raise prices, and that by decreasing the value of gold, thereby raising the value of the gold dollar, we lower prices.

Let me be more specific by giving a concrete illustration: Let us assume that the gold dollar which served us for 100 years has not been devalued but is to be devalued tonight at midnight.

Today an ounce of fine gold is worth \$20.67.

Today an ounce of fine gold is worth 35 bushels of wheat; hence today a bushel of wheat is worth one thirty-fifth of such ounce, valued at \$20.67, or 59 cents per bushel.

Tonight at midnight we reduce the weight of the gold dollar from 25.8 grains to 15 $\frac{1}{21}$  grains, which means increasing the price of gold from \$20.67 to \$35 per ounce, so that our price of wheat changes as follows:

At midnight an ounce of fine gold is revalued at \$35.

At midnight an ounce of fine gold is still worth the same 35 bushels of wheat; hence at midnight each bushel of wheat is still worth one thirty-fifth of such ounce, now valued at \$35, or the price of wheat is thereby increased to \$1 per bushel.

The illustration might be simplified.

Today a bushel of wheat is worth one gold dollar of 25.8 grains of gold, nine-tenths fine. Tonight at midnight the bushel of wheat is still worth the 25.8 grains of gold, but by devaluation the 25.8 grains of gold becomes \$1.59; so that the bushel of wheat has been increased in price from \$1 per bushel to \$1.59 per bushel.

The foregoing illustration, applicable to wheat, would be applicable to any and all world commodities. By world commodities I mean commodities valued from day to day in terms of gold. Wheat, cotton, corn, and oil are good examples of so-called world commodities.

The price or value of purely domestic commodities, or commodities not having a fixed value in terms of gold at all times, would not be similarly affected by the devaluation of the gold dollar unless, first, gold was actually in circulation, and unless, second, the surplus gold removed from each dollar should be recoined and issued into circulation.

It is my contention that the same economic law controlling the value of corn, wheat, cotton, and oil likewise controls the value of gold. When any commodity such as those mentioned is plentiful such commodity is cheap, and, conversely, when scarce is high.

In the past when new gold fields were discovered and gold was produced faster than the demand for gold increased, then gold itself became cheaper and prices increased.

On the other hand when the demand for gold increased faster than the production, coinage, and circulation of gold, then gold increased in value as measured by commodities and property generally.

Today the demand for gold as the basis for world exchange is great, and the fact that great quantities of gold are coming to the United States where, in effect, such gold is placed back in the quartz, is depleting the world supply of gold so that the value of the available diminishing supply is constantly increasing.

This policy or development is responsible for the value of our gold dollar, although reduced in size and weight by some 40 percent, being 130 cents, or some 30 percent greater than the value of the larger and heavier gold dollar in 1926.

It is obvious that in order for the gold dollar to remain constant in value or buying power, the production, coinage, and circulation of gold must be kept in harmony with the demand for gold.

Such a program is not to be expected, however; when the United States and the leading nations were on the orthodox gold standard we did not have either a stabilized or satisfactory monetary system.

For example, under such gold standard we saw the gold dollar in 1896 worth over 200 cents, as measured in commodities and property, and in 1920 we saw the same size gold dollar worth only 64 cents, as measured in the same class of property. Also in 1926 the gold dollar, before devaluation, was worth 100 cents and in 1932 the same dollar was worth 167 cents, as measured in commodities and property.

Then through devaluation the weight of the gold dollar was reduced from 25.8 grains to 15 $\frac{1}{21}$  grains, yet today the smaller sized gold dollar is worth 130 cents when measured in commodities and property; hence I contend that under the old gold-standard plan our monetary system could be and was a managed-money system.

I contend that while gold and silver have been and are considered monetary metals, yet such metals are nothing other than commodities.

Also while we have said by law that 15 $\frac{1}{21}$  grains of gold nine-tenths fine would be a dollar, yet the value of such quantity of gold varies and changes with the production of and the demand for such a quantity of gold.

At this point I may say that while we now have in our Treasury over two-thirds of all the monetary gold in the world and about one-fourth of all the monetary silver produced to date. Our resources are such that we could acquire all the monetary gold and silver now available throughout the world.

It is a fact that we have fixed the price or value of both gold and silver and have and are maintaining such price throughout the world. However, no one would contend that it should

be our policy to continue to acquire great quantities of either of these so-called monetary metals.

I make these statements not in approval of the suggested policy, but to show the economic power of the people of the United States.

As before stated, domestically or internally we are not on either a gold or a silver standard. Our exchange is based upon gold, but domestically we are on a paper-currency standard.

While we now have over sixteen and one-half billions of gold and over one and one-half billions of silver in our Treasury, our \$6,666,000,000 of currency in circulation is redeemable not in gold but only in other dollars, probably of the same kind and class.

Now to another proposition. I contend that so long as we have our dollar tied to a given and fixed quantity of gold it is possible and should be the policy of our money managers to keep the value of such quantity of gold as stable as is humanly possible with the price of our domestic commodities. By price of domestic commodities I do not mean any given or named product, but, rather, the general price level derived from the average of our commodities making up our general price index.

Let me explain more fully. It must be admitted that we may raise the price level by increasing the amount of currency in circulation. At any time we can raise the price level by permitting or forcing additional currency into circulation.

The raising of the general price level would, as a rule, raise the price of any given commodity. Take wheat, corn, or cotton, for example. We could raise the price of such commodities by increasing the supply of price-measuring units, which would be currency dollars. No one denies but that we can double the price of wheat or corn or cotton by such a policy.

If this is conceded, then we can regulate and adjust the value of gold in terms of commodities at will, and we can do this without the necessity of changing the size or weight of the gold dollar.

For example, today wheat is selling for some 50 cents per bushel. This means that today while an ounce of gold is worth \$35, such ounce is at the same time worth some 70 bushels of wheat.

By increasing the amount of currency in circulation I contend that we can raise the price level to such a point that wheat would be worth \$1 per bushel. Then the ounce of gold, while still being worth \$35, would at the same time be worth only 35 bushels of wheat. Or, in other words, the addition of currency to the circulation would serve to increase the price of wheat without the necessity of changing the size or weight of the gold dollar.

Since we are not on the gold standard or a gold basis from a practical standpoint, it would be very easy to place in practice this policy or plan. However, if we were on the orthodox gold standard, I contend that the policy herein outlined to a degree would work equally as well.

In 1933 our administration deliberately initiated a policy for raising commodity prices. The value of our dollar in terms of property was decreased from 167 cents to 112 cents by March 1937. As the dollar fell in value prices rose correspondingly. In 1937 our money managers stopped the cheapening of the dollar and the consequent rise in prices and reversed the trend. Since March 1937 the dollar has constantly increased in value and prices have fallen correspondingly.

During the past several months the dollar value has been fixed and retained at approximately 130 cents. I contend that the price level could be fixed at any other named point and that such price level could be maintained at such point exactly as the price level is now being maintained on a dollar valued at 130 cents.

Again I say that the value or price of domestic commodities is governed by the number of price-measuring units or dollars in circulation.

The executive branches of the Government; having power and control over the coinage and circulation of money, and

control over the issuance of credit, have all necessary power to raise the price level to any given point, and such agencies have full knowledge of how to use such power to bring about the end suggested and recommended.

To recapitulate the executive branches may use any or all of the following existing powers to bring about the end herein set forth:

First. Desterilize our surplus gold.

Second. Force into circulation available silver certificates.

Third. Lower discount rates.

Fourth. Lower reserve requirements.

Fifth. Open-market operations.

Sixth. Further devalue the gold dollar.

Seventh. Issuance and use of additional Federal Reserve notes and Treasury notes as authorized by existing law.

For almost 10 years we have tried to work out of the depression under a low price level and we have failed. Today I am more convinced than ever that higher prices—hence, a higher price level—are not only advisable but absolutely mandatory before we see substantially better times.

The present dollar is a commodity dollar, but its value is not as yet properly adjusted and regulated.

The new dollar will be a commodity dollar, and a dollar so valued, regulated, and stabilized as to serve the best interests of all classes of our people.

With the new dollar in circulation the price level will be raised, wages and income will be increased, profits will be possible, the national income will be increased, the Budget will be balanced, and prosperity will return again to the people of the United States.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent that I may at this time introduce a bill suggesting a remedy for the evils I am seeking to point out, and that the bill be printed in the RECORD.

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

The bill (S. 1057) for the regulation and stabilization of agricultural and commodity prices through the regulation and stabilization of the value of the dollar, pursuant to the power conferred on the Congress by paragraph 5 of section 8 of article I of the Constitution, and for other purposes, was read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.,*

#### MONETARY POLICY

SECTION 1. Pursuant to the authority conferred in paragraph 5 of section 8 of article I of the Constitution, wherein the Congress is authorized to coin money and to regulate the value thereof, the Congress does hereby declare that the monetary policy of the United States shall embrace, among others, the following principles:

(a) To coin and keep constantly available an adequate supply of sound money;

(b) To regulate the value of the dollar so as to best serve the domestic economy of the people; and

(c) To place and keep in circulation a sufficient amount of properly valued money to adequately supply the demands and needs of the people: *Provided*, That the regulation and stabilization of the value of the dollar shall be a fixed policy and, in order to promote and give stability to agriculture, industry, commerce, manufacturing, mining, forestry, fisheries, employment, and other human activities, the regional Federal Reserve banks and the member banks of the Federal Reserve System, under the supervision and direction of the Monetary Authority, shall cooperate in carrying out the policy and principles herein set forth and as provided in this act.

#### CREATION OF MONETARY AUTHORITY

Sec. 2. The Congress, in order to vitalize the provisions of the Constitution and to carry into effect the monetary principles and financial policy set forth in section 1 hereof, deems it necessary to, and does hereby, create the Board of Governors of the Federal Reserve System into a governmental agency to be designated as a Monetary Authority (herein referred to as the Monetary Authority) for the express purpose of regulating the value of money: *Provided*, That the constitutional clause regulating the value of money shall be construed to mean adjusting the value of the dollar to that point which will serve the best interests and best promote the domestic economy of the people: *And provided further*, That said clause regulating the value of money shall be construed to mean not only the adjustment of the value of money but also the stabilization of such regulated and adjusted value as hereinafter provided.

## DOLLAR-VALUE CONTROL ITEMS

SEC. 3. The Monetary Authority, in regulating, adjusting, and stabilizing the value of the dollar as herein provided, shall take into account and give consideration to, among other things, the following:

- (a) The amount of the annual total tax bills necessary to support the several units of government;
- (b) The amount of the annual total public and private interest items;
- (c) The amount of consolidated or massed debts, public and private, owned by the several units of government, corporations, and the people jointly and severally;
- (d) The general price level and the relation of such price level to the tax, interest, and debt burdens resting upon the people;
- (e) The interests of taxpayers, mortgagors, debtors, producers, consumers, wage earners, holders of fixed investments, and those who live on fixed incomes;
- (f) The relation of the general domestic price level to the general world price level; and
- (g) The relation of the value of the dollar to the values of the monetary units of the other governments of the world.

## STANDARDS AND LIMITATIONS

SEC. 4. Immediately upon the passage and approval of this act, the said Monetary Authority shall assume and exercise the powers herein delegated and conferred according to the standards and within the limitations herein set forth: *Provided*, That the said Monetary Authority is hereby authorized and directed to proceed, as provided herein, to adjust and regulate the value of the dollar as expressed in terms of wholesale prices to the point of 100 as shown by the Bureau of Labor Statistics: *And provided further*, That, pending the regulation and adjustment of the value of the dollar to the point of 100 as provided herein, the said Monetary Authority shall proceed to investigate, consider, and determine the proper value of the dollar as provided in section 3 of this act.

## EQUILIBRIUM PRICE LEVEL

SEC. 5. The Monetary Authority, in carrying into effect the principle of monetary policy stated in (b) of section 1 hereof, and after full consideration of said items (a), (b), (c), (d), (e), (f), and (g) in section 3 hereof, shall regulate and adjust the value of the dollar, as provided herein, so as to effectuate, produce, and bring about as nearly as possible an equilibrium price level designed to serve the best interests of the people as mentioned in (e) of section 3 hereof.

## STABILIZATION

SEC. 6. Immediately upon the completion of the regulation and adjustment of the value of the dollar, as provided herein, the Monetary Authority shall proceed to stabilize and thereafter keep stable as nearly as possible the value of said dollar at the point of value so determined as provided herein: *Provided*, That in the regulation, adjustment, and stabilization of the value of the dollar, the said Monetary Authority shall have all the authority herein delegated and conferred and, in addition, shall have all the power heretofore delegated and conferred upon the Board of Governors of the Federal Reserve System.

## SPECIFIC POWERS

SEC. 7. In order to carry into effect the principles of the monetary policy set forth in this act, the Monetary Authority, acting under the powers conferred herein and acting as the Board of Governors of the Federal Reserve System, shall have the following specific powers:

- (a) Full and complete control over reserve requirements of member banks of the Federal Reserve System;
- (b) Full and complete control over the discount rate at each of the regional Federal Reserve banks;
- (c) Full and complete control over the eligibility of all kinds and classes of collateral to be accepted by the several regional Federal Reserve banks, their branches, and other member banks of the Federal Reserve System; and
- (d) Full and complete control over all open-market operations in all regional Federal Reserve banks, both in the buying and selling of securities at home and abroad.

## MONETARY AUTHORITY STATISTICS

SEC. 8. For the purpose of assisting in the regulations, adjustment, and stabilization of the value of the dollar, the said Monetary Authority is hereby authorized to investigate, prepare, and officially adopt a system of statistics to be known as the Monetary Authority statistics: *Provided*, That in preparing such statistics, the Monetary Authority shall have authority to call upon other departments of the Government for such statistics, data, and information as may be desired and requisitioned: *And provided further*, That, pending the adoption of such Monetary Authority statistics, the said Monetary Authority shall make use of, and be governed by, the Bureau of Labor Statistics as provided herein.

## OFFICERS AND EMPLOYEES

SEC. 9. In carrying into effect the provisions of this act, the Monetary Authority shall have power to appoint officers and employees, to define their duties, fix their compensation, require bonds of them, and fix the penalty thereof, and to dismiss at pleasure such officers and employees. The said Monetary Authority is hereby empowered to adopt and promulgate such rules and regulations as it may deem necessary to carry out the provisions of this act.

## INTERPRETATION OF DELEGATED POWERS

SEC. 10. The powers delegated to and conferred upon the Monetary Authority herein created shall be construed to be a delegation of legislative powers conferred upon the Congress by paragraph 5 of section 8 of article I of the Constitution, to regulate the value of money: *Provided*, That such powers so delegated shall be further interpreted and construed to be a delegation of such specific legislative powers to a governmental agency to carry out a fixed policy of the Congress according to definite and fixed standards, and within definite and fixed limitations, as set forth herein and as provided by this act.

SEC. 11. All provisions of the Federal Reserve Act of 1913, with amendments, including title 3 of Public Law No. 10, Seventy-third Congress, and amendments thereof, and other public acts of the Seventy-third, Seventy-fourth, and Seventy-fifth Congresses, when not in conflict and not inconsistent with the provisions of this act, shall be, and are hereby continued in full force and effect.

SEC. 12. There is authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for carrying into effect the provisions of this act.

SEC. 13. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 14. The Monetary Authority shall report to the Congress annually such data, report of activities, and statement of policy as may be deemed in the public interest and shall make recommendations to the Congress at its discretion relative to amendments of this act or of existing law.

SEC. 15. The short title of this act shall be the "Monetary Authority Act."

Mr. THOMAS of Oklahoma. Mr. President, I now ask unanimous consent that I may place in the RECORD as a part of my remarks a copy of a letter from the senior Senator from Nevada [Mr. PITTMAN] to Mr. Edward A. O'Neal, president of the American Farm Bureau Federation, which bears on the question I have just discussed.

The PRESIDENT pro tempore. Is there objection?

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

LETTER FROM SENATOR KEY PITTMAN TO MR. EDWARD A. O'NEAL, PRESIDENT, AMERICAN FARM BUREAU FEDERATION

UNITED STATES SENATE,  
Washington, D. C., December 8, 1938.

MR. EDWARD A. O'NEAL,  
President, American Farm Bureau Federation,  
Hotel Roosevelt, New Orleans, La.

MY DEAR MR. O'NEAL: It would appear necessary that the farmers of the United States take immediate and positive action to relieve the agricultural industry from its tragic condition of continued depression. Ever since the war, to my personal knowledge, the unjust disparity in the price of agricultural commodities by comparison with manufactured commodities, the earnings and standards of farmers by comparison with those engaged in other industries, has been fully realized and admitted. During that entire period of time the farmers have been discussing these conditions and have been making strenuous efforts to remedy them. Efforts have been made by our Government at nearly every session of Congress to establish and maintain the parity of the agricultural industry with the other industries of the country. There has been temporary relief afforded, but no permanent relief has been accomplished. The plans so far tried have largely involved policies depending upon tariffs, commercial manipulations of markets, reduction of production, loans, and payments of bonuses or subsidies. None of these policies or programs have taken into consideration our monetary system and our money supply.

The American Farm Bureau Federation, as far back as 1932, undoubtedly realized that the price of farm products was chiefly affected by money supply. In May 1932, in your testimony before the Committee on Banking and Currency of the United States Senate, when that committee was investigating the purchasing power of the dollar, you presented to that committee and had printed in its records a document published by the American Farm Bureau Federation, Chicago, Ill., January 7, 1932, entitled "Honest Money—An Explanation of the Relation of Money, Prices, and Prosperity." That, in my opinion, is one of the ablest and clearest discussions of our monetary system, particularly in relation to prices. That document should be read not only by every farmer in this country but by every Member of Congress. It is hardly worth while to suggest that those economists whose opinions have been formed at their colleges 30 or 40 years ago, and from reading books that were written by similar economists 30 or 40 years prior thereto, or selfish financiers who through greed, consummate conceit, and vanity insist upon the exclusive right to arbitrarily expand and contract money and credit—to suggest that they read this valuable document. These men, through their power to manage currency and credit, brought about the great inflation of credit and the delirious boom of 1929. They also induced, through their acts, the terrible depression that followed and which has continued ever since. They contend that there is ample power in our monetary

system to expand money and credit. If that be true, then why have they failed to use such power? They contend, and accurately, that the Government since 1929 has been engaged in the process of deflation. Why have they failed to suggest any unselfish monetary plan of reflation?

Let me call to your attention a statement in the Farm Bureau document to which I have referred, found on page 146 of such hearing. It reads as follows:

"The value of every product depends on supply and demand. That is just as true of money as it is of wheat and hogs. When the price of hogs goes down while other prices are stationary, the reason is that there are too many hogs in proportion to the demand for pork.

"But when the average level of all prices goes down, as from 97 to 68 in 2 years, that is not due to the supply and demand of goods. It is hardly possible that there could be such a sudden increase in the production of all goods in 2 years, or such a sudden lessening of the desire of people for goods.

"The cause in such a case is a change in the supply of money and credit. The price of money cannot change, for it is fixed by law. So, when the supply changes, the effect can only be shown by a change in the price of goods. Commodity prices not only must change to compensate for changes in their own supply and demand but also to compensate for changes in the supply of money and demand for it.

"Suppose we think of all the money and bank credit of the country as being on one end of a pair of balances and all the goods on the other end. Take off part of the goods, and that end of the balance goes up. That is, goods are scarce and prices rise. We are all familiar with that result in the case of individual commodities.

"We are not so familiar with the fact that a change in the supply of money on the other end of the scale will have exactly the same effect. If we take off some of the money, the money end will go up and the goods end will go down. That is exactly what has happened during the past 2 years. The goods end of the scale has gone down—the average wholesale price level has dropped 29 percent—not because we put too many goods on that end of the scale but because there was not enough money on the other end."

Let us keep in mind that this statement was made in a document prepared by the American Farm Bureau Federation in 1932. That was a warning given 6 years ago. That warning has been ignored for 6 years. We find exactly the same condition existing today in 1938.

Credit is not money. Credit does perform one of the functions of money, and that is as a medium of exchange. It does not, however, have the functions of money as a measure of value and as a reserve for surplus labor and surplus income. It is not legal tender that a debtor can require his creditor to accept. We have in this country two kinds of legal-tender money, namely, non-retirable and retirable. Our silver specie and silver certificates constitute our nonretirable currency. Our retirable currency consists of Federal Reserve notes, and probably some other forms of currencies.

As of October 31, 1938, our circulating currency is given by the Treasury as follows:

Gold certificates.....	\$76,081,139
Standard silver dollars.....	40,962,394
Silver certificates.....	1,297,382,507
Treasury notes of 1890.....	1,168,222
Subsidiary silver.....	350,941,037
Minor coin.....	148,331,126
United States notes.....	286,800,867
Federal Reserve notes.....	4,282,000,795
Federal Reserve bank notes.....	28,440,850
National bank notes.....	205,599,050

Total Oct. 31, 1938..... 6,699,707,987

I call your attention to the fact that the total circulating money in this country is only \$6,699,707,987.

I take it that there is no controversy that legal-tender money is required in the monetary system of every country. Certainly there is some relation between circulating currency and the volume of financial transactions such as production and consumption, domestic and foreign commerce, deposits, debts, and income. It would hardly be asserted that the Philippine Commonwealth requires in its monetary system the same amount of currency as is required in the United States. If we admit, therefore, that such relationship exists, then we must ask ourselves the question: Was there sufficient circulating currency in the United States in 1914? The financiers of the country at that time held that there was sufficient currency in circulation. If that be true, then there is not sufficient currency in circulation today in 1938.

Let us see how much the volume of transactions has increased between 1914 and the present time. In 1914 the national debt was only slightly above \$1,000,000,000. Today it is over \$39,000,000,000. In 1914 the State and local debts were approximately \$4,500,000,000. Today they are approximately \$19,000,000,000.

In 1914 bank deposits were \$21,360,000,000. At this time, June 30, 1938, bank deposits are \$59,380,000,000. In 1914 national income produced, estimated by the Department of Commerce, was \$34,600,000,000. In 1937, the last computations we have, the national income is estimated at \$69,800,000,000. In 1914 our gold holdings were \$1,526,000,000. In 1938 as of October 31, our gold holdings are \$14,064,534,061. In 1914 our silver holdings were \$750,279,000. In 1938, as of October 31, our silver holdings are in money \$1,648,382,507 and 1,086,941,083 ounces. And yet the circulating currency of the

country in 1914 was \$3,450,434,174, while in 1938, as of October 31, it was \$6,699,707,987, an increase of only 93 percent. During that period of time our national debt has increased 3,211 percent; our bank deposits have increased 178 percent; our national income has increased 82 percent; our metallic reserves have increased 606 percent.

I am aware that some of our economists will attempt to answer the foregoing argument for an increase in our circulating currency by asserting that the circulating money per capita in this country is as great as it was—in fact, slightly larger than it has been for a number of years. If this argument has merit in it, then such increase is due chiefly to the increase of silver coins and silver certificates. I contend, however, that per capita circulation is not the measure of the necessity of circulating currency.

China has possibly a population of four hundred millions of people. The per capita money circulation in that country has rarely exceeded \$2. The Chinese people do not require the same amount of circulating currency as is required by the people of the United States. The commercial and financial transactions in China are far less than they are in the United States. Only an infinitesimal portion of its population engage in any financial or commercial transactions of any extent. It is true that the credit system in China is not highly developed and, therefore, the practice of settling debts often and in cash and dealing in cash transactions is far more prevalent in China than in the United States. And yet the circulating currency in China with its over four hundred millions of people is less than one-twentieth of the per capita circulation in the United States.

It must be evident that per capita circulation is not the proper measure for the necessity for circulating currency.

Some economists and financiers contend that when commerce and trade require more circulating currency it can be obtained and will be provided through the issue of Federal Reserve notes. This assumption in effect holds that a free circulation of currency is not a stimulation to commerce and trade; and yet, when Congress granted President Roosevelt in 1933 the power to issue \$6,000,000,000 in Treasury notes—which, of course, would have been circulating currency if he had issued them—the economists and financiers of the United States expressed great fear and contended that it would give him the greatest power of inflation that any President had ever been granted. At the very time that that proposed act was under consideration, at a conference between executive-legislative officers and outside financial advisers, at which I was present, one of these outside financial advisers proclaimed that if the act were passed and executed every depositor in the country that understood the situation would realize that the value of his money would be depreciated and he would seek instantly to transfer the money into commodities, real estate, or some other kind of physical property. The administration was delighted by such able advice. The administration was then seeking to startle banks and depositors out of their fear and to bring money and credit out of hoarding for again starting industry, trade, and commerce. And the predictions of this able financier were verified. Commencing with the passage of the act, the revival of business started, and the upward curve continued rapidly and steadily until July 1933. Then it was announced by the Treasury Department that there would be no inflation. Immediately the curve dipped, leveled out, and stayed comparatively level until business was again stimulated by large Government loans through the Reconstruction Finance Corporation and other governmental lending agencies and through expenditures of large sums of money by the Government, under its relief program and by the payment of the soldiers' bonus. This, of course, was credit reflation. Unfortunately this credit reflation was not participated in by private institutions. It was credit reflation that the regular private credit institutions of the country were either unable or unwilling to furnish. It was not a currency reflation. The credit had to be liquidated. Such Federal Reserve notes as were used in the process were interest-burdened money and could be and would be inevitably retired. The \$6,000,000,000 in Treasury notes were not issued. The curve of business continued to rise in '35 and '36 by reason of such governmental credit reflation.

In the latter part of 1936 and early in 1937, the Treasury Department conceived that the country was going into another boom. How such a conception could have originated in view of the fact that industry had not nearly risen to normal, as was clearly proven by the nine or ten millions of unemployed people in the United States, is incomprehensible. However, that was the opinion undoubtedly of the Treasury Department and the Federal Reserve Board. The Secretary of the Treasury announced the sterilization of our unallocated gold. While sterilization had no real effect, because the gold might as well have been in the mines as it was not used, still it indicated the intention of the administration to prevent any reflation of our credit or of our currency based upon gold. It was a warning to all credit institutions in the country to be cautious, if not to restrict credit. About the same time Mr. Eccles, Chairman of the Federal Reserve Board, doubled the reserve requirements of national and member banks. Some banks were required to liquidate some of their securities so as to comply with the order. The real effect of it was, however, to again notify the credit institutions of our country that the Government intended to restrict credit. The result was instantaneous. Commodity prices fell. Recession started in and the business curve rapidly descended. And now we are informed that the Treasury Department favors reductions of Government expenditures, while Mr. Eccles contends that expenditures by the Government must not be reduced, at least to any extent or suddenly.



I do not know that the Secretary of the Treasury has been accurately quoted. I have heard no contradiction, however, emanating from the Treasury Department. There has been an improvement recently in certain industries in the country which gives hope that the Government may reduce its expenditures. This hope cannot be realized, however, until the farming industry of this country has its purchasing power restored by providing a market for its products at a compensating price. The farming industry of the country today is faced with bankruptcy. If this condition is not relieved through the adoption of some sound policy, most of the farmers will have to go on relief.

Then let us analyze our circulating currency. Federal Reserve notes in circulation amounting to \$4,282,000,795 can be retired. National-bank notes amounting to \$205,599,050 can be retired. It is not worth while to discuss the legal question as to whether gold certificates amounting to \$76,081,139, United States notes amounting to \$269,800,867, Federal Reserve bank notes amounting to \$28,440,850, and national-bank notes amounting to \$205,599,050 can be retired. No one will deny that the Federal Reserve notes can be retired. Then, if only the Federal Reserve notes are retirable and all the other forms of currency are nonretirable, still we only have in circulation \$2,417,707,192 in nonretirable circulating currency.

In the first place there are a great many of our economists and financiers who have constantly called attention to the fact that varying from 90 percent to 95 percent of our commercial and financial transactions are conducted through checks and drafts and other evidences of credit. They are, therefore, inconsiderate of the necessity for circulating currency. Our highly developed credit system is a great advantage in facilitating commerce and business. There are, however, an enormous number of transactions that must be conducted in cash. Moving-picture shows, transportation companies, insurance companies, and other similar businesses in nearly every instance require payment in cash, which is currency. A large proportion of the population of the United States have no bank account, never did have, and never will have. They must eat and buy clothes. They, out of necessity of the case, must pay in cash, which is currency. Need I call attention to the fact that the lack of circulating currency during depressions incidental to panics has compelled the supplying of substitutes for currency such as script and all kinds of tokens?

But it will be contended, of course, that the currency will find its way into the banks. Not all of it. Communities that have suffered the closing of all banking institutions have been compelled for considerable periods of time to transact business with the currency that was in the till and safes and in the pockets at the time that such banks closed. It is notable that such currency that then was in the till and safes and in the pockets consisted entirely of small currency which was almost exclusively dollar silver certificates and silver coins. It is true that at the present time our Government issues silver certificates in larger denominations. I doubt the wisdom of this act. I think the people of this country would be better off if they always kept more real money in their tills, their safes, and in their pockets. It is possible that the credit system may be made too extensive. It is possible that more cash transactions would reduce the danger not only of bank failures but banks' inaction.

There are distinguished economists and financiers who contend that the power to issue Federal Reserve notes to banks meets every requirement of circulating currency. It has not met the requirements during depression. Banks do not circulate Federal Reserve notes except when currency is demanded at the time they make loans or when currency is demanded upon a check on a deposit. When they are not making loans and deposits are inactive, there is little necessity for the banks to call upon the Federal Reserve banks for Federal Reserve notes. Again, the bank must borrow these Federal Reserve notes. It must pay interest for the loan of such money, and therefore the tendency is for the banks to obtain as little of this currency as possible. The proven result of the use of the Federal Reserve notes has been that in prosperous and in boom times banks circulate large amounts of such notes, thereby accelerating the boom; while, when the boom breaks and the panic spreads and prices fall without apparent bottom, business stagnates, commerce ceases to move, depositors are afraid to buy, and the banking business stagnates. The bankers then, not making loans and the depositors having ceased to issue checks and drafts, surrender their Federal Reserve notes to the Federal Reserve Board, and then the Federal Reserve notes cease to circulate. This is just the time when circulation is required.

Now, about the assertion that currency and credit will be supplied when business demands it. Was that true when the Reconstruction Finance Corporation was established and organized under President Hoover? Oh, no. The railroads, the insurance companies, the trust companies were screaming frantically for loans. Would the banks supply the credit and the essential part in currency that would be required by such institutions? Not at all. The United States Government was compelled to meet the failure of our normal credit institutions and to make the loans and to furnish the necessary currency to the railroads, the insurance companies, and the trust companies. Did the banks have plenty of money? In 1933 the clearing-house banks in New York petitioned President Hoover to declare a bank moratorium, stating that all of their gold, practically all of their real money, would be withdrawn and hoarded unless the banks were closed. The Governor of New York proclaimed the moratorium for the State of New York. President Hoover failed to declare the moratorium nationally. President Roosevelt declared the national moratorium

on banks immediately on his inauguration. Could the banks protect themselves if and when the moratorium was ended? The President of the United States had to place the whole credit of the Government back of the banks before they could open. And later on Congress had to provide governmental bank-deposit insurance to maintain confidence in the banks. The only way that I know of that the Government could make good its guaranty of such deposits in case confidence in the Government were shaken and a panic arose and depositors demanded their money would be for the Government to have thirty or forty billions of dollars in Federal Reserve notes issued. That would not be reflation, but real and disastrous inflation.

In the end there is nothing behind all of our deposits, our credits, and our guaranties, save and except the legal-tender money of the United States. I will admit that it is hardly possible, in my opinion, that our people will lose confidence in the credit of the United States; and, therefore, a reasonable amount of actual money will meet the requirements. This confidence has not always been shared by some of our great economists and financiers. We have no right, however, to base our monetary system entirely upon present conditions. We have no right, in acting for the future, to entirely exclude from our minds the possibility of a threat to our country that may to a certain extent shake the confidence of many people in our country in the soundness of Government and private credit. A large supply of gold and silver will, in my opinion, be the strongest support of the credit of our Government and its monetary system. Notwithstanding the fact that many governments have been compelled to resort to a managed currency with no metallic coverage, while others have inadequate metallic coverage, gold and silver will still purchase the necessities of life anywhere in the world. It is still the aspiration of governments to have metallic coverage for their currencies.

There is nothing behind the Federal Reserve notes today save the power of the Government to pay the gold certificates held by the Federal Reserve bank, and it is undoubtedly its present intention to pay such certificates if it should become necessary to do so to maintain the parity of such Federal Reserve notes. The Federal Reserve notes were only required to have 40-percent gold reserve back of them; therefore, 60 percent of such issues were fiat money. Even our silver certificates issued against silver dollars at the present price of silver have 33½ percent actual value behind them.

At this point let me emphatically assert that, in my opinion, every dollar of currency issued should constantly have 100-percent metallic coverage. No one may successfully contend that we have honest money until such coverage is provided and maintained.

Prior to the time that we went off the gold standard and the mania for managed currency was forced upon the principal countries of the world—and we contracted the disease—all of the gold that had moved into our country, except that which was earmarked or allocated, would have been coined into \$5, \$10, and \$20 gold pieces and would have been in circulation in this country. Now we bury it in the ground while our Government pays interest for somebody else to furnish it with non-legal-tender credit. Professor Warren, I am informed and believe, who advised the bringing up of gold to \$35 an ounce, anticipated as a part of his program that currency would be issued against the increased quantity and value, and thus raise commodity prices in this country. This essential part of Professor Warren's program was never carried out. The purchase of this gold was largely paid for by our exports, and to that extent our people benefited. The same is equally true of our purchase of foreign silver. The silver purchased through London was almost entirely paid for by our exports, as statistics will demonstrate. As our purchases of silver in London increased, our exports to Great Britain and her colonies and dependencies increased. So, as the price of silver increased did the exports increase. As the price of silver and the quantity purchased in London decreased, so decreased proportionately our exports.

We have not utilized the value of our gold to the fullest extent. We have not utilized the value of our silver to its fullest extent. It is probable, because it is natural, that after the political controversies of the world are adjusted—whether by war or peaceful means—that there will be a readjustment of the monetary system of various countries and a readjustment of international exchange. If and when that time takes place, the United States will find it necessary or advisable to part with a large portion of its gold in the process of the international stabilization of exchange and the support of those governments that desire to go upon the dollar exchange basis. To a certain extent this may be true of the Government's silver holdings, to a much smaller extent. Silver currency is the soundest and best adapted currency for our domestic use.

Our Government has in circulation in the United States \$1,689,285,938 in silver coins and silver certificates. Each of the silver certificates is redeemable at the Treasury in a standard silver dollar. All of these silver coins and silver certificates are full legal tender for the payment of all debts, public and private. The silver in these coins is valued at \$1.29 an ounce for the silver dollars and \$1.38 an ounce for the subsidiary silver coins. The price is arrived at in this way:

There is approximately seventy-seven one hundredths of an ounce of silver in a dollar. Therefore an ounce of silver is valued at \$1.29. There being less proportions of silver in the subsidiary silver coins, the silver in such coins is valued at \$1.38 an ounce. The Government, in addition to this silver currency, owns 1,086,941,083 ounces of silver in bullion. The Government, in my opinion, has the

power to raise and stabilize the world price of silver at \$1.29 an ounce. It would be very advantageous and profitable to the Government to accomplish such an end, in my opinion. There would then be 100 percent intrinsic value behind all of its circulating silver currency. Its 1,086,941,083 ounces of silver bullion, which cost approximately, on the average, 50 cents an ounce, would have an intrinsic value throughout the world of \$1.29 an ounce. The purchasing power of over one-half of the people of the world would be restored.

A great many of our economists and financiers contend that this Government, acting alone, has not such power; they contend that it can only be accomplished through concurrent international action. I do not believe that this is true. The Government has bid gold up to \$35 an ounce, and has purchased gold very largely with its exports. By reason of such purchases by the United States the price of gold throughout the world is substantially \$35 an ounce. If the Government offers to sell or trade our exports for silver at a price of \$1.29 an ounce, such action will, in my opinion, raise and stabilize the price of silver throughout the world at \$1.29 an ounce.

It is contended that all of the silver in the world would flow into the United States because we would have valued the silver higher than other countries. If that were true then all importers would come to our country to buy our products and we would have a monopoly on world export to the extent of our export production.

It isn't reasonable, however, that other countries would permit us this monopoly. They would, of course, meet the competition. That is, they would meet the competition by accepting silver for their exports at the same price.

The unfortunate part about the program is that our differential would not last long enough. There is not an unlimited quantity of silver in the world. In fact, it is estimated that there are not to exceed 15,000,000,000 ounces in the world. These estimates are based upon the records of production over a period of 400 years. The estimates of depreciation, in my opinion, have been entirely too small. India is estimated to have at least 6,000,000,000 ounces of silver, most of this silver, in fact, substantially all of it, being in the possession of the masses of people, held in the form of jewelry. It is their measure of wealth; it is their bank account; it is their hoardings. They reluctantly part with it. In times of distress they take chunks of it in to the market and with it buy food. In 1918, when the treasury of India was unable to redeem its paper rupee notes, the Indians refused to accept gold. Great Britain was compelled to come to the United States and have us, through an act of Congress, furnish them 208,000,000 ounces of silver, derived from the breaking up of our standard silver dollars, so they could make such redemption. In every effort of the British Government to get the silver out of India through melting up silver coins in the treasury and selling them on the world market as bullion at sacrifice prices and through the imposing of import duties on silver, they have utterly failed. The people of India continue to import and smuggle silver into India. They buy their cotton clothing with silver. The production of silver is decreasing by comparison with gold. For approximately 400 years the production of silver was 16 ounces of silver to 1 ounce of gold. Today the production is only 7 ounces of silver to 1 of gold. With gold at \$35 an ounce and silver at \$1.29 the ratio would be 27.1 to 1.

It is said that India is on the gold standard. That is not true. The Government of India is on the pound sterling standard, but the people of India still have to buy their cotton clothes with silver. They buy the pound sterling with silver, and with the pound sterling they buy the cotton goods, chiefly from Great Britain, of course. When the price of their silver is high they buy more cotton clothes, and when the price of silver is low they economize, just as you and I do when there is a depression. The people of India are the chief users of cotton goods throughout the world. It is true that the people of India and the people in tropical countries are large users of cotton goods. The spinners of Liverpool, England, have only recently gotten out a pamphlet in which they prove, in my opinion, that the low price of silver is the cause of the loss of demand and the fall in the price of cotton goods.

In July I published through the press of the country an article in which I discussed the hopelessness of the cotton farmer and suggested that our Government trade 10 pounds of cotton for 1 ounce of silver. We have a surplus of over 13,000,000 bales of cotton which we cannot dispose of in the United States. In fact, we cannot dispose of it anywhere in the world at above the market price of around 8 cents a pound. It is probable that if we attempted to dispose of this large quantity at once, we either couldn't find any market for it at all or we would break the world price down to 4 or 5 cents a pound.

We have cotton that we must get rid of. The people that wear cotton goods have silver that they are willing to trade for it. We are trying to fix an arbitrary parity price of 12.9 cents a pound for cotton. We should do it. It is the parity price. The wearers of cotton goods in India are unwilling to trade their silver at the value of 43 cents an ounce at any such arbitrary price as 12.9 cents a pound for cotton. Those opposed to the proposition say the cotton will only cost 4 or 5 cents a pound to the foreign importer. How would that affect us in this country? Our cotton producers would receive 12.9 cents a pound. The demand for cotton goods would be enormously enhanced. The incentive to increase the production of cotton abroad and to substitute other fibers would be eliminated. The foreign cotton market for the United States cotton would be restored and the destructive influences destroyed.

The administration contends that it would lose the seigniorage on silver; that is, the difference between the 43 cents it has to pay for the silver abroad and the \$1.29 an ounce that it would pay for it in the exchange for cotton. Maybe the loss for this extortion profit would be slightly more than the loss it has already sustained in paying bonuses and lending money to the cotton planters. It may not be as much as the Government will lose if it must continue with the present program. If not, then what? It seems inevitable to me that the present program must result in the absolute destruction of our foreign market for cotton. I believe that I am sustained in this conclusion by the opinion of many experts with regard to the raw-cotton industry.

Certainly, the receiving of such a quantity of silver—which would amount to approximately 800,000,000 ounces, injected into our currency—would not constitute inflation.

Our Government requires in its monetary system, in my opinion, at least \$10,000,000,000 of legal tender, nonretirable currency. The \$4,282,000,795 of Federal Reserve notes can be retired, which would permit a silver currency issue of \$7,582,292,508 before the \$10,000,000,000 in nonretirable currency was issued. It would never reach such an importation of silver, because other countries would accept silver for their exports.

I simply took cotton as an example. The same reasons apply to the trading of wheat for silver. In fact, if such program were put in force and effect, and it proved a success, there would be every reason why Congress should authorize such transactions with regard to all of our exports.

I delivered an address at the Mining Congress in Los Angeles, Calif., on October 26 dealing briefly with the plan for the exchange of cotton for silver. I am having a number of these speeches delivered to you. It will obviate the necessity of my going further into the discussion of the subject. I have of necessity written this letter hastily, by reason of my desire that it shall reach you before the organization of your annual convention. The American Farm Bureau Federation and the other farm organizations of this country are entitled to have great influence in the Government, and I sincerely hope that you will exert such influence. I know that it is the duty of your convention to speak for those whom you represent, and I do not think you will hesitate.

I wish the convention every success.

With personal regards, I beg to remain,

Sincerely yours,

KEY PITTMAN.

Mr. BARKLEY. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. Has the time which has been occupied by the Senator from Oklahoma been charged to the proponents of the amendment, and is it the understanding that he having occupied all of that time, no one else may now speak in favor of the McKellar amendment?

The PRESIDENT pro tempore. It was the view of the Vice President at the time the President pro tempore took the chair that the time would be divided equally between the proponents and the opponents, allowing an hour and a half to each side.

Mr. NYE. Mr. President, I could not permit the record on the pending amendment to be closed without recording as clearly as I know how the reasons why I shall support the report and recommendations made by the Senate Committee on Appropriations to the Senate.

None will dispute the fact that I have given fullest support to the most liberal relief programs which have been advanced since Congress started appropriating to meet human needs resulting from the production of too much of everything needed. It may be said that, in addition to the production of too much of everything needed, our trouble has been traceable to years of economic propping in the hope and expectation that we could maintain the insane, unnatural, and unbalanced economy which war taught us to like while it lasted.

But, whatever the cause of our economic break-down, we know the price that has been and is being paid—human misery, lost homes and equities, lost hopes. To meet this need I have been willing to and have helped pour out unmeasured resources to alleviate that distress. I have helped pour priming into the national pump in the form of funds for loans and gifts to business, to home owners, to home builders, easy money to a broken banking system. I have given full measure of support to the creation and financing of F. W. A., W. P. A., Farm Security Administration, C. C. C., and every other cause which had as its purpose the restoration of normal opportunity for the people and the meeting of some of the needs of a people without the means to meet their own first needs. I have never questioned the wisdom of the huge amounts asked for these purposes, except as I have questioned

whether we were meeting needs as fully as they should be met, as fully as a presumably rich nation ought to be eager to meet them. I have not been one who believed that we were impairing the future of the nation by adding to a national debt, for unlimited debt is still better than millions of hungry, unclothed, and unsheltered human beings. Give, give, give, help, help, help, has been my very definite purpose through each of these distressing years.

I have seen some most unhappy results flowing from our spending. I have seen heartless and impatient administrators giving of the help we voted here to those less—and sometimes least—deserving, while proud men and women have been coldly turned away. I have seen chiselers accommodated, but perhaps not more than were to be expected under necessarily hurried administration. I have seen waste. I have seen politics played with relief money and have felt the sting of the lash of relief politics; but this in spite of administration in my State, which did its utmost to prevent an inevitable result under a public relief program. I have seen some proud and courageous men and women drift and drift under relief to a point where it is all too apparent that they have come to assume that they shall always have relief and make no plans or seek no outlet whereby they might provide for themselves. I have seen men in business and operators of farms unable to get help they were ready to hire and needed because those whose help was needed were finding it easier under W. P. A., but they were not the many whom we were trying to help.

I have seen all of this, yet have been willing to afford more of relief appropriations, because there seemed no escaping some of these consequences, and because I was sure we must one day find ourselves out of the economic swamp, and upon the road of normal recovery upon which to build a healthy prosperity and abundant opportunity for the millions of honest people who would welcome freedom from dependence upon relief. I insist again that I have given complete and unqualified support to those steps which were to accomplish this end.

Mr. President, I shall continue the pouring out of resources so long as there shall be need on the part of people who are helpless to help themselves through no fault of their own.

But when I see how little progress has been made against the conditions which we have been fighting, when I see as much or more unemployment than there was when we started our spending of billions, when I must see as many or more needy people than were in that unfortunate position when we went to the help of their kind with seeming unlimited relief, when I see and acknowledge those facts I swear it is high time to be taking strict and careful inventory of our direction and prospect, however good may have been and might be our purpose.

That inventory should pursue two definite lines. We should have determination of whether there is need for all that is being asked and proposed and if what we give in billions of dollars is being made to reach the largest possible number of people in need. Second, our inventory should be such a one as would let us know whether we are utilizing our resources spent in the name of relief and recovery in a way that accomplishes results against the fundamental ills.

There is no better time for that inventory than between now and next spring. We can best do this job by accepting, as a first step, the amount and provisions embodied in the pending relief bill as reported by the Appropriations Committee. And we can take this first step without inflicting any more suffering upon people than would be inflicted in February and March under the larger amount being asked for in the pending amendment to the deficiency relief appropriation measure.

What is the situation? In the last session of Congress we appropriated such sums for relief as were recommended, as necessary up to the time when Congress would be reconvened. Upon convening we confront the fact that while the Farm Security Administration and other agencies assisting in meeting the needs of people have balances to carry on operations to the end of the present fiscal year on June 30, the W. P. A. has only such funds as are necessary to carry

on until February 4 or 7. A deficiency appropriation for a little less than 5 months of continued W. P. A. operation is asked. The President recommended an appropriation for this purpose of \$875,000,000. The House of Representatives by a considerable majority voted to reduce this amount to \$725,000,000, a reduction of about 17 percent. The Senate Appropriations Committee concurred in the House figure after writing into the measure provisions which would prevent any reduction of the W. P. A. rolls of more than 5 percent in the bitter winter months of February and March, and leaving the door wide open for additional appropriation in the event the President should see an emergency requiring more than would be left of the \$725,000,000 for use in W. P. A. in April, May, and June. The committee had no thought of drastically departing from meeting proven needs under W. P. A. Now comes an amendment to the committee figure proposing restoration of the full amount recommended by the President.

What was the consideration which prompted the House and the Senate committee to adopt the lower figure? As a member of the committee, I can answer that question.

First in consideration was the determination not abruptly to force people off W. P. A. rolls in February and March. To have done otherwise would have been criminal. The committee had every right to believe that April, May, and June would bring conditions that would afford employment for many on relief and afford chance to reduce the W. P. A. rolls by June to at least a point approximating the number who were on the rolls a year ago this month when the employment problem was desperate throughout the country. What might be expected to make such reduction of numbers on W. P. A. possible? First, the natural opportunity for employment which comes with spring; second, employment resulting from the huge contemplated expenditures by reason of the emergency armament program involving several hundred million dollars; finally, there must come great opportunity for employment in March, April, and May and following months by reason of the tremendous public-works program which will get under way in full blast as soon as building weather arrives.

That, briefly, was the consideration which prompted the adoption of the lower figure of appropriation necessary to carry W. P. A. through to July 1, with, mind you, the promise of more if the President should report need for it as we approached those months when reduction of W. P. A. rolls is normally expected. What can be wrong, unfair, or unsafe about such a consideration?

Will it be said that we ought to appropriate definitely and finally for 5 months now and avoid the necessity of dealing with this question again? True, more time of the Congress might be required; but is it not certain that we can do a much more creditable job of measuring April, May, and June relief needs as we approach those months than by doing the longer range of guessing? Of course we can. We are going to have to be here. We are going to have to be determining the W. P. A. needs for the new year, beginning July 1, also during the same time. I think it is good sense to take advantage of the opportunity to do appropriating when we are nearer to what may be discovered to be the needs of the unemployed than we are now.

I have another, and, I believe, an equally sound, reason for wanting this chance for inventory of human needs.

Speaking only of the State I know best, and its neighbor States in the Northwest, I know the need for help by the people is greater today than has been true at any time in the past. That need will largely continue until there can be the harvesting of another crop in that section this fall. I would be the last to argue against probable need for more relief appropriation than is now being provided for unless I knew other sections of the Nation were showing larger prospect of early improvement than is true of my section. And frankness compels me to doubt how much of improvement is in store in the employment problem by reason of the W. P. A. and armament spending.

This brings me directly to the conclusion that this Congress must pause, take its inventory, and determine where we are going from here.

If we are going to have to conclude during this session that in spite of all we have done in a legislative way, in spite of all our spending, that we are where we were when we started this program, or worse off, then it is obviously our duty to change our direction of effort and go after our problem in a fundamental way.

I do not take the time now to argue in detail what I think we ought to do. I only want to say that, starting 18 years ago, I urged the thought shared by many more, namely, that no country could be long prosperous or could long escape quite complete economic decay if it permitted denial of an income to that third or fourth of our population at work and at home on the farms of America, such an income as would give a large part of our population the kind of buying power that would let them patronize American business and American labor. We all watched for years this denial to the farmer, even during years when other people, watching the stock-market barometer, kidded themselves into believing that our Nation was enjoying a great prosperity. We all witnessed, finally, the crumbling of the whole structure bulged upon a decaying agricultural industry.

Let us face the facts. We have tried to rebuild the structure. We have talked about and tried almost every plan suggested to rebuild, every plan but one as respects agriculture. For 10 years we have followed leadership in Congress, a leadership that was certainly sincere, yet a leadership that would hardly tolerate any plan that was not their own. Yet every plan tried, including the one now in operation, finds the farmer at the bottom of the heap, his obligations mounting, his lands getting away from him, prices for his product that do not even pay the cost of producing it.

This Government will come, must come, to adopt that farm program which guarantees the farmer an American price for that part of his product consumed in America—the American price of which I speak being the price that represents an average cost of producing the products plus a profit, with cost and profit to be determined on as sound a basis as that used by any successful businessman in determining his prices.

A large step in accomplishment of this purpose is found in the introduction of Senate bill 570, sponsored by 18 Members of the Senate. To its passage in this session I shall devote the most earnest effort of my life in Congress. Because the way for this legislation to become law will be made easier thereby, I hope this Congress may be confronted by an acknowledgment that we have really made no headway during these years of depression battling. That acknowledgment might be in the form of a request for more relief money to meet as large or a larger unemployment problem than we have found it necessary to meet in the late spring or summer of any one of these bad years. And when that kind of acknowledgment comes in the form of a request for more relief money than is provided in the pending measure, I am ready to appropriate as much more as is found necessary to meet the needs of the people, and then to become one of many, I hope, demanding that we go to the heart of this farm problem and make an American price possible for the farmers' products. Doing that is certain to afford more employment than all our relief bills combined, and do it within a very few months.

Mr. SHIPSTEAD. Mr. President, I have voted for W. P. A. bills and for relief bills since 1932. I intend to vote for the pending measure. However, I wish to reiterate what I have said on many occasions of this kind, that I cannot agree with the philosophy and the theory of economics which holds that spending for relief has anything to do with the permanent economic recovery of this country.

We must feed hungry people. We must vote for funds to feed hungry people. However, a permanent recovery cannot come from this form of expenditure of public money. We are treating the symptoms of a disease instead of the disease

itself. Until we change the policy of treating the symptoms of disease instead of curing the cause of disease, I do not see any hope for permanent recovery.

When the time comes to consider the question of distribution of relief money I shall be in favor, as I always have been, of turning the distribution of that money over to local communities. Those in the local communities know who the needy are and will see that they are fed, and will see that chiselers are kept off the rolls, because the people in the community know who the chiselers are.

Although it is necessary to spend money for relief, I do not believe that form of spending is any more effective in bringing about permanent recovery than for a man to think he can drink himself sober.

I intend to vote to sustain the committee, because I feel that there is plenty of money to take care of all the needy, at least until the 1st of April or 1st of May. If by that time it becomes necessary to make further appropriations to carry on the activities until the 1st of July, I shall vote to provide funds to keep the needy from hunger and suffering.

Mr. BYRNES obtained the floor.

Mr. ADAMS. Mr. President, I suggest the absence of a quorum.

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

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

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

The PRESIDING OFFICER. Ninety-three Senators have answered to their names. A quorum is present.

Mr. BYRNES. Mr. President, during the debate on the committee amendment the time has been consumed in the discussion of what is known as the McKellar amendment. The Appropriations Committee of the House of Representatives, after careful investigation, recommended an appropriation of \$725,000,000 as being adequate for W. P. A. until June 30. The House of Representatives, after debating the question, determined that that amount was sufficient. The subcommittee of the Senate Appropriations Committee, after holding hearings for several days, concluded that \$725,000,000 was a sufficient amount. By a vote of 17 to 7, the Appropriations Committee of the Senate agreed to it. Now that it is proposed to increase by \$150,000,000 the amount that had been agreed upon by the House committee, by the House of Representatives, and by the Senate committee, certainly the burden of proof is upon those who seek to authorize the expenditure of the additional \$150,000,000.

One argument made after the House acted was that during the cold weather, while snow was on the ground, men would be thrown out of jobs. Now, under the language of the amendment reported by the Appropriations Committee, that argument must be abandoned, because whereas under the McKellar amendment without the language of the Appropriations Committee amendment, the Administrator might reduce the number of persons on W. P. A. rolls from 3,000,000 to 2,500,000, or any other figure. Under the language of the committee report the Administrator cannot reduce the number more than 5 percent. It does not provide that he must

reduce the number 5 percent, but it provides that he cannot reduce the number more than 5 percent. So, under the language of the joint resolution as it is presented to the Senate, every Senator knows when he casts his vote for it that, under no circumstances, could more than 5 percent of the people now working on W. P. A. projects be removed from their jobs prior to April 1.

Mr. McKELLAR. Mr. President—

Mr. BYRNES. I yield to the Senator from Tennessee.

Mr. McKELLAR. The committee amendment, to which there is no opposition, would apply equally to the \$875,000,000 appropriation as it would to the \$725,000,000 appropriation.

Mr. BYRNES. I am glad to hear the Senator from Tennessee say that there is no opposition to it, because up to this moment I judged from the debate that it was opposed. Therefore there can be no question on that issue, and regardless of whether Senators accept the Senate committee report or adopt the McKellar amendment not more than 5 percent of those working for W. P. A. can be removed prior to April 1. So by action of the Appropriations Committee that assurance is given to those who believe there should be no reduction in the rolls prior to that date.

The next clause in the committee amendment provides that if prior to the end of the fiscal year the President concludes that an emergency exists justifying the appropriation of an additional amount he may submit such an estimate to the Congress and accompany it with a statement of the facts constituting the emergency. Members of the Senate have said the President could do that, anyway, but there should be no objection to our including in the pending measure the same language that is carried in the existing law. The law which is in existence today provides that should the President conclude additional appropriations are necessary he may come to the Congress and ask for them and submit a statement of his reasons.

When Senators say there is no justification for such a provision, let me call their attention to the fact that last June the President believed that \$1,425,000,000 would be sufficient to carry W. P. A. until March 1. Here, in January, the President concludes that that is not sufficient, and he submits an estimate for money to be appropriated prior to March 1, beginning February 7.

The purpose of this amendment is to tell the world that, under the language of the Appropriations Committee report, the President on June 1 can do exactly what he did on January 3. On January 3 he submitted a request for an additional appropriation which, in his opinion, is necessary under the conditions now existing. Under the language of the committee report, nothing can stop him from doing on June 1, 30 days before the expiration of the time for the expenditure of this money, exactly what he has done this January, a few weeks before the expiration of the time for the expenditure of the \$1,425,000,000.

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

Mr. BYRNES. I yield.

Mr. PEPPER. It is only recently, is it not, that the President has been required to make two separate requests of the Congress in order to get the annual relief-work appropriations?

Mr. BYRNES. The President has never been "required," but the President submitted an estimate of \$1,425,000,000 to the Congress. That was his estimate and not one dollar was deducted from it. He submitted the estimate without any action by Congress. The Congress then acted upon the estimate and provided the funds until March 1.

Mr. PEPPER. Mr. President, will the Senator yield for another question?

Mr. BYRNES. Yes.

Mr. PEPPER. If it is the present practice to require at least two recommendations by the President to make up the appropriation for the entire fiscal year, does the Senator propose that the President shall have to make three requests in order to complete the appropriation for the present fiscal year?

Mr. BYRNES. I do not think there is any need to answer the question. The President submitted in good faith what

he thought in June was going to be sufficient until the middle of March. The President has found that it was not sufficient, and in the same good faith he has come to Congress and said, "The money given me is not sufficient, and I want additional funds from February 7 to March 1"; and the Congress is giving it to him.

There is one other phase of the committee amendment to which I wish to call attention. The third is that there will be an investigation of the rolls of the W. P. A. throughout the country in order to determine whether there can be eliminated from those rolls persons who are not in actual need. During the discussion one Member of the Senate said that might be inconsistent with the provision that not more than 5 percent should be reduced prior to April 1. That is not so. I offered the amendment. I want such an investigation made. I know it cannot be done in a few days or a few weeks; I know it would be fortunate if it could be done in a few months, but I believe it should be done, even in a small way.

I call the attention of the Senate to the fact that some weeks ago I wrote to the Administrator and asked him for a statement as to the number of persons on the rolls of W. P. A. who at the same time had husband or wife employed in one of the executive departments. I would not enter into a discussion such as we have had in the past as to whether or not a husband or a wife should be on the rolls of the Federal Government when the spouse of one or the other is working; but I think that when it comes to a relief agency, organized for the purpose of providing employment for persons who are in need, it is in a different situation from that of any other department of the Government. Certainly in an organization which seeks to provide jobs for people who are in need we should not provide jobs for husband and wife in the same organization, but rather if a man is at work in the W. P. A. organization, his wife should not also be given a job so long as there are thousands and thousands of people in this country without any work at all.

The Administrator responded to me with the statement that there are 46 persons employed in an administrative capacity who have husband or wife employed by the Works Progress Administration. In other words, here in Washington there are 46 persons employed by the W. P. A. in an administrative capacity, husbands and wives, in the same organization.

My other question was as to the number employed who had husband or wife in any other department of the Government. The answer was that 211 of their employees here have a husband or wife employed in other departments of the Government.

I then asked for a statement as to the situation throughout the Nation in the field. Though I made the request on November 19, 1938, and though I know the Administrator made an effort to secure the information, up until a few days ago he had been unable to secure the information except from some of the States. He has sent me the list up to this date, showing that 128 of the employees in the field have husband or wife employed in other branches of the Federal Government. I judge from the list that most of the States have not been heard from.

I know that in every community in which I have visited and discussed Works Progress projects, I have been told—often, I think, erroneously—of just such things that have caused the people to inquire of me as to what could be done. I believe the Administrator can make an investigation throughout the country of those who are on projects, and in many instances find it possible to reduce the number. I may say, too, that when this matter was discussed with the Administrator before the Appropriations Committee and he was asked as to his procedure in case we should adopt a provision of this kind, he said he would be glad to cooperate. I am satisfied that when he does, it will be reflected in a reduction of the rolls.

Mr. DAVIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Pennsylvania?

Mr. BYRNES. I yield.

Mr. DAVIS. The committee amendment does not provide for dismissing any persons from the rolls during the months of February or March, does it?

Mr. BYRNES. During February and March, during the cold weather, not more than 5 percent may be discharged by administrative act. A man may leave. The amendment does not say that 5 percent must be dismissed, but says that in no case shall the number dismissed be more than 5 percent. Then in May, in June, or in April, if some emergency shall arise, or if the President shall conclude, as he has concluded now, that more money should be appropriated, he may ask the Congress for it. The Senator from Pennsylvania knows, as I know, that there never has been a time when the Congress has not provided him with appropriations for this purpose.

Mr. DAVIS. Mr. President—

Mr. BYRNES. I yield to the Senator.

Mr. DAVIS. The President is not limited to asking for the difference of \$150,000,000. He may ask for \$250,000,000 or \$500,000,000 in April or May, may he not, if he wishes to do so?

Mr. BYRNES. He may ask for any amount that he deems necessary, whether it is \$100,000,000 or \$500,000,000.

Mr. PEPPER. Mr. President—

Mr. BYRNES. One minute. The President may come to the Congress then in the light of the conditions which then exist.

What is the reason for the action of the committee? Let me say to the Senator from Pennsylvania that there is a reason for its action. There should be no substantial reduction until April 1; but when April 1 comes, and agricultural operations are resumed in the country, when the farmers of the West and the farmers of the South and East want agricultural workers back on the farm, I do not agree with gentlemen who say there should be no reduction. I say the rolls then should be examined, and the authorities should be encouraged to remove from the rolls men who have been placed on the rolls recently, when there was some question as to their need, and the farmers should be given some chance to get agricultural workers back on the farms of the country. If the rolls are not reduced, we shall be put in the position of paying men fixed wages, based on an hourly wage, working not more than 120 hours a month; and no farmer growing wheat and no farmer growing cotton can compete with W. P. A. for such employment.

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

Mr. BYRNES. Let me go on because my time is limited.

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

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

Mr. DAVIS. Looking at the matter from a practical point of view, then, this is just an appropriation, so to speak, for 2 or 3 months. The President may use it all if he desires to do so, and then come back and ask for additional funds?

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

Mr. BYRNES. One minute; one at a time.

There is this provision: The amount is appropriated for the fiscal year. The President may come back on April 1, if he desires to do so, just as he has come back now in January when the amount was appropriated until March 1. There is not any reason why he may not come here for more money, and he will never come here with an appeal of this kind for money if there is no demand throughout the country for it.

Let us be fair. I do not have to go to a mayors' conference. There is not a mayor in the United States who is not going to send a telegram here asking us to vote for an increased appropriation for this purpose. We are not children. Look at the minority views and at the answers of the mayors. A mayor says, "I need money here." "I need so much in Wisconsin." "I need so much in Columbia, S. C." The mayor says, "I need it." He would be a fool if he did not say so, because when he gets a telegram from the authorities here asking him to send a message of that kind, if he says he does not need the money, he will stand a fat chance of getting allotments for projects hereafter; so he has to say, "I need

the money." When the mayors talk to us personally, they say, "Well, you did not expect us to say anything else; did you?" We know that some of the mayors have been here; and this is the vicious circle: After sending such a telegram, I see the mayor of Columbia, S. C., when he comes here again. He will walk into headquarters and say, "When you were in trouble, and you needed money, I got a telegram asking me to say I needed money, and I sent the telegram. You used me. Now I do not want any crumbs from the table. I am a telegraph man. I want big money. I am tired of your handing me any \$50,000 or \$75,000."

I do not care whether it is the mayor of Squedunk or of Columbia or of New York; the attitude is the same; and why not? Because the mayors have to stand for reelection. Their success is dependent upon the monuments they can show around their cities. I have never been able to interest a mayor on the question of relief; it is the question of projects they can get that interests them. That is human nature. It always will be so.

Some of us must remember what I heard the late Champ Clark say when I first came to the House of Representatives, long, long ago. He said:

You will often get telegrams, you will get letters, and you will think everybody in the world is writing you; but, after all, the duty of a legislator is to remember the man who never wires him, who never writes him, but who has confidence in his integrity, and relies upon the legislator remembering him and his interests instead of the special interests that have his ear and can present their pleas to him.

I always think not only of the 3,000,000 employed on W. P. A. projects, but I think, in addition, of the 127,000,000 people of this country. How many gainfully employed men are there? There are now thirty-two million and a fraction who are gainfully employed. As they go to work today, they go to work knowing that if they buy a package of cigarettes on the way they are going to pay a tax, and we are going to take that tax and use it to employ persons on W. P. A. They say, "If you do it, be sure that the man who gets the money is actually in need. Be sure that the money is wisely spent. Do not tax me 1 cent a gallon on every gallon of gasoline I buy, do not tax every cigarette I smoke, and then take the money and spend it unwisely." It is our duty always to remember the 127,000,000 who send us no telegrams, but whose interests are just as important as the interests of those who are employed on W. P. A. jobs.

Let me tell the Senate something. One million nine hundred thousand men were employed on W. P. A. projects in January 1938. Who does not recall the condition in January 1938? At that time the automobile industry was prostrate. The textile industry was closed down over the entire Nation. In January 1938 the farmers were out of work. All over the country there was gloom. At that time Congress thought it was generous when it provided for an appropriation of \$1,900,000. Today we have increased the number of employed persons in the country by 1,000,000; and at the same time, instead of reducing the number of W. P. A. workers below 1,900,000, we have added 1,000,000 to the number in January 1938.

Mr. PEPPER. Mr. President, does the Senator decline to yield?

Mr. BYRNES. I will yield to the Senator from Florida for a question.

Mr. PEPPER. The Senator said that if an emergency should present itself, the President could come back to Congress and ask for more funds. I should like to ask the Senator if he is not aware of the testimony of Colonel Harrington, the Administrator, that the W. P. A. is taking care of only 27 percent of the 11,000,000 unemployed persons?

Mr. BYRNES. Mr. President, if there is anyone aware of it, the Senator from South Carolina is.

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

Mr. BYRNES. I yield.

Mr. ADAMS. In view of some questions which have been asked, I wish to recall the Senator's attention to a verification of his statement as to the occasion for the appropriation for a limited time. On April 14, 1938, the President in

his message on relief and unemployment recommendation said:

I recommend an appropriation of \$1,250,000,000 for the Works Progress Administration, to be used during the first 7 months of the next fiscal year. Such a grant is ammunition of the highest grade for attack on recession. It will not greatly increase the present rate of expenditure, but ought to be sufficient to care for the additional men and women who have come or are coming to an end of their unemployment insurance payments.

Mr. BYRNES. Of course, that is true, Mr. President. That was the figure the President submitted, and I voted for it, and all the Members of the Senate, as I recall, voted for it, certainly with very few exceptions, if any. We voted for it because we believed that appropriation was essential. And just in the same way the President can come back in April, May, or June next and present his request for more money.

The Senator from Florida asks about the 27 percent. I have had to give considerable study to that question, and I hope the time has not come when the Senate is going to believe that we can ever regard the Works Progress Administration as the first line of defense against unemployment in this country. The very statement he makes is proof that we cannot. The figures as to the number of unemployed in this country will vary as the estimators vary it, but let us say that out of 10,000,000, only 3,000,000 today are on the rolls of W. P. A.

What about the unemployed? Where must they look for help? The unemployment compensation insurance covers 60 percent of the gainfully employed people of this country. If of the 10,000,000 unemployed 60 percent, or 6,000,000, can be covered by unemployment insurance, it must be recalled that that does not include agricultural workers, domestic servants, or those who have been on the unemployment-insurance rolls for more than 13 weeks. But there are only 4,000,000 of those. Therefore, we can see that we must look to unemployment-insurance compensation to take care of the people who are out of work among the 60 percent of the gainfully employed people of this country.

Where are we to get the money to take care of these people? We have already collected it from the people of this country, and it is in the Treasury. On January 1, 23 States entered upon unemployment compensation programs. They will take care of that class from now until June 1 to an extent that we have not done heretofore. Then there are other factors.

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

Mr. BYRNES. I yield.

Mr. SCHWELLENBACH. Does the Senator know how many of these 10,000,000 are eligible for unemployment compensation during the next 5 months?

Mr. BYRNES. I was just saying to the Senate that it is 60 percent, according to the unemployment insurance people and their estimators—and it is only an estimate—or perhaps 62 percent.

Mr. SCHWELLENBACH. Sixty percent of the 10,000,000?

Mr. BYRNES. They say 60 percent of the gainfully employed people.

Mr. SCHWELLENBACH. What percentage of the 10,000,000 have been gainfully employed long enough to be eligible within the next 5 months?

Mr. BYRNES. It would be, of course, impossible to estimate that. I suppose it would vary from day to day. Every man knows that since 23 States will now have unemployment insurance which did not have it before, we are better fixed financially to take care of this situation.

We are urged to spend the money. We made an appropriation for P. W. A. of \$965,000,000 in the closing days of the last Congress. How much of that has been spent? I asked the Treasury this morning to give me the figures as to how much had been spent to date, and I find that of the \$965,000,000 only \$170,000,000 has been spent, on the basis of checks issued.

Let us see how this money is allocated. Thirty-five million dollars is allocated for administration, \$200,000,000 for Fed-

eral projects, \$667,000,000 for grants. When \$667,000,000 is allocated for grants it means that every sponsor has to put up 55 percent against 45 percent, so it means that there is available for expenditure \$1,482,000,000.

On the question of public spending, if we have \$1,482,000,000, plus the \$725,000,000, plus all the other amounts, who can say that we are turning our backs upon a program because we do not increase the appropriation \$150,000,000 over what the House put in the bill?

Let me tell the Senate another thing: The sponsors of the proposed increase say: "Yes; but those sponsoring the contributions are not able to contribute." Not able to contribute? I would demand that the local governments put up this year what they put up last year, and if I did, I would have about \$32,000,000 more. Last year we had sponsoring contributions by local governments to the extent of 22 percent, and this year we have approximately 17 and a fraction, 5 percent less. We can take the 5 percent additional if the States, counties, and cities put it up. But it is said they cannot put it up. Why? Who is putting up this money for P. W. A. down in one corner of this city? The States, counties, and cities put up a hundred and some million dollars, and are clamoring, from California to the Carolinas, for the privilege of putting up 55 percent more for every dollar they can get from the Federal Government—clamoring from the State of every Senator here. Therefore they cannot come and say, "If you cut the W. P. A. appropriation, we cannot put up more than 17 percent."

Of course, if we give it to them, we cannot blame them for not putting up more than they have to. I would require them to do just what they were doing last year, and if we did that, there would be no quarrel about money at all.

Only one thing more, Mr. President, because the Senator from Colorado is to close the debate.

I wish to call attention to what the House of Representatives did. The House passed the bill by 100 majority, as I recall, or approximately that. It put \$725,000,000 in the bill. Today is Friday. Next Wednesday will be the 1st of the month. There has been much talk about not having money. There is nothing to that. Every bit of the testimony shows that the Administrator has money to run until February 7.

But I know what is going to occur. If we change the joint resolution as it passed the House, if we say that because the mayor of Squedunk has telegraphed here we will not stand by the action of the House and the Senate Committee on Appropriations, and increase the amount, we know that tomorrow the Government Printing Office will not be working, and after we have gotten through with the bill, even if we passed it tonight, it would be printed and sent to the House Monday morning, and when it goes to the House the House will determine whether to agree with the Senate amendments or to send the bill to conference. The bill will be sent to conference. On one side the House will stand for \$725,000,000, and the Senate for another amount, and we will stay in conference. The Senate conferees, no matter who they are, will finally say, "You must go back to the House for a vote." It will go back to the House, and, under the rules of the House, must lie over another day. Some time at the end of next week, as we approach February 7, this matter will be hung up in conference. Those in charge of W. P. A. cannot know any better than we know whether it will come out by February 7 or not, the two Houses being in disagreement. They will be in disagreement about what? About absolutely nothing, for, after all, as men of common sense, we know that when we have appropriated money to keep every man on the rolls during the cold weather, and to carry them to June, and have provided that not only shall the existing law be carried out, but have invited the President to ask for anything more that is needed, why should we tie up this bill, send it to conference, incur the delay, and leave the uncertainty in regard to W. P. A. that is certain to exist?

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

Mr. BYRNES. I yield.

Mr. BARKLEY. It would not be absolutely necessary that the bill go to conference. The House never had a roll-call

vote on the amount. They could have one if the bill went back containing the amendment offered by the Senator from Tennessee.

Mr. BYRNES. They could have it on any question. The bill has other items in it, amendments which we know are controversial, which we are going to find controversial, and which will occasion a great deal of debate after the pending amendment is voted on. I have not the slightest idea we could get through with the bill today, from the number of Senators I know who desire to talk about other amendments. We will be fortunate if we get a vote on it Monday night, when the bill will start on its long trail to conference, and then come out; and all for what? For nothing. If Colonel Harrington says it should be \$875,000,000, it must not be \$874,000,000.

We do not want any such situation. All legislation is a compromise. There is no great moral issue involved in this matter. It is solely a question of method and procedure. Congress is going to afford whatever appropriations are essential. I hope the Senate will sustain the Committee on Appropriations and sustain the House of Representatives in this matter.

Mr. ADAMS. Mr. President, the Senator from South Carolina [Mr. BYRNES] stated that there was not much involved in the difference between the two sums. I have rather come to a different view after listening to the argument. I discover that \$150,000,000, according to the stories which are told on the floor of the Senate, will employ 2,000,000 men, while the \$725,000,000 will employ only 1,000,000; that if we can add \$150,000,000 to the \$725,000,000 we can add 2,000,000 people to the rolls. If we could get another \$150,000,000 as potent as that \$150,000,000, we would need but \$300,000,000 to do the whole job. The difference between the sum included in the McKellar amendment and that carried in the House amendment is 17 percent, but we find all through the country, all through the Senate, and all through the Capitol, that statements are being made that if the appropriation is cut 17 percent employment will be cut 67 percent.

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

Mr. ADAMS. Gladly.

Mr. FRAZIER. The figures show that in North Dakota, from October 29 to January 14—

Mr. ADAMS. May I ask whose figures?

Mr. FRAZIER. W. P. A. figures. Figures given by the Administration. We have to take their figures if we take anyone's figures. Those figures show that the cut in W. P. A. workers was 19 percent from October 29 to January 14. In North Dakota the number of W. P. A. workers has been cut down by 19 percent in that period because of lack of money. That was during the cold weather.

Mr. ADAMS. The two differing views started from the same point. They started with the present basis of employment. The question is as to what can be done with the respective sums of money and what ought to be done. The Appropriations Committee gave very careful consideration to the problem. The committee came to agreement with the House that \$725,000,000, in addition to the moneys available, would be adequate to meet the situation, but, out of precaution, the committee added in its amendment the suggestion that if the committee's judgment was erroneous additional appropriations could and would be made.

Mr. BARKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from Kentucky?

Mr. ADAMS. I yield.

Mr. BARKLEY. A moment ago the Senator referred rather facetiously to what was suggested might occur in the event of a 17-percent cut.

Mr. ADAMS. No; I was not facetious.

Mr. BARKLEY. I withdraw the "facetiousness." [Laughter.]

Mr. ADAMS. I was very much in earnest.

Mr. BARKLEY. We are likely to be misled, unintentionally, by the suggestion that a 17-percent cut in the amount reflects a certain figure in the number of men em-

ployed, but in order for the 17-percent cut in the amount to be reflected in employment, the entire 17 percent would have to be eliminated at once. But no one proposes that. No one proposes that we cut off 17 percent on the 1st day of February, and continue that 17-percent cut until the 1st day of July. In order for the 17 percent in money to be reflected by 17 percent in employment it is necessary to eliminate 17 percent at once. No one proposes that, and because no one proposes it the unemployment list, the dismissals, must be stretched over a period. When the time comes, be it April or May or June, it will be necessary to dismiss many more than 17 percent, because that many have not been dismissed in February and March and probably in April. Has the Senator given consideration to that?

Mr. ADAMS. Very much consideration.

Mr. BARKLEY. The Senator admits, though, that 17 percent, if it is reflected in employment, must take effect at once.

Mr. ADAMS. The Senator is dealing with the same two sums. The Senator is dealing with the same decline in employment, and the Senator finds a 17-percent difference.

Mr. BARKLEY. The 17 percent cut in money takes effect at once, so that if it is to be a criterion by which we are to go, the 17 percent in the cut of employment must take effect at once.

Mr. ADAMS. Mr. President, I have noticed that the most ardent, the most vigorous, the most vociferous supporters of the recovery program have the least confidence in it. Some of us who have not had the fullest confidence in the recovery program have more confidence in it than have those who have more vigorously asserted their confidence. Why do I say that? We are dealing with the question of names on the rolls. Colonel Harrington has said to us that if we give him the money he asks for, he will have a reduction in the employment rolls of only 300,000 between the 1st of January and the 1st of July, notwithstanding all of the tremendous expenditures made by the Government in public works, for farm relief, and in a hundred other ways. Notwithstanding the coming on of the agricultural season, notwithstanding an upraise in business conditions, the colonel sees a decline in the work-relief rolls of only 300,000. He does not have much confidence in the recovery program, and those who are supporting his high figure have the same lack of confidence he has.

Let me give the Senate some figures. In 1936, from February to July, the relief rolls dropped 786,000. In 1937 the relief rolls dropped 576,000. We have had a drop in relief rolls from the end of October 1938 until the 31st of December, 2 months, of 256,000, almost as many in 2 months in the wintertime as the Administrator figures will be dropped from January until July, through increasing private employment due to agricultural and industrial activities. The majority of the committee have confidence in the recovery program. We look to see men put to work.

Let us take the other side of it. In 1938, from January to July, there was an increase in the relief rolls of 1,066,000. Yet when we talk of a decrease in the employment rolls of 600,000 or 700,000 under favorable conditions, it is said that that is preposterous. Back in 1929 we saw from 10,000,000 to 12,000,000 men go out of employment in almost a day, and yet it is said to us that it is not possible to put a million men to work off the relief rolls in 6 months. I think it is. I think it will be done.

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

Mr. ADAMS. Certainly.

Mr. BARKLEY. The hearings show that 27 percent, or practically 1 out of 4—the other day I said 1 out of 5, and I was evidently mistaken, but 1 out of 4—of those on relief are employed every time private industry takes people back to work. In other words, in order to employ a million of those now on the rolls of the W. P. A. it would be necessary to have 3,000,000 outside of the rolls reemployed, making a total of 4,000,000, on the basis of 1 to 4. Does the Senator or anyone believe that from now to July there will be 4,000,000 persons taken back in private employment?



Mr. ADAMS. I say to the able Senator that, following his leadership, following the leadership of the head of our administration, I do believe we shall see such an increase in employment in the next 6 months.

Mr. BARKLEY. In other words, the Senator believes that in the next 5 months—it is not 6 months—

Mr. ADAMS. Five months; yes.

Mr. BARKLEY. That private industry will take back four times as many men as were taken back in the year 1938?

Mr. ADAMS. Yes.

Mr. BARKLEY. I should devoutly hope that that would occur, but I am not optimistic enough to believe that it will occur.

Mr. ADAMS. As I have said, I have far greater confidence in the recovery program than has the Senator from Kentucky. I believe when we have put a billion and a half dollars into the Public Works program, when we have paid to the farmers \$750,000,000, when, in almost endless quantity, we have poured out money throughout the land, that it is going to result in great reemployment, and I think that business conditions are on the upgrade. I am sure that if Congress gives encouragement to the country, if the country believes that Congress is going to act with some discretion, that Congress is going to put the brakes on a program of spending and borrowing, we will encourage industry, and we will be surprised and amazed at the reemployment in our land.

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

Mr. ADAMS. I am sorry, but I do not have sufficient time left to yield.

The PRESIDENT pro tempore. The Senator from Colorado declines to yield.

Mr. ADAMS. The \$150,000,000 is but a part of this problem. The far greater question is, What is the judgment of the American people of their Congress? What is in the heart and mind of the people themselves? If the people of the United States, those who have the opportunity to employ others, feel that there is a chance to go ahead, that there is a chance to do business, a chance to make a profit, then we shall find business making use of the idle billions accumulated in our banks. Men will go to work. On the other hand, if the people of this country who are in a position to become employers think that Congress has only to be asked by any group to grant any sum, and it will do so, then the hearts of businessmen become chilled and unemployment will continue. We at this point are going to signal to the business of this country as to what is the purpose, what is the intent, what is the character of the American Government and its Congress.

That is what makes this vote important. So far as relief is concerned, so far as being hungry or cold is concerned, it will not make a particle of difference to any man, woman, or child in America whether we vote for \$875,000,000 or \$725,000,000, because the Congress will not permit the people to suffer from cold or hunger. However, it makes a vast difference in the attitude of mind that we create throughout the length and breadth of the land. There are some in this body and elsewhere who may well have read the signs in November.

I wish to say a few words about the three letters which were put into the Record yesterday. The first was a letter from Colonel Harrington. He stated that I had made an error in saying that he had made an error of \$11,000,000. He said I was wrong, and that his error was only \$5,500,000. I am willing to be corrected, and concede that the colonel was wrong only to the extent indicated.

Through this letter he calls my attention to the fact that there is another error. He said that he had been accused of being wrong in saying that \$45,000,000 was available which he had not included in his figures. I was wrong again. There was available \$90,000,000 and not \$45,000,000. Colonel Harrington points it out by inference in his letter.

So the colonel and I have both been wrong. Nevertheless, there is left available for expenditure a net amount of \$85,000,000 which was not included in the colonel's figures.

We are told about the lapse of appropriations, and how there must be what the genial and distinguished majority leader, in his innocence, called a "hang-over." Senators know that under the law an appropriation is made for a fiscal period. A 1938 appropriation may not be spent in 1939 without the consent of Congress, and a 1939 appropriation may not be spent in 1938. Yet we are told that there is an apparent discrepancy in the Budget.

The Bureau of the Budget made an unusual provision. They recommended for the current fiscal year an appropriation of \$875,000,000, and provided that they were going to spend \$750,000,000, leaving a gap of \$125,000,000 between what they were going to spend and what they asked for. Coupled with that statement was a recommendation as to 1940. The Bureau of the Budget recommended for 1940 an appropriation of \$1,740,000,000 to cover an expenditure of \$1,740,000,000. Different treatment was given to 1939 than to 1940. What did the Administration say? They said, "We shall have to spend the \$750,000,000 during 1939, but we want \$125,000,000 as a sort of working balance."

A working balance is necessary, but it can be spent only for obligations of 1939. To illustrate, if a contract for a bridge to be built is made in the latter part of 1939, it may not be paid for with moneys appropriated for 1940, but it may be paid for in 1940 with moneys appropriated for 1939. It is the date when the obligation was incurred which governs, and not the date when the payment is made. In other words, at the beginning of 1939 there was inevitably substantially the same amount of money hanging over to pay preceding bills as at the end. However, no allowance is made for that factor.

Mr. President, the Senator from South Carolina [Mr. BYRNES] mentioned the city situation. Much pressure has been sought to be exerted upon us by the cities of the country. I do not blame the cities at all. Why? The cities of the country have profited from the W. P. A. What have the cities, counties, and States received? On an average, they are putting up \$17 in 1939 and receiving four times that much. In other words, W. P. A. money is being spent for improvements in cities, counties, and States. One hundred percent of the expenditures goes into the city, the county, or the State, and the city, county, or State puts up only \$17. Our cities are being filled with new structures. Their sewers, water plants, streets, highways, and bridges are being built with Government money. I do not blame them. They say they cannot put up any more. Why do they say it? They say, "We have statutory limits on our taxing power or borrowing capacity."

The depression has continued for 9 years. The W. P. A. has been in existence since 1935. It never seems to have occurred to any of the local authorities that they could go to the legislatures or the people and obtain permission to raise their taxing rate or their bonding power. So I do not blame them for coming to the Federal Government.

I am reminded of the notice which was put upon the bulletin board at W. P. A. headquarters. What did it say? Did it evidence an interest in the people who were hungry? No. It said:

Spent 25 cents. Send a telegram to your Senator today. Protest W. P. A. appropriation cuts. Protest civil-service ban on W. P. A. employees. Protect your job.

In other words, the employees, whoever they were, were interested in their jobs. They did not want to lose the chance of their jobs being made permanent. They wanted their jobs, and they were not thinking of the public.

Mr. President, time does not permit me to say many, many things; so I merely wish to add that in my judgment the country is justly looking at the Congress to determine what is the mind of the Congress, whether we are looking forward or whether we are merely looking at what is immediately under our eyes.

We have an indebtedness of more than \$40,000,000,000. We have a deficit which will be \$4,000,000,000 next year. We have been very generous in the past years in providing for relief. But with whose money have we been generous?

With our own? Have we raised the taxes from ourselves and our constituents to pay the cost? No. We have been liberal with the money of those who are coming after us. We have not spent any of our own money for relief. We have used all the money which we have raised by taxes in the payment of the ordinary running expenses of the Government, and in a few incidentals. All the relief money which we have spent with such alleged generosity has come from borrowings, which will have to be paid by those who come after us.

Some have been very, very critical of those of us who are interested in the Public Treasury and in the public credit. We have a choice in the matter. Are we interested in the United States of America as it will be tomorrow and the day after? Are we interested in the Constitution and institutions of the United States of America, under which we hope that our children and our grandchildren will live? Or do we propose to go on spending endlessly and thoughtlessly, being comfortable today because we protect ourselves temporarily against uncomfortable sights? No. We are seeking to bridge over the depression and the unpleasant things by using the credit of the United States, and we are passing on to those who are to come after us the cost of doing the things for which we claim so much.

I have a personal interest in this problem. I have children of my own. I am more interested in them than I am in myself. I have stood here day by day fighting the battle, not that I might be popular with those who are eating public money, not that I might receive the acclaim of those who would benefit, but in my fervent hope that I might help to pass on a sound, stable government to those for whom I have more regard than for myself, that my children and my grandchildren might live under the Constitution and institutions of this Nation, and that those institutions may not be broken down by loose fiscal policies and spending beyond our means.

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

The PRESIDENT pro tempore. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

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

Mr. LEWIS. Mr. President, I again announce that the Senator from New Mexico [Mr. CHAVEZ] is detained from the Senate on important public business.

The PRESIDENT pro tempore. Ninety-four Senators having answered to their names, a quorum is present. The clerk will read the unanimous-consent agreement entered into yesterday which governs the proceedings at this time.

The legislative clerk read as follows:

Ordered, by unanimous consent, that at not later than 3 o'clock p. m., Friday, January 27, 1939, the Senate proceed to vote upon the amendment offered by the Senator from Tennessee [Mr. McKELLAR] to H. J. Res. 83, a joint resolution making additional appropriations for work relief and relief for the fiscal year ending June 30, 1939.

The PRESIDENT pro tempore. The clerk will now state the amendment offered by the Senator from Tennessee, which is under consideration.

The LEGISLATIVE CLERK. On page 1, line 8, it is proposed to strike out "\$725,000,000" and in lieu thereof to insert "\$875,000,000."

The PRESIDENT pro tempore. The question is on the adoption of the amendment offered by the Senator from Tennessee [Mr. McKELLAR].

Mr. BARKLEY and Mr. McKELLAR asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. THOMAS of Utah (when his name was called). On this vote I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES] who is detained from the Senate because of illness in his family. If I were permitted to vote, I should vote "yea," and if the Senator from New Hampshire were permitted to vote he would vote "nay."

The roll call was concluded.

Mr. LEWIS. I announce that the Senator from New Mexico [Mr. CHAVEZ], if present, would vote "nay."

Mr. BYRNES. I may say that the Senator from New Mexico is absent but could not obtain a pair.

Mr. HATCH. Mr. President, I may say in connection with the absence of my colleague [Mr. CHAVEZ] that he advised me by wire that he understood that he had a pair. He regrets very much that he does not have a pair. If present, he would vote "nay."

The result was announced—yeas 46, nays 47, as follows:

YEAS—46

Andrews	Ellender	Lundeen	Pittman
Ashurst	Frazier	McKellar	Schwartz
Barkley	Green	Maloney	Schwellenbach
Bilbo	Guffey	Mead	Sheppard
Bone	Hayden	Miller	Smathers
Borah	Hill	Minton	Stewart
Brown	Hughes	Murray	Thomas, Okla.
Caraway	Johnson, Colo.	Neely	Wagner
Clark, Idaho	La Follette	Norris	Walsh
Connally	Lee	O'Mahoney	Wheeler
Donahay	Lewis	Overton	
Downey	Logan	Pepper	

NAYS—47

Adams	Davis	Holt	Shipstead
Austin	George	Johnson, Calif.	Smith
Bailey	Gerry	King	Taft
Bankhead	Gibson	Lodge	Tobey
Barbour	Gillette	Lucas	Townsend
Bulow	Glass	McCarran	Truman
Burke	Gurney	McNary	Tydings
Byrd	Hale	Nye	Vandenberg
Byrnes	Harrison	Radcliffe	Van Nuys
Capper	Hatch	Reed	White
Clark, Mo.	Herring	Reynolds	Wiley
Danaher	Holman	Russell	

NOT VOTING—3

Bridges	Chavez	Thomas, Utah
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So Mr. McKELLAR's amendment was rejected.

Mr. BYRNES. Mr. President, I move to reconsider the vote which has just been taken.

Mr. CLARK of Missouri. Mr. President, I move to lay that motion on the table.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Missouri [Mr. CLARK] to lay on the table the motion of the Senator from South Carolina [Mr. BYRNES] to reconsider the vote just taken.

The motion to lay on the table was agreed to.

Mr. WALSH. Mr. President, on account of the limitation of the time for debate, and the fact that I had no opportunity to speak on the subject, I should like to have printed in the RECORD, in connection with the debate, a statement giving the reasons for my vote.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and the statement may be printed in the RECORD.

The statement is as follows:

STATEMENT BY SENATOR WALSH

The uppermost consideration with respect to the resolution before the Senate to provide funds, in view of the present deficiency, to carry on the W. P. A. for the remainder of the current fiscal year, namely, to next June 30, is the question of the necessities of the needy and avoidance of suffering. There are other questions—as to methods of administration, as to scales of work-relief wages and

differentials, as to the extent of the States' contribution to relief, as to politics in relief, and many other phases of the subject. All of these are important. All of them must be dealt with by the Congress in the general W. P. A. appropriation bill for the fiscal year beginning July 1. But the paramount question now is how rapidly the present relief rolls may be reduced without excessive distress and suffering.

Those Senators who are able to reach the conclusion that the relief rolls may be progressively reduced in large numbers during the coming months without turning loose thousands of men and women genuinely in need of the relief, and who are able to reach the conclusion that the States and the cities will be able to take care of such as are dropped, and also who are able to persuade themselves that under the spur of necessity large economies and reduction in administrative expenses of the W. P. A. can be put into effect, may thereby justify their support of the \$725,000,000 reported by the Appropriations Committee of the Senate.

Such Senators as entertain the opposite views, namely, that an appropriation of less than \$875,000,000, the amount requested by the President, will necessarily result in far greater reductions in the relief rolls and far more rapidly than conditions will safely permit, and that the States and municipalities are utterly unable to take over the care and maintenance of additional quotas of needy unemployed, which, I am advised by the mayors, is the condition in Massachusetts, have no alternative but to vote for the amount of money now requested by the President. A telegram from a Massachusetts mayor, and which is similar to many others I have received, illustrates the situation which might follow any reduction:

"City of Lynn expenditures for relief in 1936, outside of Federal aid for old-age assistance and aid to dependent children, was: Welfare, \$670,799.49; dependent children, \$92,075.36; old-age assistance, \$437,813.91; soldiers' relief, \$77,536.73; materials for W. P. A., \$400,000; a total of \$1,678,225.39, or \$12.14 on the tax rate. We have about 2,500 families on welfare and 2,600 on W. P. A. Every city and town in Massachusetts faces an increased tax rate this year from \$2 to \$6 on the thousand of valuation. Any reduction on W. P. A. such as is contemplated will mean a further increase in tax rates. It is impossible for us to carry a greater burden."

And so I find myself in the latter group of Senators. I intend to vote for appropriation of \$875,000,000. I shall do so regretfully—regret that it is not possible, in my judgment, to lighten now, at once, this drain upon the Federal Treasury; regret that it is not possible now, at once, to improve the administration of relief, to remove the injustices, and to make two relief dollars do the work of three. But it seems to me that we are face to face with facts and stern realities that admit of only one answer.

It is true that the resolution in the form reported by the committee while retaining the reduced amount of \$725,000,000 seeks to escape the ensuing penalty of wholesale reductions in the relief rolls by containing a prohibition against any large reduction on the rolls prior to April 1 by limiting the reduction prior to that date to 150,000. It is in effect an admission that no large cut in the rolls during the remainder of the winter is feasible.

It is self-evident that to carry the relief rolls through February and March at substantially the present level of 3,000,000 on the rolls will so far deplete the new fund now to be appropriated (if it be in the amount of \$725,000,000) as to leave available an obviously entirely inadequate amount of money for the remaining 3 months of April, May, and June. It would, in effect, require the dropping of more than a million persons from the rolls promptly at the 1st of April, a course which I am confident no one would now contend is likely to be humanly possible.

In my judgment, such an arrangement does not meet the present issue, but merely postpones it. If we are not going to require sharp, progressive reductions in the relief rolls—if we conclude that such a policy is inexpedient and inhumane—then we may as well vote now the sum which those charged with the administration of relief inform us is the irreducible minimum consistent with the necessities of the relief situation. I intend to follow this course and to urge that between now and the regular appropriation bill for W. P. A., which will soon be before the Congress and becomes operative on July 1, that provisions be made for reduction of administrative costs and the purging from the relief rolls those who are not honestly entitled to Federal relief.

The costs of administering unemployment relief ought to be considerably reduced, and this should be provided for in the regular appropriation. I am informed that W. P. A. administrative expense now amounts, on the average, to approximately 5 percent of the total disbursements. Yet in my own State of Massachusetts the W. P. A. administrative expense is said to figure out to only about 2½ percent. If that is so, why is the national average so much higher? Why can't the cost come down to 2½ percent everywhere?

Furthermore, in administering relief we should make a clear distinction between the employables and the unemployables and have separate classifications and a much clearer picture than has been heretofore presented of exactly where we stand in what may be regarded as the permanent relief load and the temporary relief load.

I believe that we should apply the brakes to Government spending. I do not share the view that continued deficit financing is the road to recovery and prosperity. But when we start to economize we may better begin with dubious ventures, such as the Florida ship canal, Quoddy, and the St. Lawrence seaway, and the large subsidies to agriculturalists amounting to almost half a billion dollars and the half billion dollars appropriated

for highways and P. W. A. grants, rather than with the meal tickets of the needy unemployed.

Mr. BORAH. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the New York Evening Post. It relates to the subject now under consideration by the Senate. It was my purpose to comment upon it, but I was unable to get the floor before the vote. I must content myself by putting it in the RECORD. I hope it will be read.

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

"THERE, BUT FOR THE GRACE OF GOD \* \* \*

To the United States Senate.

GENTLEMEN: On your way to Capitol Hill most of you drive past a W. P. A. project. Maybe several. Did you ever watch a gang on a sewer job, see several men obviously unused to swinging a pick, and

Did you ever have the same thought we've had, the thought John Bradford had when a criminal passed him on the way to the gallows:

"There, but for the grace of God, go I"?

That man hacking away at the ice-encrusted street—he might have been you.

There aren't two kinds of real Americans. Only one kind.

And among them all, how many feel so secure, either in their jobs or in their resources, as to dare murmur smugly to themselves, "That couldn't happen to me"?

It could. It has.

On W. P. A. today are many men who, by slim margins, missed sitting, if not in the United States Senate, at least in legislative chambers of several States; men who recently held high posts in some of our large cities; men whose names—once—were known to more thousands perhaps than some of yours.

"Foxy Grandpa's" creator died the other day. He was famous. Of late W. P. A. kept him alive. Three winners of Guggenheim fellowships were found on W. P. A. Likewise several prominent writers, former college professors, quite a few distinguished engineers.

Comb the lists further. You'll find businessmen who only yesterday were leaders in their communities, men who once asked favors of none, men who remember that after the depression, after their savings were gone \* \* \* W. P. A. let them carry on.

Bright men. Smart men. Many, Senators, are men like you. They just missed the same train.

And those others, perhaps not so smart or so well educated—they're Americans none the less. They don't regard a W. P. A. job as charity. They don't want charity. They want work, consider their job is work.

They're proud of the parks they build, the schools they repair, the sewers they construct; proud of the reclamation of swamp areas, of the fights they've waged against soil erosion, for flood control.

The voice of those men may not reach the Senate floor. But it is the voice of men who work and sweat in jobs which not a Senator covets, despite the legend that W. P. A. work is one long and lazy picnic.

Loafers among them? Of course. There are loafers in every business, every factory, even in Congress. But you don't burn a ship to get rid of its barnacles.

And better that some men loaf than that worthy men starve.

Remember, any of them might have been you or yours.

So, gentlemen, before you act on the proposal to cut down the W. P. A., bear in mind that you won't just cut off dollars.

You'll abolish livelihood.

Yes; we hear one of you say, "But we must stop spending."

If it means a million men stop working? A million families stop eating, stop buying?

The answer is, "No!" And again, "No!"

Let no one say that jobs in private industry are waiting. They're not. It's only been a short while since 700 men waited in line all night to apply for a few porters' jobs in New York City—with the crowd of applicants swelling to 5,000 by morning. Do you remember that right in Washington, shortly before Thanksgiving, 25,000 women stormed a police station for 2,000 jobs as charwomen?

Gentlemen of the Senate, your job isn't to destroy the jobs of others. It ought to be to create new jobs, enough jobs so that every man who wants work can have work—at least, enough work to care for his family.

People must eat.

If that means an unbalanced Budget, then it means an unbalanced Budget.

Or if that means we must tax, to balance the Budget, so as to please the conservatives—

Then we must tax.

Starvation won't balance any budget. It didn't in 1932. It didn't again in 1937. It won't now.

Before you vote, Senators, try to put yourself in a W. P. A. worker's place. Imagine, if you can, the fear in his heart as he watches your debates over a proposal to abolish his job and a million more. Try to understand that his voice, faint in the clamor, asks not for gifts, for largess, but only for a chance—to work.

The chance to which every free-born American ought to be entitled.

As you watch the pick swing, listen to the scrape of shovels and clang of crowbars, remember the words of John Bradford: "There, but for the grace of God, go I!"

#### ADDITIONAL PETITIONS AND MEMORIALS

Mr. SHEPPARD presented a petition of 23 citizens of Texas, praying for the granting of increased compensation to parents on account of the death of sons in the military service during the World War, which was referred to the Committee on Finance.

Mr. LODGE presented petitions, numerous signed, of sundry citizens of the State of Massachusetts, praying that the United States adhere to the principle of neutrality as contained in existing law, and the extension of the law so as to include civil as well as international conflicts, which were referred to the Committee on Foreign Relations.

Mr. CAPPER presented resolutions of the Woman's Christian Temperance Unions of Hazelton and North Branch, Kans., favoring the enactment of legislation to prohibit the advertising of alcoholic beverages by the press and radio, which were referred to the Committee on Interstate Commerce.

Mr. MINTON presented a resolution adopted by the Vigo County (Ind.) Alliance, opposing the appropriation of \$750,000,000 for the W. P. A. and favoring an increased appropriation program for the W. P. A. as proposed by the Workers Alliance of America, which was ordered to lie on the table.

Mr. REED presented a memorial of 71 citizens of Rolla, Kans., remonstrating against the operation of the land-buying program of the land-utilization project in Morton County, Kans., which was referred to the Committee on Agriculture and Forestry.

He also presented a petition of 36 citizens of Walnut, Kans., praying that the United States adhere to the principle of neutrality as contained in existing law and extend the law so as to include civil as well as international conflicts, which was referred to the Committee on Foreign Relations.

He also presented petitions of 23 citizens of Franklin County and 62 citizens of Manhattan, Riley County, in the State of Kansas, praying that the United States stop the shipment of all war materials and products that may be used by the Japanese Army in their Chinese operations, which were referred to the Committee on Foreign Relations.

Mr. MALONEY presented a resolution adopted at a Lenin memorial meeting held by the Communist Party at Waterbury, Conn., favoring the dissolution of the so-called Dies committee, being the Committee to Investigate Un-American Activities (House of Representatives), which was referred to the Committee on the Judiciary.

He also presented the petition of Mr. and Mrs. Charles Hubon and nine other citizens of New Haven, Conn., praying for the preservation of peace, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted at a Lenin memorial meeting held by the Communist Party at Waterbury, Conn., favoring lifting of the Spanish embargo, and also the supplying of surplus food in America to the Spanish people, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by Silver City Council, No. 2, Knights of Columbus, of Meriden, Conn., favoring retention of the existing Spanish embargo and opposing the repeal of the neutrality law, which were referred to the Committee on Foreign Relations.

He also presented a letter from Martin H. Carmody, supreme knight, Knights of Columbus, embodying a resolution adopted by the supreme board of directors of the Knights of Columbus, at New York City, favoring strict adherence by the United States to the policy of neutrality in the Spanish war, and also that the embargo upon the shipment of munitions to either party in the Spanish conflict be maintained, which was referred to the Committee on Foreign Relations.

He also presented memorials of the Catholic Ladies of Columbus, of Manchester and New London; the Connecti-

cut Council of Catholic Women, of Hartford; Joseph Fiorelli and 149 other citizens of Stamford; Stephen L. Chase and 11 other citizens of South Norwalk; the Rosary Society of the St. Thomas Church, Jerome P. Jermain and 20 other citizens, Raymond Gorman and 98 other citizens, John Russo and 146 other citizens, and Joseph T. Palladino and 35 other citizens, all of Waterbury; Antoinette Ciario and 54 other citizens, Joseph W. Lenz and 18 other citizens, and Anna Stemmer and 147 other citizens, all in the State of Connecticut, praying for the retention of the existing neutrality law and remonstrating against lifting the embargo on the shipment of arms and munitions to Spain, which were referred to the Committee on Foreign Relations.

Mrs. CARAWAY presented the following concurrent resolutions of the Legislature of the State of Arkansas, which were referred to the Committee on Agriculture and Forestry:

#### Senate Concurrent Resolution 9

Whereas cotton is the outstanding crop of the southern region of the United States, in which Arkansas is included; and

Whereas the economy of this region is based largely on this commodity; and

Whereas due to local and world economic conditions huge surpluses of cotton have accumulated; and

Whereas there is urgent need of the discovery of new uses for cotton in order that more of this staple commodity may find its way into consumptive channels: Therefore be it

*Resolved by the senate of the fifty-second general assembly (the house concurring),* That the United States Department of Agriculture be urged to investigate the practicability of cotton usage in bagging and ties, road construction, bags and containers, roofing, plastics, and other discoveries in which cotton and cottonseed products may be treated and processed, particularly the new method perfected whereby cotton fabrics treated with emulsified asphalt can be used effectively in the above-named products.

#### Senate Concurrent Resolution 10

Whereas the General Assembly of the State of Arkansas enacted a soil-conservation law, which provides for controlling soil erosion in this State, and designated as Act 197 of said session; and

Whereas it has been ascertained that more than 1,000,000 acres of Arkansas farm lands are severely eroded, 850,600 acres have been abandoned because of severe erosion. About 15,000,000 additional acres are so seriously affected with erosion that immediate action should be taken to conserve our soils; and

Whereas the preservation of these lands is necessary to protect and promote the health, safety, and general welfare of our people; and

Whereas the landowners are unable to put into effect soil-conserving and erosion-control practices on such a large area without assistance from the Federal Government; and

Whereas the consequences of soil erosion in the form of washing ditches on the farm lands, causing an immediate and rapid run-off of the waters after each rain, thereby filling the stream channels, dams, and ditches with silt and by washing and materially damaging our State highway, county highway, and railroad systems, thereby not only further destroying the natural resources of our State but destroying our transportation systems; and

Whereas soil-conservation districts have been formed, or are in the process of being formed, touching all or a portion of 60 counties in the State; and

Whereas farm plans have been completed on more than 1,000,000 acres of land in said districts and plans are in progress covering thousands of additional acres of farm lands; and

Whereas a large percent of the men now on W. P. A. in Arkansas were formerly farmers, and cannot be reestablished as such until a proper soil-conservation program has been put into effect: Therefore be it

*Resolved by the Senate of the General Assembly of Arkansas (the house of representatives concurring therein):*

SECTION 1. That the General Assembly of Arkansas hereby respectfully requests the Congress of the United States to recognize, by appropriate legislation, resolutions, rules, or regulations, the public benefit to be derived from the use of W. P. A. labor in the soil-conservation program in this State.

SEC. 2. That a copy of this resolution be spread on the journals of the senate, a copy mailed to the President of the United States, Representatives and Senators in the National Congress from Arkansas, Secretary of the Department of Agriculture, Washington, D. C., and Dr. H. H. Bennett, Chief of the Soil Conservation Service, and Col. C. F. Harrington, Works Progress Administrator.

Mrs. CARAWAY also presented the following resolution of the House of Representatives of the State of Arkansas, which was referred to the Committee on Military Affairs:

#### House Resolution 3

Whereas a proposal has been made by Representative EDMISTON, of West Virginia, member of the United States House of Representatives Military Affairs Committee, that 100,000,000 tons of coal be stored in the swamps along the Atlantic coast as an emergency

supply in the event of war as a part of the national defense program; and

Whereas it is reliably reported that this proposal is endorsed by high officers of the War Department and the Coal Commission; and Whereas Arkansas has vast supplies of coal suitable for storage; And therefore be it

*Resolved by the House of Representatives of the Fifty-second General Assembly of the State of Arkansas, That if such measure is introduced that our Senators and Representatives in Congress be urged to guard the interests of the coal sections of Arkansas, that they share equitably in any such storage and that the chief clerk of this house be directed to send a copy of this resolution to our Senators and Representatives in Congress.*

Mrs. CARAWAY also presented the following concurrent resolution of the Legislature of the State of Arkansas, which was referred to the Committee on Post Offices and Post Roads:

Senate Concurrent Resolution 7

Whereas, through the efforts of our beloved late Senator Joe T. Robinson, ex-Congressman John L. McClellan, Senator Hattie W. Caraway, and all members of the Arkansas congressional delegation, the Federal Government has for the past few years seen fit to permit Arkansas to receive Federal-aid highway funds without matching same from State funds, since under provisions of existing laws Arkansas is prohibited from appropriating funds for this purpose; and

Whereas, under the provisions of the Hayden-Cartwright and subsequent acts of Congress, Arkansas has been permitted to receive these funds without matching, due to the fact that no revenues received from taxes paid by owners and operators of motor vehicles were diverted to nonhighway uses, and further, since at least 90 percent of all revenues so collected were devoted entirely and exclusively to the State highway system: Now, therefore, be it

*Resolved by the senate of the fifty-second general assembly (the house of representatives concurring therein), That Senator HATTIE W. CARAWAY, Senator JOHN E. MILLER, and all Members of Congress from Arkansas be requested and urged to continue their efforts to permit Arkansas to continue to receive Federal-aid road funds without matching by the State until the provisions of Act No. 11 of 1934 are amended or modified in such a way as to permit Arkansas to legally appropriate funds for this purpose; and be it further*

*Resolved, That both Arkansas United States Senators and all Members of Congress be commended and sincerely thanked for this unselfish and most patriotic piece of constructive legislation they have caused to be enacted by the Congress of the United States.*

REPORT OF COMMITTEE ON THE LIBRARY—STATUE OF THE LATE WILL ROGERS

Mr. BARKLEY, from the Committee on the Library, to which was referred the concurrent resolution (S. Con. Res. 1) authorizing the holding of ceremonies in the rotunda in connection with the presentation of a statue of the late Will Rogers, reported it without amendment.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. McNARY:

S. 1038. A bill for the relief of L. M. Bell and M. M. Bell; to the Committee on Claims.

By Mr. BYRD:

S. 1039. A bill granting a pension to Neva Dobbins;  
S. 1040. A bill granting a pension to William Turner; and  
S. 1041. A bill granting a pension to Edna P. Welsh; to the Committee on Pensions.

S. 1042. A bill for the relief of the Epes Transportation Corporation; to the Committee on Claims.

By Mr. MALONEY:

S. 1043. A bill granting a pension to Ann M. Callery; to the Committee on Pensions.

S. 1044. A bill for the relief of Carl Garbich; to the Committee on Immigration.

By Mr. GILLETTE:

S. 1045. A bill to give effect to the International Agreement for the Regulation of Whaling, signed at London, June 8, 1937, and for other purposes; to the Committee on Foreign Relations.

By Mrs. CARAWAY:

S. 1046. A bill to liberalize effective date of claim for reimbursement for burial and funeral expenses contained in Veterans' Regulations; to the Committee on Finance.

By Mr. BONE:

S. 1047. A bill for the relief of Emerson J. French; and

S. 1048. A bill to provide for a flag for the funeral of any honorably discharged veteran, and for other purposes; to the Committee on Military Affairs.

By Mr. McCARRAN:

S. 1049. A bill authorizing the conveyance of the mint building and the land upon which it is situated in Carson City, Nev., to the State of Nevada; to the Committee on Public Buildings and Grounds.

By Mr. ASHURST:

S. 1050. A bill for the relief of Albert H. Gilpin (with an accompanying paper); to the Committee on Military Affairs.

S. 1051. A bill granting an increase of pension to Lettie Powell Miller Putnam (with accompanying papers); to the Committee on Pensions.

By Mr. GUFFEY:

S. 1052. A bill for the relief of the Allegheny Forging Co.;

S. 1053. A bill for the relief of the Allegheny Forging Co.;

S. 1054. A bill for the relief of the Allegheny Forging Co.;

and  
S. 1055. A bill for the relief of the Allegheny Forging Co.;

to the Committee on Claims.

By Mr. NEELY:

S. 1056. A bill granting a pension to Pearl Dyke Carder; to the Committee on Pensions.

(Mr. THOMAS of Oklahoma introduced Senate bill 1057, which was referred to the Committee on Agriculture and Forestry, and appears under a separate heading.)

By Mr. WHEELER:

S. 1058. A bill providing for the advancement on the retired list of the Army of Arthur Glenn; to the Committee on Military Affairs.

S. 1059. A bill granting a pension to Waumdi Duba (Red Eagle);

S. 1060. A bill granting a pension to Daniel S. J. Leif;

S. 1061. A bill granting an increase of pension to Catherine A. Riley;

S. 1062. A bill granting an increase of pension to Dora White;

S. 1063. A bill granting a pension to Joseph E. Williams; and

S. 1064. A bill granting a pension to John Yuhas; to the Committee on Pensions.

By Mr. SCHWELLENBACH:

S. 1065. A bill to authorize an appropriation for payment of the cost of providing additional water for the Wapato Indian irrigation project, Washington; to the Committee on Indian Affairs.

By Mr. GEORGE:

S. 1066. A bill for the relief of Samuel L. Rakusin; to the Committee on Claims.

By Mr. McKELLAR:

S. 1067. A bill granting the consent of Congress to the Highway Department of Davidson County, of the State of Tennessee, to construct a bridge across Cumberland River at a point approximately 1¾ miles below Clee's Ferry, connecting a belt-line highway in Davidson County, State of Tennessee, known as the Old Hickory Boulevard; to the Committee on Commerce.

By Mr. MINTON:

S. 1068. A bill for the relief of Bruce G. Cox; to the Committee on Claims.

S. 1069. A bill for the relief of George Edelman (with an accompanying paper); to the Committee on Military Affairs.

S. 1070. A bill granting a pension to Thomas Brown;

S. 1071. A bill granting a pension to Gertrude Claypool;

S. 1072. A bill granting a pension to Katie Glenn;

S. 1073. A bill granting an increase of pension to Nora A. Kitchen;

S. 1074. A bill granting a pension to Stephen Sowinski; and

S. 1075. A bill granting a pension to Blanche Walker; to the Committee on Pensions.

By Mr. REYNOLDS:

S. 1076. A bill for the relief of the widow of the late William J. Cocke; to the Committee on Claims.

S. 1077. A bill for the relief of Victor S. Banks; to the Committee on Finance.

By Mr. SHEPPARD:

S. 1078. A bill to amend volume 39, page 375, section 17, subsection E, United States Statutes at Large, to provide for free examination of joint-stock land banks now in liquidation; to the Committee on Banking and Currency.

S. 1079. A bill for the relief of Francisco R. Acosta; to the Committee on Claims.

S. 1080. A bill for the relief of Joseph Clasby;

S. 1081. A bill for the relief of John B. Jones;

S. 1082. A bill to authorize the Secretary of War to provide for the sale of aviation supplies and services to aircraft operated by foreign military and air attachés accredited to the United States, and for other purposes; and

S. 1083. A bill to authorize the Secretary of War to exchange obsolete, unsuitable, and unserviceable machines and tools pertaining to the manufacture or repair of ordnance matériel for new machines and tools; to the Committee on Military Affairs.

By Mr. WAGNER:

S. 1084. A bill to continue the functions of the Commodity Credit Corporation and the Export-Import Bank of Washington, and for other purposes; to the Committee on Banking and Currency.

By Mr. BONE:

S. J. Res. 52. Joint resolution relating to the sale of souvenirs in public buildings and parks, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. PEPPER:

S. J. Res. 53. Joint resolution recognizing August 19 of each year as Aviation Day; to the Committee on the Judiciary.

#### HOUSE BILL REFERRED

The bill (H. R. 2762) to consolidate and codify the internal-revenue laws of the United States was read twice by its title and referred to the Committee on Finance.

#### FIRST DEFICIENCY APPROPRIATION—AMENDMENT

Mr. BARBOUR submitted an amendment intended to be proposed by him to House bill 2868, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 4, line 8, insert the following:

"Dutch elm disease eradication: For an additional amount for Dutch elm disease eradication, including the same objects and conditions specified under this heading in the Agricultural Appropriation Act for the fiscal year 1939 (5 U. S. C. 511, 512; 7 U. S. C. 151-167; 52 Stat. 732), \$200,000."

#### ADDITIONAL APPROPRIATION FOR WORK RELIEF AND RELIEF—AMENDMENT

Mr. CLARK of Missouri submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 83) making an additional appropriation for work relief and relief for the fiscal year ending June 30, 1939, which was ordered to lie on the table and to be printed, as follows:

At the end of the bill add the following new section:

"Sec. 8. None of the funds appropriated by the Emergency Relief Appropriation Act of 1938 or by this joint resolution shall be used for the manufacture, purchase, or construction of any naval vessel, armament, munitions, or implement of war, or for the construction of quarters for military or naval forces."

#### TEMPORARY JOINT COMMITTEE ON NATIONAL DEFENSE

Mr. SCHWELLENBACH. Mr. President, I ask consent to submit a concurrent resolution, which I request be referred to the Committee to Audit and Control the Contingent Expenses of the Senate. I also ask consent to have printed in the RECORD at this point the concurrent resolution and two articles in reference thereto which appeared in the Washington Daily News.

The VICE PRESIDENT. Without objection, the resolution of the Senator from Washington will be received and referred as requested by him and the articles will be printed in the body of the RECORD.

The concurrent resolution (S. Con. Res. 2) was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

*Resolved by the Senate (the House of Representatives concurring).* That there is hereby established a joint congressional committee (hereinafter referred to as the "joint committee"), to be known as the Temporary Joint Committee on National Defense. The joint committee shall be composed of the chairman and the ranking minority member of each of the following committees and subcommittees: The Senate Committee on Military Affairs, the Senate Committee on Naval Affairs, the Senate Committee on Foreign Relations, the subcommittees on military and naval appropriations of the Senate Committee on Appropriations, the Military Affairs Committee of the House of Representatives, the Naval Affairs Committee of the House of Representatives, the Foreign Affairs Committee of the House of Representatives, and the subcommittees on military and naval appropriations of the Appropriations Committee of the House of Representatives. Vacancies in the membership of the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee. The joint committee shall select a chairman from among its members.

SEC. 2. (a) It shall be the duty of the joint committee to make a thorough study and investigation with respect to the national-defense problems of the United States, with a particular view to (1) determining the policy which should be followed with respect to the national defense, (2) determining the most effective means and methods for carrying out such policy, and (3) coordinating the activities of the various agencies of the Government dealing with matters relating to the national defense.

(b) The joint committee shall from time to time submit recommendations and reports to the committees of the Congress hereinbefore designated.

SEC. 3. The joint committee shall have power to hold hearings and to sit and act at such places and times, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems advisable. Subpenas shall be issued under the signature of the chairman of the joint committee and shall be served by any person designated by him.

The expenses of the said investigation, which shall not exceed \$ , shall be paid out of the contingent funds of the Senate and House of Representatives, one-half to be disbursed by the Secretary of the Senate and one-half by the Clerk of the House of Representatives.

SEC. 4. The joint committee shall have power to employ and fix the compensation of such officers, experts, and employees as it deems necessary in the performance of its duties, but the compensation so fixed shall not exceed the compensation fixed under the Classification Act of 1923, as amended, for comparable duties. The joint committee is authorized to request the use of the services, information, facilities, and personnel of the departments and agencies in the executive branch of the Government.

SEC. 5. All authority conferred by this concurrent resolution shall expire on February 1, 1941.

The articles above referred to are as follows:

[From the Washington Daily News, December 22, 1938]

#### DEFENSE PROBLEMS

(By Raymond Clapper)

Recent world changes have thrust so many considerations into the problem of national defense that Congress would be justified in resorting to special procedure. The most practical method would be to set up a joint House and Senate committee on national defense.

This would be a special, temporary committee. It would be obligated to survey the whole field. It would ascertain what we proposed to defend. First of all, it would define the problem. Are we going to protect merely the shores of the United States, or the hemisphere? Then it would prepare a rounded program to support the policy, covering Army, Navy, aircraft, industrial preparedness, and the methods of financing. It all goes together.

In this situation it would be criminal to deal with the problem of national defense in the old piecemeal way. Can we do the job properly by working through some 10 House and Senate committees, each jealously going its own way and the others be damned?

Under standard procedure you have the House Military Affairs Committee holding hearings, running its own show. The House Naval Affairs Committee runs its own show. Neither knows nor cares what the other is doing. How can you relate air strength and the Navy, or Army coast defense and the Navy, without considering them together and in relation to each other? How can you decide how many Army airplanes are needed until you know what the Navy is going to consist of? These matters are all tied together and they should be considered together.

You can't have properly balanced national defense when you cut the job up into small pieces and distribute it among some 10 different committees each working independently. The working out of the defense program would be scattered piecemeal among the standing House committees on Military Affairs, Naval Affairs, Appropriations, and Ways and Means, and among the Senate committees on Appropriations, Foreign Relations, Military Affairs, Naval Affairs, and Finance. Duplicate hearings would be held,

and there would result a long time-consuming scramble in which Army, Navy, and aviation each would grab as much as possible. A joint committee would know where the emphasis was to be put—whether on the Army, aircraft, or Navy, and in what proportions.

The joint House and Senate committee should contain representation from all of these committees just named, plus perhaps that of the House Foreign Affairs Committee, which, while of little consequence ordinarily, does have jurisdiction over neutrality legislation, which must be considered in connection with the whole national-defense problem.

Take two members from each of these standing committees, the chairman and the top Republican, and make up a special temporary joint committee of perhaps 20 members. That would be a smaller committee than most of the regular major House and Senate committees, and therefore not unwieldy. It would represent both Houses, both parties, and every standing committee concerned in the problem. By taking the top members you assemble the most experienced House and Senate members, each well-informed in his particular field.

Put such a committee to work; first, on a carefully organized program of hearings to gather expert testimony, and, second, on the drafting of a balanced, unified program. Then Congress will know what it is doing. Bring such a program before the full membership of the House and the Senate, under the auspices of such a special joint committee, and it would be entitled to respect. Because of the men on it, such a committee would be powerful enough to protect the program from raiding on the floor.

Such a special joint committee as is here suggested ought to produce the best program that is possible under our system—one that provides enough, but not too much, balanced and proportioned adequately to the needs of America at this hour.

[From the Washington Daily News, December 28, 1933]

#### OUR WEAKNESS

(By Raymond Clapper)

Each day makes it more clear that we haven't any reliable idea of what we need for adequate national defense. Every man is his own strategist now, and arriving legislators have their pockets stuffed with defense plans and requests from local chambers of commerce for new airplane factories, new Army posts, training schools, and other choice cuts of political defense pork.

They are already shoving the Florida ship canal at us again. The last time it was offered as a gigantic work relief project, but Congress objected. Now it is being dressed up as a national defense scheme. Only a matter of time and we will have the Passanauquoddy tide-harnessing scheme revived as a national-defense project. Don't be surprised to wake up and find that a drive is on for a big naval base on the upper Mississippi. Why not? It would help business and provide the fleet with an inland base immune from attack.

Not only laymen but the experts are confused. They hear rumors that Hitler has 10,000 planes, and promptly demand the same for us. You will find one crowd of experts saying our air force needs but little expansion, and that the important thing is experimental progress in designing faster models, together with industrial preparations for quick enlargement of production capacity when required. A rival school of experts says that scheme is inadequate, that with the air force, as with the Navy, initial striking power is what counts; and that we must be prepared at all times to overcome any surprise attack because once war has come it is too late to build planes and ships.

So you have experts taking various stances all the way from no more planes to 13,500 planes and up.

One group wants the Western Hemisphere encased in a ring of United States battleships. Others say we need only to concentrate decisive strength in the Caribbean, as that is the bottleneck of hemisphere defense. Then there are the experts who want a Nicaragua canal and those who say that if the Panama Canal was good enough for the first Roosevelt it's good enough for this one.

All of which says pointedly that we need a general inquiry by a joint congressional committee to consider all aspects and to sift out a balanced conclusion. Demand for such a joint committee is growing. It is recommended by a committee on national defense in a report to the National Peace Conference. Such a committee would combine within its membership Democratic and Republican members of the regular House and Senate committees which have to do with Army, Navy, aviation, foreign policy, and financing.

Mainly, the purpose would be to bring all phases of the defense problem into one inquiry instead of scattering them about among separate committees, into watertight compartments, as it were, where it would be almost impossible to dovetail a balanced program covering land, air, and sea. Recommendations from such a joint committee would be entitled to, and would receive, the confidence of the public.

On this kind of question few of us can have an intelligent opinion. So much of it is technical that the layman must trust mainly to the judgment of a group of careful and well-balanced experts. A joint committee of seasoned and informed legislators would serve as a jury and, when it was through digesting the testimony of experts, its conclusions would be as sound and safe as is possible under our system.

Without doubt the country wants adequate defense. Everyone in Congress wants it. The only argument is as to what constitutes adequate defense. Strong opposition exists to unwarranted expense. Republicans and peace organizations are ready to pounce on any

crackpot or hysterical schemes that come up wearing the false whiskers of national defense.

The administration, for its own protection and for the protection of the country, needs to have a program that has been carefully combed over and put together. A joint congressional committee is the best protection the administration can have against the twin mistakes of inadequate defense and wasteful expenditure.

#### PROPERTY RIGHTS OF AMERICAN CITIZENS IN MEXICO

Mr. REYNOLDS. Mr. President, I ask unanimous consent to submit for appropriate reference a resolution which I should like to have the privilege of reading to the Senate.

The PRESIDENT pro tempore. Without objection, the resolution will be received.

Mr. REYNOLDS read the resolution (S. Res. 72), as follows:

Whereas it has been stated and generally believed that a condition exists in our neighboring Republic of Mexico which if true, makes the Government of that country a violator of international law as well as of the natural rights of man; and

Whereas it has been stated and believed to be true that millions of dollars worth of property belonging under the laws of Mexico and of international law to citizens of the United States has been confiscated by the Mexican Government; and

Whereas at the time of the confiscation of such property so belonging to American citizens the Government of Mexico was wholly unable to make compensation therefor nor have they made restitution to the rightful owners of the property so taken; and

Whereas the present Government in Mexico, according to widely published newspaper articles is using certain property that it has confiscated from American citizens to enter into commercial and economic relations with countries in Europe and Asia and that if the establishment of these relations with these countries is true, as stated, would make the Government of Mexico subservient to the governments that are said to be acquiring such economic and financial control as to enable these foreign governments to control the political affairs of Mexico, as a mere colony, in violation of that policy of the United States enunciated to safeguard the republics of this hemisphere; and

Whereas it has been repeatedly stated in the press that a revolutionary from Europe is now in Mexico and that the un-American policy of government that he aided in establishing in Russia has now been adopted by Mexico; and

Whereas it has been stated that the Government of the United States is the principal purchaser of silver, a chief product of Mexico, making a profitable market for that product, which if true, is an indirect subsidy to the present Government of Mexico and a support of its policies; and

Whereas it is necessary that the Senate, in the exercise of its constitutional right and the performance of its constitutional duty, be provided with all the pertinent facts referred to in the preamble to this resolution and such other facts as an investigation may disclose: Therefore be it

*Resolved*, That the President of the Senate appoint a committee of seven Members thereof to institute and carry out such an investigation as will provide the Senate with a comprehensive and trustworthy exposition of the facts and conditions referred to in the foregoing preamble, and such other pertinent facts and conditions as they exist in Mexico and report the same to the Senate during this session of Congress.

*Resolved further*, That for the purposes of the investigation proposed by the foregoing resolution that the committee be empowered to sit and act either as a whole or by subcommittee at such time and location in the United States as it shall consider suitable; and to employ such stenographic, expert, and other assistance as it shall deem necessary; to fix the compensation; and to administer the necessary oaths; to compel witnesses to attend; and to do all other things which in its judgment shall be required for the proper execution of its task.

The PRESIDENT pro tempore. The resolution will be referred to the Committee on Foreign Relations.

#### NATIONAL DEFENSE—ADDRESS BY STEPHEN F. CHADWICK

[Mr. PITTMAN asked and obtained leave to have printed in the RECORD an address delivered on January 24, 1939, by Stephen F. Chadwick, national commander of the American Legion, before the Fourteenth Women's Patriotic Conference on National Defense, at the Mayflower Hotel, Washington, D. C., January 24, 1939, which appears in the Appendix.]

#### FARM BUYING POWER

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address by John Napier Dyer, made recently before the Rotary Club at Vincennes, Ind., on the subject Farm Buying Power, a Prelude to Industrial Prosperity, which appears in the Appendix.]

#### AVIATION AND NATIONAL DEFENSE—ARTICLE FROM COLLIER'S WEEKLY

[Mr. LUNDEEN asked and obtained leave to have printed in the RECORD an editorial from Collier's of January 28, 1939, on

the subject Aviation and the National Defense, which appears in the Appendix.]

ADDITIONAL APPROPRIATION FOR WORK RELIEF AND RELIEF

The Senate resumed the consideration of the joint resolution (H. J. Res. 83) making an additional appropriation for work relief and relief for the fiscal year ending June 30, 1939.

The PRESIDENT pro tempore. The first committee amendment will be stated.

The first amendment of the Committee on Appropriations was, in section 1, page 2, line 15, after "1939", to insert—

*Provided further*, That prior to April 1 there shall be no administrative reduction of more than 5 percent in the number of employees upon Works Progress projects and that the funds available for the remainder of the fiscal year shall be apportioned in the discretion of the Administrator: *Provided further*, That should there arise an emergency which in the opinion of the President would require the submission of an estimate for an additional appropriation, the President, in submitting such estimate, shall submit a statement as to the facts constituting such emergency: *Provided further*, That the Administrator shall immediately cause to be made an investigation of the rolls of employees on work projects and eliminate from such rolls those not in actual need.

The amendment was agreed to.

The next amendment was, on page 3, line 17, after "1939", to strike out "but this proviso shall not apply to positions the compensation of which is payable from the appropriations made in subsections (5), (6), (7), and (8) of section 1 of the said Emergency Relief Appropriation Act of 1938."

Mr. REYNOLDS. Mr. President, in view of the fact that the pending joint resolution provides for a number of our citizens who are unfortunate, which unfortunate condition I attribute largely to the fact that this country has many millions of aliens who no doubt has usurped the jobs that rightfully belong to American citizens, I desire at this time to bring to the attention of the Members of this body the fact that we never shall be able to ascertain the number of aliens within the confines of the United States until we shall have enacted some sort of legislation which would provide for the mandatory registration and fingerprinting thereof.

To that end, last year I introduced a bill calling for the registration and fingerprinting of aliens. At that time the bill was before the Immigration Committee of the Senate; and my recollection is that a similar bill was introduced in the House by my colleague, Hon. JOE STARNES, of Alabama. This year, during the first session of the Seventy-sixth Congress, I introduced a similar bill, which would require mandatorily that aliens within our borders register and be fingerprinted in order that we may ascertain the number within our borders. I am very happy at this time to bring to the attention of the Members of this body a poll which was conducted by Dr. Gallup.

I have before me a clipping from the New York Times of Friday, January 27, 1939, reading as follows:

Plan to register aliens backed in survey conducted by institute on pending United States bill.

Mr. President, I am more than happy to state to this body that 84 percent of the American people favor the registration and fingerprinting of aliens. That is evidenced by the poll conducted by Dr. Gallup and his associates. I read from the article just mentioned:

In the wake of the recent trial of German spies in this country several bills are pending in Congress to require all aliens living in the United States to be fingerprinted and registered with the Federal Government.

Sponsored in the Senate by Senator ROBERT R. REYNOLDS, of North Carolina, and in the House by Representative JOSEPH STARNES, of Alabama, this plan meets with widespread popular approval in a national survey by the American Institute of Public Opinion, it was reported by Dr. George Gallup, director of the institute.

A cross section of voters in all sections and in all income levels was asked by the institute: "Do you think all persons living in this country who are not citizens should be fingerprinted and registered with the Federal Government?"

The vote was: "Yes," 84 percent; "no," 16 percent.

The survey likewise reveals that the majority of voters favor fingerprinting not only of aliens but also of everybody in the Nation, Dr. Gallup said.

The following question was put to a cross section of voters: "Do you think everybody in this country should be fingerprinted by the Federal Government?"

The vote was: "Yes," 71 percent.

Mr. President, I desire to state that when I first brought this subject to the attention of the Congress of the United States many Members thereof forthwith objected, for the reason that they stated that if we wanted to bring about the mandatory registration and fingerprinting of aliens within our midst, in their opinion, that would call for the eventual registration of the citizens of America. I am indeed happy that the citizens of America, through this poll, have evidenced to their respective Members in the Congress of the United States that it is their desire that all American citizens be registered for their particular personal benefit from the standpoint of protection.

In that connection I desire to avail myself of the opportunity of bringing again to the front my State of North Carolina, which always leads in matters of progress of every sort and kind, and particularly in this instance, since in my State there is a great and flourishing city, one of the most prosperous in the entire South, Charlotte, N. C., which is known as the Queen City of the Carolinas. It has a population of more than 100,000. There, about 2 years ago, all the girls and boys of high-school age voluntarily submitted to fingerprinting. I then might traverse this section of the North American Continent and mention Berkeley, Calif., where more than 25,000 citizens voluntarily came to a station where they were fingerprinted. All of this goes to show that the American people are not only anxious that aliens be registered and fingerprinted in order that we may know how many of them are in the country at the present time but, in addition thereto, they are desirous of bringing about the registration and fingerprinting of all American citizens for the protection of the American citizens themselves.

At this time, Mr. President, particularly in view of the fact that next week we will give serious consideration to the national-defense program which has been proposed by the President of the United States, we shall want to give more consideration than ever to the question of aliens and undesirable foreigners who have not filed their applications for citizenship in this country, because we know that that subject interests itself materially in the mammoth question of national defense, since we recognize the fact that were America to become involved in mortal combat tomorrow, every single alien in the country today would be deemed to be a potential enemy, a spy, perhaps, within our borders. I repeat, it would be useless for us to make expenditure of billions of dollars for the purpose of fighting enemies without who might perchance endeavor to make an invasion of this country without at the same time, in considering our national-defense program, taking into consideration the fact that if war were to come, our greatest enemies would be the potential spies and the potential enemies within our midst, and that those boring from within would do more damage to our defense than would those who were firing from without.

DENISON-DURANT DAM ON RED RIVER

Mr. LEE. Mr. President, I wish to quote from the inaugural speech of Gov. Leon C. Phillips, the new Governor of Oklahoma. About one-third of his inaugural speech was devoted to opposition to the construction of the Denison-Durant Dam on Red River, a flood-control and power project which was authorized by the flood-control bill of 1938. The Governor says:

So far as I have been able to ascertain, neither the views, concerns, objections, nor advice of the sovereign State of Oklahoma have been invited or heard by either branches of Congress or by any committee thereof on this vital and far-reaching act, but on the contrary, it was passed in the closing days and hours of the last session of Congress without opportunity on the part of our State to be heard.

In answer to that, I wish to read from the hearings on the 1938 flood-control bill which included Denison Dam:

STATEMENT OF DR. HENRY G. BENNETT, CHAIRMAN, OKLAHOMA RESERVOIR PLANNING BOARD, AND PRESIDENT OF THE OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE

Mr. BENNETT. Mr. Chairman, my name is Henry G. Bennett. I am chairman of the Oklahoma Reservoir Planning Board and president of the Oklahoma Agricultural and Mechanical College.

The CHAIRMAN. You are chairman of the Oklahoma Planning Board?

Mr. BENNETT. Yes, sir.



The CHAIRMAN. And you are president of what institution?  
Mr. BENNETT. Of the Agricultural and Mechanical College of Oklahoma.

The CHAIRMAN. If you desire to make a general statement, we will be glad to hear you.

PLANNING BOARD FAVORS DAM

Mr. BENNETT. Just a brief statement, Mr. Chairman, as to the attitude of our board and the people of the State toward the projects presented.

The CHAIRMAN. Are you advocating those projects?

Mr. BENNETT. I am advocating the projects as presented by the Army engineers, and we are in accord with their recommendations \* \* \*

STATEMENT OF W. C. BURNHAM, ENGINEER FOR THE WATER RESOURCES DIVISION OF THE OKLAHOMA PLANNING AND RESOURCES BOARD

The CHAIRMAN. Mr. Burnham, will you kindly state your name, your occupation or profession.

Mr. BURNHAM. My name is W. C. Burnham, engineer for the water-resources division of the Oklahoma Planning and Resources Board.

The CHAIRMAN. That is a board that exists by virtue of a statute in the State of Oklahoma?

Mr. BURNHAM. Yes, sir.

The CHAIRMAN. How long have you been engaged in your profession as engineer?

Mr. BURNHAM. Since 1910.

The CHAIRMAN. What is your position with respect to the construction of the Denison Reservoir?

Mr. BURNHAM. My personal opinion as an engineer?

The CHAIRMAN. Tell us your views, whether personal feeling or otherwise, as a witness, are you advocating the Denison Dam as reported by the Chief of Engineers?

Mr. BURNHAM. I am supporting the construction of the Denison Reservoir. Just exactly how it is reported I have not seen the report. I did see part of it in Little Rock in the preparation, but we are supporting the Denison Reservoir.

STATEMENT OF W. C. AUSTIN, OF ALTUS, OKLA.

The CHAIRMAN. What is your name?

Mr. AUSTIN. W. C. Austin.

The CHAIRMAN. And your official position or occupation or profession?

Mr. AUSTIN. I am a lawyer by profession, and a member of the Oklahoma Resources Board.

The CHAIRMAN. You live where?

Mr. AUSTIN. At Altus, Okla.

The CHAIRMAN. What is the position of your board with respect to the Denison project?

Mr. AUSTIN. We look upon that project with favor.

The following members of the Oklahoma delegation testified: Hon. LYLE BOREN, Hon. WILBURN CARTWRIGHT, Hon. WESLEY DISNEY, Hon. JED JOHNSON, Hon. SAM MASSINGALE, Hon. JACK NICHOLS, and myself. Hon. PHIL FERGUSON, of Oklahoma, was a member of the committee and was present during the entire hearing. Congressman Gomer Smith was also present. Mr. G. W. Archibald, member of Oklahoma Planning and Resources Board and editor of the Durant Daily Democrat, was also present at the hearings. I quote only extracts from their testimony bearing on this subject.

STATEMENT OF HON. SAM C. MASSINGALE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. MASSINGALE. Mr. Chairman, I represent that part of Oklahoma through which the Washita River in Oklahoma runs. I appear here this morning in behalf of that project and in behalf of other rivers in Oklahoma. The Planning Board of the State of Oklahoma are all for the Denison Dam project. Their main concern is to preserve and protect the rights of the people of the State of Oklahoma in the waters that flow down these rivers into the Red River, and the witnesses that have been requested to be here will make statements in reference to that matter. \* \* \*

STATEMENT OF HON. WILBURN CARTWRIGHT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. CARTWRIGHT. Mr. Chairman and gentlemen of the committee, I would be presumptuous indeed should I try to discuss this in detail, because these engineers know it from the ground up. I am just returned from the location of this project area, and two-thirds to three-fourths of it is in my district. Of course, I am deeply concerned about it. People down there are fearful that their rights will not be protected. Of course, it is reasonably safe to expect that they will be protected, as they have at other places under similar conditions. I have been for this all the time, whole soul, heart, and body, and mind, and have made several trips with SAM RAYBURN down to the different departments to see these engineers, and now this entire delegation is up here looking for water. The Lord knows they need it in Oklahoma at certain times of the year. \* \* \*

STATEMENT OF HON. JED JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. JOHNSON. I had the honor of serving on this committee several years ago, and at that time some of us were advocating these

dams and reservoirs on the tributaries of the Mississippi, and at that time it seemed to fall on the deaf ears of the Army engineers. I congratulate the chairman on the complete change of front within the past 10 years on this proposition, in that the engineers now recognize the fact that if you are going to be safe from the floods on the lower Mississippi that we must impound the water somewhere near where it falls. \* \* \*

STATEMENT OF HON. LYLE H. BOREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. BOREN. Mr. Chairman and gentlemen of the committee, I simply want to say a word in agreement with the discussion on this project, a word of support for the general project. It has been well spoken that Oklahoma needs this water and States farther down the line need protection from our water. Specifically I would like permission to extend my remarks in connection with the Manford project, in my district, which completely impounds water from the Cimarron River in this Arkansas watershed. \* \* \*

STATEMENT OF HON. WESLEY E. DISNEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. DISNEY. Mr. Chairman, I am, of course, interested in this whole Mississippi Basin. \* \* \*

Mr. DISNEY's testimony did not deal with the Denison Dam directly.

I now quote from my own statement, as follows:

Senator LEE. I will make just a brief statement, Mr. Chairman. I heartily agree with everything that Congressman RAYBURN has said.

The question has been raised in my State as to prior water rights, and we are desirous of having that protection written into the law. For instance, in the case of Lugert Dam, on one of the tributaries of the Red River, there is a reclamation project under way providing for irrigation over a large territory. The legal question has been raised that if this water is once used for the generation of power below, there is thereby established a right to it, and that this water cannot be diverted above afterward for useful purposes of irrigation or any other purpose; that they have established, by once using this water for generation of power, the right to it.

Therefore I urge the committee to get the language in the bill that will protect the water rights above. I recall talking to the President on this very question, and he said that brings up the important thing of making your plan to cover the whole basin at one time.

I do not want the Denison Dam to be delayed until the upstream projects can all be completed, and I do not think that is necessary. It is further along than some of the others. But neither do I later want to be helpless in working out other projects after they have used all this water. If this were flood control only, the question might not arise, but since it is power development also, there certainly is a question that, in my opinion, should be asked now and decided before the project is started.

OKLAHOMA RIGHTS PROTECTED

The amendment finally included in the bill which gave Oklahoma this protection is (Public, 761, p. 5):

Provided, That in the consideration of benefits in connection with the Denison Reservoir all benefits that can be assigned to the proposed Altus project and other such projects in Oklahoma shall be reserved for said projects.

(Public, 761, p. 6:)

The Government of the United States acknowledges the right of the States of Oklahoma and Texas to continue to exercise all existing proprietary or other rights of supervision of and jurisdiction over the waters of all tributaries of Red River within their borders above Denison Dam site and above said dam, if and when constructed, in the same manner and to the same extent as is now or may hereafter be provided by the laws of said States, respectively, and all of said laws as they now exist or as same may be hereafter amended or enacted and all rights thereunder, including the rights to impound or authorize the retardation or impounding thereof for flood control above the said Denison Dam and to divert the same for municipal purposes, domestic uses, and for irrigation, power generation, and other beneficial uses, shall be and remain unaffected by or as a result hereof. All such rights are hereby saved and reserved for and to the said States and the people and the municipalities thereof, and the impounding of any such waters for any and all beneficial uses by said States or under their authority may be as freely done after the passage hereof as the same may now be done.

In addition to these who testified directly concerning the Denison Dam there was F. L. Vaughn, director, Water Resources Board of Oklahoma, and Oklahoma Planning Board, who testified in the hearings, but since no question of opposition to the construction of the Denison Dam had been raised or suggested, the question was neither directly asked nor answered in his testimony, it being so unquestionably assumed that his purpose in coming to Washington and appearing before the committee was to further the whole flood-

control program. He states in his testimony that he is not opposing any projects.

In addition to that, there were others who were present or available who were then and are now strongly in favor of the construction of the Denison Dam, such as Representative WILL ROGERS and Senator THOMAS, who attended the hearing but did not testify, as it seemed unnecessary to duplicate the testimony because not even a suspicion of opposition to the construction of the dam had been raised.

I now wish to read in part from an article in the *Tulsa World* of January 22, 1939, under the headlines:

Governor gains support in fight on Denison Dam.

Second headline:

Nichols says engineer report shows project impractical.

Oklahoma City (A. P.)—

The Governor was assured of aid in his fight against the dam by Representative JACK NICHOLS (Democrat, Oklahoma), who conferred with Phillips here today.

NICHOLS said he opposed the Denison project and has spoken against it on the floor of the House because it would deny the State other projects above the dam.

Phillips said NICHOLS had seen an engineers' report showing the project to be impractical. \* \* \*

First. I suggest that Representative NICHOLS have the Congressional Index corrected. I have searched through it but do not find that it contains a reference to any speech made by Representative NICHOLS on the floor of the House during discussion of the flood-control bill in the Seventy-fifth Congress in which he opposed the construction of Denison Dam.

Second. Congressman NICHOLS testified before the Flood Control Committee last year, during the open hearings on the flood-control bill, which included Denison Dam, but nowhere in his testimony did he offer even so much as a suggestion of opposition to the construction of Denison Dam. He devoted his testimony to the desirability of constructing the Tenkiller Ferry Reservoir, which is in his own district.

I now wish to read a statement from Gen. M. C. Tyler, Acting Chief of Engineers, January 25, 1939:

The flood-control possibilities of the Denison Reservoir were the subject of a special report dated October 1, 1930, which is published as annex 18 of the Report on Control of Floods in the Alluvial Valley of the Lower Mississippi River. It was found that the Denison Reservoir would contribute to flood control on the lower Mississippi River. (H. Doc. No. 798, 71st Cong., 3d sess.)

The next consideration was during the first session of the Seventy-fourth Congress, as evidenced in House Document No. 259:

The Denison Reservoir was considered as one reservoir in a comprehensive reservoir plan for Mississippi River Basin flood control. The reservoir would contribute to flood control on the lower Mississippi River.

Next, during the second session of the Seventy-fourth Congress—House Document No. 378:

The Denison Reservoir project was considered in the Department's report on the Red River, La., Ark., Okla., and Tex. In this report the Chief of Engineers stated that the Denison Reservoir is the key project of the system of reservoirs for control of floods in the Red River Basin and that its construction appeared to be warranted at Federal expense.

During the first session of the Seventy-fifth Congress—House of Representatives, Committee on Flood Control, Document No. 1:

In his report of April 6, 1937, presenting a comprehensive flood-control plan on the Ohio and lower Mississippi Rivers, the Chief of Engineers recommended construction of the Denison Reservoir to remove the threat of the coincidence of a large flood from the Red River with a flood on the Mississippi River. The Denison Reservoir would also afford highly desirable protection to the fertile bottom lands in the lower Red River Valley.

And last, during the third session of the Seventy-fifth Congress (H. Doc. No. 541), the latest report covering the Denison Reservoir was made:

The investigations on which the report was based were much more extensive than any previous investigations and permitted a detailed plan for developing the project to be made. The report

recommends that the Denison project be constructed as a multiple purpose project for flood control and power development. The Federal Power Commission has reported that the power to be developed can be disposed of to advantage.

#### NINE YEARS STUDY VERIFIES DAM PRACTICABILITY

In connection with the foregoing reports, the Denison project has been under practically constant study by the Department for the last 9 years. In addition to its own engineers, the Department has employed a number of the most outstanding engineering specialists in the United States as consultants to work with the Department's staff in connection with the design of the dam and appurtenant structures. None of them have expressed any doubt as to the practicability of constructing a safe and satisfactory dam at the Denison site.

I now wish to read into the RECORD half of the editorial column from the *Oklahoma City Times* of January 20 under the caption of "The Tiny Times":

There is too much heat and not enough light on this dam business. Two years ago the Denison project was accepted as a unit in the New Deal's astronomical flood-prevention and hydroelectric program. Overnight it appears that the United States is to destroy Oklahoma with a wholly reprehensible piece of Federal villainy. What is the score?

Revert to the August primary for a moment. There were three principal candidates for the governorship. Phillips and Murray spoke openly against the Red River measure. Key favored it. Key carried more of the Red River tier of counties than both other candidates. The conclusion is logical that the dam was not the most important thing in the election, or that the voters were not informed, or that they didn't care.

Look at the situation in the congressional delegation. CARTWRIGHT, Congressman in whose district the dam is located, has been and is for it strong. The two Senators have been for it consistently. BOREN is wavering and the baby Representative, MONROE, is on the fence pending the adjourned hearing when the committee from the seventeenth legislature will have a hearing.

Governor Phillips is carrying the ball. He went into the line-up a brief fortnight ago. Washington's New Deal champions, fatigued from years of line play, showed signs of fatigue. The opposition pushed in a mob of fresh athletes in November. In New England a wing-back formation, composed of six Republican Governors, swung around the end with a play against the dam. The signal was States' rights. There Vermont demanded that the Government pay the sovereign State for invasions and loss of property before the work progressed. Captain Roosevelt said the project would be withdrawn if Vermont doesn't want it. First down.

When "Red" Phillips hit the line with his inaugural message he devoted more space to the Denison Dam than any other State problem. The splendid six-column argument was based on material prepared by the research department of the Oklahoma Gas & Electric Co. This fact does not damn the statistics. Oklahoma Gas & Electric has a capable research department. But the origin of the carefully documented logic might point to an alinement of basic importance. \* \* \*

#### WHY DO THEY OPPOSE THE DAM?

Some of Oklahoma's leaders lament the fact that other States have advantageous freight rates which discriminate against Oklahoma. Texas is one of the States, and these gentlemen say they oppose the Denison-Durant \$54,000,000 dam on Red River for the reason that Dallas and Fort Worth will build a canal from the body of water which the dam creates, which will give Texas further advantages.

Harlow's Weekly, a political magazine published at Oklahoma City by Harlow Publishing Corporation, has carried several articles with this claim, and several metropolitan papers have followed suit. In their last issue of December 31 they use very little argument in an article against the project, simply saying:

"Oklahoma is to say that the project is not for the best interest of the State and its citizens; that it will not be effective as a water-conservation or flood-control project; that it will submerge and remove from taxation thousands of acres of the State's best river bottom land; that it is not practical, not a necessity, and is calculated to be injurious to the State as a whole."

Then they undertake to outline the proceedings which the State may take to enjoin the project, and suggest to Governor Phillips that if necessary he may resort to the National Guard and military rule.

Probably the editors have investigated and found how silly their Dallas-Fort Worth canal argument was, so have adopted the above poor excuses. Why the dam is not for the best interest of Oklahoma and its citizens we cannot understand. Fact is it is for the best interests of Oklahoma and its citizens, although it may not be to the best interest of Harlow's and its friends. They state that it will not be effective as a water-conservation or flood-control project.

The Democrat would like to know how and why they arrived at this conclusion. The best engineers in the United States emphatically disagree with this statement, and if the editors of Harlow's will study the report of the Federal engineers on the project, which is a public record, they may read for themselves. It is the key project to control of floods from Durant to New Orleans.

Their next statement regarding the inundation of some of the State's best river bottom land has some truth in it. The lake will

cover some good land, but the greater part of land covered is sub-marginal, and much of it is not in cultivation and is so unproductive that it should never be put in cultivation. And they fail to mention the fact that the project will save and reclaim three times as much land below the dam as it inundates above, and, while we do not know it to be a fact, we would think the reclaimed land below the dam would be rich bottom land. The closing criticism, "and is calculated to be injurious to the State as a whole," should have said injurious to the "few."

There are a few people in this State who will suffer from the huge project. Progress always works a hardship on the few. Some schools, towns, and communities will suffer, but the lake cannot be built on stilts and Oklahoma cannot afford to block this huge project because of the opposition of the few people it injures.

While the Army engineers in their report state that navigation is not practical, it is probable that within a few years boats will be plying up and down Red River, and when that comes to pass Oklahoma will receive the benefit of water rates, which will benefit every citizen in the State.

The Democrat is unable to understand why Governor Phillips and other people, such as editors of Harlow's Weekly and metropolitan dailies, object to the dam on Red River. The Federal Government is not asking Oklahoma to share one dime of the cost, and the flimsy excuses offered by these individuals so far are downright silly. In fact, they surely must realize they are not arguments against it. Local communities affected may have reason for being against the dam, but big-business men outside the affected area must have reasons they have never presented for their opposition.

Surely the Governor and the legislature of this State should not object to the Government's spending the major part of \$56,000,000 in Oklahoma.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial by Mr. Walter Archibald which appeared in the Durant Daily Democrat, and other articles which appeared in other papers, but which were quoted from editorials by Mr. Archibald.

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

**ARGUMENTS AGAINST DAM CALLED WEAK—ARCHIBALD INVITES GOVERNOR  
"TO SEEK OUT THE FACTS"**

Gov. Leon C. Phillips is "following highly prejudiced advice" in his attacks on the Red River Dam, G. W. Archibald, Daily Democrat publisher and vice chairman of the State planning and resources board, asserted today.

Mentioned in a criticism of the power and flood-control project in Phillips' message to the legislature, Archibald said that he "sought out the facts" about the project and invited Phillips to "do the same."

He described reasons which Phillips gave against the dam as "weak."

"When he (Phillips) talks of inundating land, he does not tell you that three times as much land is reclaimed below the dam as is inundated above," Archibald asserted.

**Archibald's statement:**

"Governor Phillips' real objection to the Denison-Durant Dam of Red River has never been made public. Although he devoted one-third of his legislative message to this project, reasons assigned against its construction are so weak that I am amazed that a man of his intelligence would present them. It convinces me the Governor is following highly prejudiced advice of the opposition and is not seeking facts.

"When he talks of inundating land, he does not tell you that three times as much land is reclaimed below the dam as is inundated above. The land below the dam is in Oklahoma just the same as that above. When he states that we wait until the waters leave the State to utilize them, he misleads, because it is more than 200 miles by river from the dam to the Arkansas line on the south.

"Oklahoma should receive even more benefit than Texas, but Governor Phillips does not seem to know that Louisiana is the State that will receive the greatest benefits. That State suffers from such disastrous floods that this Government realizes the need for relief, which this dam will provide.

"When navigation is established, if ever, Texas will lose her advantageous freight rates over Oklahoma, and every citizen in this State will benefit.

"State roads and bridges, railroads, communication lines, power lines, pipe lines, etc., will be relocated at Government expense, and probably in a better condition and better location than at present.

"I mailed Governor Phillips a statement under date of December 31, 1938, which said in part: "To get the waters from this proposed reservoir to Dallas and Fort Worth would require an engineering feat that would make the building of the Panama Canal child's play, and the cost would be so much more than the Panama Canal that it has never been considered."

"This statement was made after I had the technical advice of 2 private engineering companies of reputation and probably 20 of the Army engineers.

"I have also been advised that the Federal Constitution prohibits diversion of water from one stream into another, which would make it illegal to divert the waters of the Red River into the Trinity.

"But this need be no argument—facts can easily be secured; I sought them out, and I invite the Governor to do the same. I have

never talked to an engineer, private or otherwise, who had given study to the matter, that has not 'spoofered' at the talk about diversion.

"The same unprejudiced investigation will reveal to any reasonable man that this project will produce both flood control and power. Governor Phillips' statement, in effect, that it must be empty for flood control and full for power generation, is not true, although that statement appears sound, especially to the layman. Its explanation requires too much space, but I believe I can convince anyone.

"This State has no option as to spending our portion of the money for tenant farmers or smaller dams upstream—this is a Federal flood-control plan, along with power, conservation, irrigation, and reclamation, affecting four States, and Oklahoma cannot choose to take her share, whatever it is, to do with as we think best. I wish the Federal Government would acquire the 600,000 acres of land reclaimed below the dam and use it for the tenant farmers, which should satisfy this desire of the Governor.

"As a member of the Oklahoma Planning and Resources Board, my every act is open to the public. If Phillips thinks the board has not taken every possible means of protecting this State, especially as pertains to the Denison-Durant project, he is mistaken. It is possible I had little to do with this—other members deserving the credit—but Oklahoma's rights have been protected; and I regret that any citizen, especially the Governor, would feel that I would knowingly waive or abandon, or permit it to be done if in my power to prevent, any of the rights of this State or any of its citizens.

"This board has not sold out, nor has it traded out. I have served in good faith, always considering Oklahoma as a whole, to the very best of my judgment and ability, pioneering a program of planning and conservation for my State.

"Reports of every department I have represented are in the hands of the Governor. They are too long to be reviewed here. Suffice it to say that our State received Federal authorization for \$108,000,000 worth of Government projects out of a total of \$375,000,000 in the United States, much of which is now under construction; and on account of executive opposition, the State is now faced with the danger of losing those not already under construction."

**IMPOSSIBLE, ENGINEER SAYS OF CANAL PLAN—ARGUMENT AGAINST RED RIVER DAM DENOUNCED AS A "CRAZY IDEA"**

Diversion of water from the Red River to the Trinity to make navigation of the Trinity possible for the benefit of Dallas and Fort Worth was described Tuesday by O. N. Floyd, of Dallas, as "one of the craziest ideas ever advanced."

Mr. Floyd has been consultant on several important Federal flood-control and power projects in the South as well as engineer on Ohio River flood control and on Panama Canal Zone work several years ago. He was engineer for the Red River Improvement Association in its preparation of data which finally led to adoption by Congress of the \$56,000,000 Denison Dam on Red River.

Proponents of the dam pointed out a number of inconsistencies in the arguments of Gov. Leon Phillips against construction of the \$56,000,000 project as contained in the text of his first message to the Oklahoma Legislature, Tuesday. The consensus is that the Governor has been misinformed on many of his points.

He attacked, for instance, the recent statement of G. W. Archibald, Daily Democrat publisher, that a canal connecting the Trinity River and the proposed reservoir would be highly impractical. The project would surpass the building of the Panama Canal, Archibald maintained. Phillips terms this statement preposterous. "It is regrettable that a man who pretends to be a responsible public official (Archibald is vice chairman of the State planning and resources board) would issue such a preposterous statement," the Governor declared.

Archibald's statement was based upon the report of every engineer who has ever investigated such a proposal. In support of it Floyd, who is better acquainted with the situation than anyone outside the Army engineering staff now at work on the dam, said Tuesday afternoon following Phillips' message to the legislature:

"Turning water from the Red River to the Trinity is absolutely impossible and undesirable," he said in discussing the report that one of the objects of the Red River Dam is to benefit Dallas and Fort Worth by this diversion. "You cannot be too strong in denouncing the idea as impractical.

"I do not know who started the idea, but it must have been handed down from generation to generation. Answering requests for my opinion, I have repeatedly told various parties that the plan was impossible and other engineers have done the same. But the idea still persists somehow."

Asked whether a channel might be dug to connect the two rivers, he said it was possible, but the cost would be more than that spent on the Panama Canal. "It would require a channel 10 or 12 miles long, from 150 to 200 feet deep, and a considerable width," he continued. "And that would cost several times more than the Denison Dam.

"The idea never has been thought through, or it would have been rejected as impossible."

Mr. LEE. I also ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a telegram which was sent to both Senators from Oklahoma by Don Welch, speaker of the Oklahoma House of Representatives,

and a reply which was sent to him by the senior Senator from Oklahoma [Mr. THOMAS].

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

JANUARY 20, 1939.

SENATOR ELMER THOMAS,  
*Senate Office Building.*

DEAR SENATOR THOMAS: If you mean to say that because the State of Oklahoma does not want one Federal project, which is definitely objectionable to the State of Oklahoma, it cannot get any at all, you are indicting the Federal Government for the worst tyranny. It occurs to me that a United States Senator ought to respect the opinion of the Oklahoma State Legislature expressed by the vote of 83 to 21 in the house and 28 to 10 in the senate.

DON WELCH,  
*Speaker, House of Representatives.*

JANUARY 20, 1939.

HON. DON WELCH,  
*Speaker, House of Representatives,  
State Capitol, Oklahoma City, Okla.:*

Replying message this date, advise that I attended conference of States delegates with Oklahoma delegation this morning, and in such conference I specifically and positively pledged the States delegates that, as chairman of the Senate subcommittee having charge of War Department military and nonmilitary activities, the latter including appropriations for river, harbor, and flood control purposes, that I would see to it that the State of Oklahoma had every possible opportunity to prepare and submit any argument against an appropriation for the construction of the Denison Dam project. In all probability this bill will not reach the Senate until late in spring or early summer, probably as late as June, so that the State will have 3 to 5 months in which to investigate and prepare arguments against Congress making an appropriation for construction this project. I am advised that legislature has pending bill proposing repeal of consent heretofore given Federal Government to secure by purchase, condemnation, or otherwise lands for public or governmental purposes. In conference this morning I cautioned all parties in authority to consider well all statements and acts for fear that repeal of such section might be considered here to be an unfriendly act and might result disastrously to Oklahoma. If this law is repealed and Government is unable to secure lands then such projects as Grand River, Fort Supply, Great Salt Plains, Lugert, Canton, Eufaula, Markhams Ferry, Mannford, Fort Gibson, Wister, Braman, Oolagah, Tenkiller, Optima, Kenton, Hula, and others will be blocked and stopped. Such repeal would have the further effect of preventing acquisition of land to be added to Platt National Park; also land to be added to Fort Supply, military reservations, also submarginal land projects at Stillwater and Cookson Hills, and the one at Roger Mills County likewise would be interfered with. Such action would probably forestall any further activity looking to navigation of Arkansas River and further reclamation, irrigation, and power development in our State. Because of prospects for increased Federal activity in flood control, irrigation, and power development have assurance that Board of Army Engineers would establish headquarters in Tulsa, to serve eastern Oklahoma and Oklahoma City to serve western Oklahoma. Many projects other than those mentioned are under investigation by Board of Army Engineers and all may be jeopardized by any act which may be construed unfriendly to national administration's program. Answering more specifically last sentence your telegram wherein I am reminded that I "ought to respect the opinion of the Oklahoma State Legislature expressed by a vote of 83 to 21 in the house and 28 to 10 in the senate." Advise that I have positively assured your delegates here that I am in a position to and will see that the request stated in such resolution will be respected and granted. This answer is intended to suggest that caution should be observed in statements, resolutions, and enactments of our citizens, officials, and legislative bodies. My experience here convinces me that it is extremely difficult to secure Federal assistance and expenditures for Oklahoma even when all are unanimously and actively favoring such expenditures. Further my experience convinces me that when opposition is urged by Members of Congress or State legislatures to Federal expenditure within any State it is next to impossible to secure such appropriations; hence, no doubt the State legislature will have power to stop the construction of the Denison Dam project, but in doing so it jeopardizes all other expenditures for similar purposes in Oklahoma.

ELMER THOMAS,  
*Chairman, Senate Subcommittee on Appropriations Having  
Control of War Department, River, Harbor, and Flood  
Control Appropriations.*

#### ADDITIONAL APPROPRIATION FOR WORK RELIEF AND RELIEF

The Senate resumed the consideration of the joint resolution (H. J. Res. 83) making an additional appropriation for work relief and relief for the fiscal year ending June 30, 1939.

Mr. PEPPER. Mr. President, I desire to call particularly to the attention of the Senator from Colorado [Mr. ADAMS] the matter of which I am about to speak.

LXXXIV—57

I have been advised by the Works Progress Administration and by others that there has already been a reduction in the rolls, particularly in the case of many who are on the so-called art and professional projects. The Administration therefore takes the position that if there are to be further cuts in the personnel of the W. P. A. the class to which I refer should not be among those receiving cuts until there has been a pro rata diminution in the entire roll. I wonder if the fairness of that position is in accord with the sentiments of the chairman of the subcommittee.

Mr. ADAMS. Mr. President, I think it is an entirely fair suggestion. The only thing I said to the Senator from Florida was that I thought it was a matter to appeal to the fairness of the Administrator rather than to be included in the law as a definite amendment or provision.

Mr. PEPPER. If the Administrator were to follow the course suggested, it would not be contrary to the intentions of the subcommittee?

Mr. ADAMS. I think it would be in accord with the intentions of the subcommittee.

Mr. PEPPER. Mr. President, one other matter. I desire to offer an amendment to the joint resolution. At the appropriate place I propose to insert the following provision—

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). The Chair will inform the Senator from Florida that at the present time the Senate is considering committee amendments, and any other amendment would not be appropriate at this time.

Mr. PEPPER. Mr. President, I take advantage of this occasion to give notice, for the consideration of the committee, so that it may be brought up at the proper time, that I shall propose an amendment to the effect that the receipt by any person of social-security benefits, and the receipt of loans or assistance from any Federal agency other than the Works Progress Administration, in an amount less than the minimum W. P. A. wage in the community in which such person may reside, shall not prohibit any person found otherwise eligible for W. P. A. employment from receiving enough W. P. A. work to bring his total compensation on an annual basis or on a quarterly basis up to the minimum W. P. A. wage for such period.

Mr. BARKLEY. Mr. President, I rise to suggest that we should make some progress in the consideration of the committee amendments. I think most of them will arouse no controversy. I wish we could make some progress this afternoon on the committee amendments. It is obvious that we cannot finish the consideration of the joint resolution today, and that fact necessitates a session tomorrow. I should like very much to dispose of as many of the committee amendments as possible this afternoon. If we can finish the consideration of the joint resolution tomorrow, I see no reason why we cannot then recess until Wednesday. However, I am anxious to get the joint resolution out of the way.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment commencing in line 17 on page 3, which will be again stated.

The LEGISLATIVE CLERK. On page 3, line 17, after the date "January 10, 1939", it is proposed to strike out "but this proviso shall not apply to positions the compensation of which is payable from the appropriations made in subsections (5), (6), (7), and (8) of section 1 of the said Emergency Relief Appropriation Act of 1938."

The amendment was agreed to.

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

The LEGISLATIVE CLERK. On page 3, line 21, after the amendment last agreed to, it is proposed to strike out—

*Provided further, That no money herein appropriated shall be available to pay salary, remuneration, or benefit to any person who shall hereafter in any way attempt to influence the vote of any person or persons receiving any salary, remuneration, or benefits hereunder.*

The amendment was agreed to.

The next amendment was, on page 3, line 25, after the amendment last agreed to, to strike out—

*Provided further*, That the appropriations herein made shall not be available unless and until rates of pay of employees of the Works Progress Administration are so fixed by appropriate administrative order as to eliminate differentials in rates of pay of workers of the same general class exceeding 25 percent of the maximum rates as between workers employed in different States or different areas of the same general type in the several States.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. RUSSELL. Mr. President, I inquire what disposition has been made of the committee amendment, commencing in line 25, page 3, and ending in line 8, page 4? That is the amendment which affects the hourly rate of wage.

The PRESIDING OFFICER. That amendment was just agreed to.

Mr. RUSSELL. I did not understand that the amendment had been agreed to. I understood that another amendment had been agreed to. I was endeavoring to watch that amendment. I ask unanimous consent that the vote by which the amendment was agreed to be reconsidered.

The PRESIDING OFFICER. Without objection, the vote whereby the amendment was agreed to is reconsidered, and the amendment will be passed over.

The next amendment was, on page 4, line 8, after the word "States", to strike out—

*Provided further*, That no part of the money herein appropriated shall be paid to anyone who is not a citizen of the United States of America.

The amendment was agreed to.

The next amendment was, on page 4, line 15, after the word "children", to strike out—

*Provided further*, That no money herein appropriated shall be used to pay the compensation of any supervisor, foreman, or other official who attempts to influence the political opinions of workers under his direction or supervision.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 4, line 19, after the amendment last agreed to, to strike out—

*And provided further*, That no funds herein appropriated shall be used by the Farm Security Administration or any other Federal agency, to establish hosiery mills on homestead, or other projects in competition with existing industries

and insert—

*Provided further*, That no funds herein appropriated shall be used by any Federal agency, to establish mills or factories which would sell articles or materials in competition with existing industries.

Mr. RUSSELL. What disposition was made of the committee amendment to which I referred?

The PRESIDING OFFICER. That will be recurred to later.

Mr. BARBOUR. Mr. President, I offer an amendment to the pending committee amendment.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 4, line 23, after the word "appropriated", it is proposed to insert "or appropriated in the Emergency Relief Appropriation Act of 1938", and on page 5, line 1, after the word "would", it is proposed to strike out the word "sell" and insert "manufacture for sale."

Mr. ADAMS. Mr. President, from the standpoint of the committee, I think that is an amendment which would conform to the intention of the committee in preparing the amendment reported to the bill.

Mr. NYE. Mr. President, let the clerk read the amendment as it would stand as proposed to be perfected.

The PRESIDING OFFICER. The committee amendment will be stated as it would read if the amendment of the Senator from New Jersey were adopted.

The LEGISLATIVE CLERK. Beginning on page 4, line 22, the committee amendment, if amended as proposed, would read as follows:

*Provided further*, That no funds herein appropriated or appropriated in the Emergency Relief Appropriation Act of 1938 shall be

used by any Federal agency to establish mills or factories which would manufacture for sale articles or materials in competition with existing industries.

Mr. PEPPER. Mr. President, will the Senator from New Jersey yield for a question?

Mr. BARBOUR. Certainly. I yield gladly.

Mr. PEPPER. Do the words "or sell" in the latter part of the proposed amendment relate to goods manufactured by the W. P. A.?

Mr. BARBOUR. I will say to the Senator from Florida that the words I propose to insert are "manufacture for sale" not "or sell"—"manufacture for sale."

Mr. PEPPER. I have another question I should like to ask the Senator.

Mr. BARBOUR. I yield gladly to the Senator from Florida.

Mr. PEPPER. What I had in mind, for example, was, say, mattress factories. Some of the W. P. A. workers in my State are engaged in certain kinds of mattress making. I suppose, of course, there are instances where such mattresses made by W. P. A. would come in competition with mattresses manufactured by regular manufacturers. Would the Senator's amendment prohibit that sort of W. P. A. work?

Mr. BARBOUR. I will say to the Senator that if the product he refers to comes in competition with the products of private industries the appropriation could not be used for that purpose, and I feel it should not be.

Mr. PEPPER. I will ask the Senator another question, if I may.

Mr. BARBOUR. Certainly.

Mr. PEPPER. The sewing rooms of all W. P. A. projects make some kind of garments; so far as I know, every sewing room in America which the W. P. A. is conducting makes some kind of garment. They may be given away to the needy, but there are instances perhaps of a certain amount of remuneration being obtained for them. I suppose that would all be prohibited if the Senator's amendment were adopted?

Mr. BARBOUR. If I understand the Senator correctly, I cannot agree with the statement of the Senator from Florida in that the situation he speaks of would be covered by the amendment. I presume that this clothing is not manufactured for sale by W. P. A. in competition with industry any more than clothing and other articles made in certain penal institutions are intended so to compete. They are manufactured for their own use in the institution, not for competition with private industry. The amendment I propose, I repeat, uses not the words "or sell" but the words "manufacture for sale."

Mr. ADAMS. Mr. President, may I add that the amendment merely prohibits the establishment of mills or factories to manufacture goods for sale?

Mr. BARBOUR. Exactly; that is the whole point.

Mr. PEPPER. If in W. P. A. sewing rooms women make garments, although similar garments may be made in private factories, the Senator does not intend to include that kind of a case, does he?

Mr. BARBOUR. If I understand the Senator correctly, I do not. Not, anyway, if the articles are not to be sold in competition with private industry.

Mr. BARKLEY. Mr. President, may we have the amendment stated again? Is it an amendment to the committee amendment?

Mr. BARBOUR. It is.

The PRESIDING OFFICER. The amendment to the committee amendment will again be stated.

The LEGISLATIVE CLERK. The committee amendment as proposed to be perfected would read as follows:

*Provided further*, That no funds herein appropriated or appropriated in the Emergency Relief Appropriation Act of 1938 shall be used by any Federal agency to establish mills or factories which would manufacture for sale articles or materials in competition with existing industries.

Mr. BARKLEY. Where does that come in?

The PRESIDING OFFICER. The clerk will indicate where the amendment occurs.

The LEGISLATIVE CLERK. In the committee amendment, on page 4, line 23, after the word "appropriated", it is proposed

to insert "or appropriated by the Emergency Relief Appropriation Act of 1938", and on page 5, after the word "would", to strike out the word "sell" and insert the words "manufacture for sale."

Mr. BARKLEY. I do not see much difference between that language and the language now contained in the joint resolution.

Mr. RUSSELL. Mr. President, the only effect of that amendment, of course, would be to tie up the funds that were appropriated by the last Emergency Relief Act to the Farm Security Administration, under which, as I understand, plans have been made for some manufacturing plants. I note the Senator from Alabama [Mr. BANKHEAD] is now present. I was going to suggest the absence of a quorum, because I know that he is interested in the matter; but since he is on the floor, I have no further statement to make.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey to the amendment reported by the committee.

Mr. HATCH. Mr. President, the discussion seems to have reference to an amendment in which the Senator from Alabama is interested. I am not sure whether or not it covers the situation.

Mr. BANKHEAD. I was not present when the discussion began.

Mr. HATCH. The amendment under discussion comes in on page 4 and applies to funds appropriated by the 1938 Emergency Relief Act. It is suggested by the Senator from Georgia [Mr. RUSSELL] that this amendment will cover all the Farm Security money. I do not care to delay the Senate on the question. I merely thought the Senator from Alabama might be interested.

Mr. BANKHEAD. Mr. President, I do not see any occasion in this relief measure of taking action concerning the distribution of money that has no application to what is being appropriated for here. I did not hear the statement of the Senator from New Jersey, being absent from the floor temporarily; but, as I understand, the amendment proposes to prevent the use of money appropriated for a specific purpose by the relief act of 1938. Is that correct?

Mr. BARBOUR. Mr. President, if the Senator will be good enough to let me interject a word on that subject, I think I will make it clear to him.

Mr. BANKHEAD. I yield.

Mr. BARBOUR. If the amendment reported by the committee applied only to the deficiency appropriation contained in the pending joint resolution, of course it would have not as much effect as if it applied to the preceding measure, the 1938 relief appropriation. It was for that reason that I included the 1938 act itself to which the appropriation contained in the pending measure is an addition. The amendment to the amendment simply means that the funds provided for relief will not be used for the establishment or creation of factories and mills to manufacture for sale in competition with private industry. That is the precise purpose of the amendment.

Mr. BANKHEAD. Mr. President, I should like to have the amendment offered by the Senator from New Jersey read again.

The PRESIDING OFFICER. The clerk will again state the amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 4, line 23, after the word "appropriated", it is proposed to insert the words "or appropriated in the Emergency Relief Appropriation Act of 1938", so as to read:

*Provided further,* That no funds herein appropriated or appropriated in the Emergency Relief Appropriation Act of 1938 shall be used by any Federal agency—

And so forth. The second amendment to the committee amendment is, on page 5, line 1, after the word "would", to strike out the word "sell" and insert the words "manufacture for sale", so as to read, "which would manufacture for sale articles or materials in competition with existing industries."

Mr. BANKHEAD. Mr. President, that is a very unusual course to take on a relief measure of this kind. The Senator, of course, must have some specific purpose in mind. I am not sure that the amendment is not legislation. The amendment offered by the Senator from New Jersey does not seek to apply a limitation to the money to be appropriated by the pending joint resolution but goes back to a previous legislative declaration, as I understand, regarding a fund that is not covered by the pending measure. So, first, I make a point of order against the amendment to the committee amendment.

The PRESIDING OFFICER. The Chair is advised by the parliamentarian that the pending measure not being a general appropriation bill, rule XVI does not apply, and the point of order is not well taken.

Mr. BANKHEAD. Mr. President, this subject was first dealt with in the House.

Mr. BARBOUR. Mr. President, may I interrupt the Senator for just a moment? I desire to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Jersey will state it.

Mr. BARBOUR. Have I lost the floor? I had not intended to do so.

Mr. BANKHEAD. My attention was called to the matter, and I assumed that the Senator from New Jersey had relinquished the floor. I do not care to take him off the floor. I am perfectly willing to have him proceed if he has not finished.

Mr. BARBOUR. No; under the circumstances, I feel it more fair that I yield the floor to the Senator from Alabama, and I will ask for recognition later.

Mr. BANKHEAD. Go ahead. I would rather hear what the Senator from New Jersey has to say.

Mr. BARBOUR. No; I shall be glad to hear further the Senator from Alabama now. I shall resume my own discussion when the Senator is through.

Mr. BANKHEAD. Mr. President, this amendment involves some program of the administration. I think it is an improvident time for the Senate to go into the consideration of a matter of that sort. I think many questions of fact may be involved which ought to have the consideration of some committee before the subject is brought before the Senate, in view of the fact that the amendment offered is not limited to the future, is not limited to the use of money appropriated under this joint resolution, but, as I understand, seeks the elimination or condemnation, or whatever appropriate term may be used, of some activity of some agency of the Government under a previous appropriation bill.

Mr. HATCH. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I yield to the Senator from New Mexico.

Mr. HATCH. I am trying to ascertain the effect of the amendment. I read in the newspapers that the Farm Security Administration had established some hosiery mills somewhere, and some question arose from the General Accounting Office that perhaps funds had been allocated for that purpose. Perhaps part of the work has been done, and an amendment of this sort would stop a project perhaps three-fourths or seven-eighths completed. I do not know whether or not that is the case. I am just wondering.

Mr. RUSSELL. Mr. President—

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

Mr. RUSSELL. I should like to point out to the Senator from Alabama that this proposal was not submitted to the subcommittee of the Committee on Appropriations, which held extensive hearings on the pending joint resolution, nor to the full Committee on Appropriations. The effect of it is very obvious. It would apply to the \$175,000,000 that was appropriated to the Farm Security Administration in the Work Relief Act of 1938, as well as to the funds that were appropriated to the National Youth Administration. No witness appeared before the committee to give us any idea where this alleged competition was taking place, the effect of the amendment, the kind of project at which it is aimed, or

whether the project is designed to finance in part some cooperative project or some nonprofit organization. In fact, the committee had the benefit of no facts in considering this question.

The National Youth Administration expends funds to assist the underprivileged children of the country in securing a high-school education and to assist college students in obtaining work by which they may attempt to earn their way through college. The National Youth Administration might have a little manufacturing industry producing some kind of specialty which would assist young men and young women in completing their education. If we adopt this amendment blindly, without knowing at what it is aimed and the full scope of it, when the committee had absolutely no opportunity to consider it, we may do a very great injustice and dislocate the program of the Farm Security Administration or the National Youth Administration.

Mr. BANKHEAD. I thank the Senator from Georgia very much for that contribution.

Mr. BARBOUR. Mr. President, will the Senator yield to me for just a moment?

Mr. BANKHEAD. Yes; I yield.

Mr. BARBOUR. I thank the Senator. I may point out that the amendment which I sent to the desk, and which has been discussed, is a perfecting or clarifying amendment to the committee amendment. In other words, this general subject was included in the joint resolution, and must therefore have been passed on by the committee, because the general subject is in the committee amendment.

Mr. RUSSELL. If the Senator from Alabama will pardon me, it so happens that I was on the subcommittee when this matter was considered; and it was considered only with reference to the funds appropriated in the pending joint resolution. There was no discussion of seeking to reach back and put limitations on funds already appropriated.

Mr. BARBOUR. Mr. President, if I have the permission of the Senator from Alabama to interrupt again—

Mr. BANKHEAD. Yes; go ahead.

Mr. BARBOUR. Would it meet the objections of Senators who doubt the wisdom of this amendment if it should be confined to the money appropriated in the pending measure, and should not embrace the Relief Act of 1938 itself?

Mr. BANKHEAD. That provision is already in the committee amendment.

Mr. BARBOUR. No; not in the same language, Mr. President.

Mr. BANKHEAD. I have no objection to an amendment that is not ex post facto, that does not go back of this appropriation. I am on the Appropriations Committee. I did not object to the amendment as it appears in the joint resolution as reported; but I very strenuously object to legislating now, without careful consideration, about the use of money which was appropriated a year ago, under which action has been taken.

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

Mr. BANKHEAD. Yes.

Mr. BARKLEY. The language which would eliminate the ex post facto part of the amendment simply amends existing language in the joint resolution by putting in, on page 5, the words "manufacture or."

Mr. BANKHEAD. There is no objection to that.

Mr. BARKLEY. I really do not see any need for any additional language. It seems to me the committee amendment is clear.

Mr. BANKHEAD. That is what the committee thought.

Mr. BARKLEY. It applies to factories which would, if established, sell articles or materials in competition with private industry. Of course, they would either have to manufacture them or buy them from somebody else if they should sell them. When we prohibit the sale of such articles or materials in competition, it seems to me we go about as far as we need to go in protecting the industries.

Mr. BANKHEAD. We have already worked that out and have written into the joint resolution language to prohibit

the use for any such activity in the future of the money appropriated by the joint resolution.

Mr. BARBOUR. Mr. President, will the Senator yield for another moment?

Mr. BANKHEAD. Yes.

Mr. BARBOUR. I do not want to delay the Senate unduly. I am convinced that the language I suggest is a better way of putting the matter; but I have already said that I will strike out, if necessary, on line 2, after the word "appropriated", the words "or appropriated in the Emergency Relief Appropriation Act of 1938." I want, most of all, by my amendment to establish the principle involved.

Mr. BANKHEAD. The Senator from New Jersey is willing to strike out those words?

Mr. BARBOUR. Yes, under the circumstances, for otherwise I fear I shall lose my whole amendment, and thus the principle involved.

Mr. BANKHEAD. That is all right. I shall have no objection if those words are stricken out, just so that the amendment does not go back behind this joint resolution.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from New Jersey [Mr. BARBOUR] as it has been perfected by him.

The LEGISLATIVE CLERK. As perfected, the whole amendment reads as follows:

*Provided further*, That no funds herein appropriated shall be used by any Federal agency to establish mills or factories which would manufacture for sale articles or materials in competition with existing industries.

Mr. BANKHEAD. That is all right. I have no objection to that.

The PRESIDING OFFICER. The question is on agreeing to the perfected amendment of the Senator from New Jersey [Mr. BARBOUR] to the amendment reported by the committee.

The modified amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee as amended.

Mr. BARBOUR. Mr. President, I offer a further amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Jersey to the amendment reported by the committee, as amended, will be stated.

The LEGISLATIVE CLERK. On page 5, line 2, before the period, it is proposed to insert a colon and the following:

*Provided further*, That all building and construction under the Works Progress Administration shall be done on a contract basis under contracts which provide that the contractors shall pay the prevailing rate of wages.

Mr. ADAMS. Mr. President, this amendment would entirely destroy the program of the Works Progress Administration, which is founded upon the fact that employment is to be given by the Works Progress Administration to needy persons. The amendment would involve letting contracts for everything, and the employment then would be by the contractor.

Mr. BARBOUR. Mr. President, at this late hour, and after all the discussion that has taken place these several days on the joint resolution, which must be enacted immediately, I do not want to delay the Senate. I feel that the amendment is not only justified but absolutely necessary. Organized labor is very much interested in it, and should be. So am I. Moreover, if the amendment shall not be adopted now, the subject will have to be gone into again at some time in the future, either when some other method of administering relief is before the Senate or otherwise; but, anyway, I beg to insist that the amendment be voted on.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey [Mr. BARBOUR] to the amendment reported by the committee, as amended.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The Senate will now revert to the amendment objected to by the Senator from Georgia [Mr. RUSSELL], which will be stated.

Mr. RUSSELL. Mr. President, I had intended to address myself to this amendment, as well as to the general relief program, for some little time, perhaps an hour or more. If it is agreeable to the Senator in charge of the bill and to the majority leader, I should like to have a recess taken at this time.

Mr. BARKLEY. Have all amendments except this one been disposed of?

Mr. RUSSELL. No.

Mr. BARKLEY. Why can we not go on with the others, and pass over this one?

Mr. RUSSELL. I suggest that it be passed over.

Mr. BARKLEY. Let us finish the committee amendments.

The PRESIDING OFFICER. Without objection, the amendment to which reference has been made will be passed over until tomorrow. The clerk will state the next amendment of the committee.

The LEGISLATIVE CLERK. On page 5, after line 2, it is proposed to insert the following new section:

SEC. 2. No alien illegally within the limits of the United States, and no alien who has not, prior to June 21, 1938, filed a declaration of intention to become an American citizen which is valid and has not expired, shall knowingly be given employment or continued in employment on any project prosecuted under the appropriations contained in the Emergency Relief Appropriation Act of 1938 or this joint resolution: *Provided*, That preference in employment on such projects shall be given in the following order: (1) Veterans of the World War and the Spanish-American War and veterans of any campaign or expedition in which the United States has been engaged (as determined on the basis of the laws administered by the Veterans' Administration) who are in need and are American citizens; (2) other American citizens, Indians, and other persons owing allegiance to the United States who are in need; and (3) those aliens in need whose declarations of intention to become American citizens were filed prior to June 21, 1938, and are valid and have not expired.

Mr. HATCH. Mr. President, I desire to offer an amendment to the amendment. On line 17, following the word "Indians", I move to strike out the comma which follows that word, so that the phrase would read "Indians and other persons owing allegiance to the United States." The Works Progress Administration called this to my attention and stated that the original 1938 act did not contain the comma; that under the language as drawn, with the comma included, any foreign Indian would be entitled to preference. The committee has no objection to striking out the comma.

The PRESIDING OFFICER. The clerk will state the amendment suggested by the Senator from New Mexico.

The LEGISLATIVE CLERK. On page 5, line 17, after the word "Indians", it is proposed to strike out the comma.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. CONNALLY. Mr. President, I wish to ask some member of the committee about a provision on page 3, line 6. Why was the limitation of \$60,000,000 as the amount which can be allocated to Federal departments raised to \$83,000,000?

Mr. ADAMS. That was done in the House of Representatives.

Mr. CONNALLY. Why was it done? I do not care where it was done.

Mr. ADAMS. I will make an effort to state why it was done in the other House. The bill originally called for an appropriation for 8 months. The \$60,000,000 would carry the work for the 8 months. The \$83,000,000 is the sum required to carry the same work for the whole term, including the 4 months ensuing.

Mr. CONNALLY. I thank the Senator, but I really see no reason why the departments should go to the W. P. A. to get money for their projects. Congress appropriates money for all the departments. They come here and get what Congress says they ought to have, and then they go to the W. P. A. and get projects approved.

Mr. ADAMS. Will the Senator from Texas permit me to make a cautionary suggestion? In the committee an amend-

ment was offered by the very distinguished Senator from Arizona [Mr. HAYDEN] in an effort to raise the amount. We did pretty well to hold the figure at the amount which now appears in the bill against his persuasiveness.

Mr. CONNALLY. If it was the junior Senator from Arizona, I do not see how the committee resisted him.

Mr. HAYDEN. Mr. President, what deceives the Senator—

Mr. CONNALLY. I hope I am not deceived.

Mr. HAYDEN. The Senator is deceived by the word "allocated." It would appear on the face of the text as though 60,000,000, or 83,000,000, as the case may be, was being taken away from the W. P. A. and given to the various Federal departments to be spent as they saw fit, without reference to providing work for the unemployed. Let me illustrate how, as a matter of fact, the provision operates. The War Department, for instance, has an Army post adjacent to a city, and money is allocated from this fund to the War Department. Certain work is to be performed by common labor. If there are in the immediate vicinity unemployed men on the W. P. A. rolls who otherwise would be employed by the State, county, or municipality, the War Department can set up a W. P. A. project in its Army post and those very men will be employed there. That is all there is to the provision. In other words, we improve Government property by the labor of men who are being hired anyway, and the money is going to be expended anyway. So it is a very desirable arrangement. Wherever an Army post, or park, or forest, or anything like that, belongs to the United States, if there are unemployed people in the vicinity who are on the W. P. A. roll, and who have to be paid anyway, the department can set up a W. P. A. project, and the Government of the United States or a particular department will sponsor the project.

Mr. CONNALLY. I thought that was the way it operated, but it results in the departments getting more money than Congress appropriates for their use, and it results in depriving the States, the municipalities, and local authorities of what people in other places are getting.

Mr. HAYDEN. No. The Senator will agree with me that there is no saving of money. The men are in the community, they are on the W. P. A. roll, and they are going to be employed anyway. The money will go out of the Treasury anyway.

Mr. CONNALLY. I am not talking about that; I am talking about the beneficiaries.

Mr. HAYDEN. Is it not better for the Congress of the United States, if a wise expenditure can be made on Government property, to benefit the property of the Government, rather than give it to a State or county or municipality?

Mr. CONNALLY. If the War Department has appropriations for this kind of work, it can hire the people itself; it does not have to set up a W. P. A. project. Some instances have been called to my attention. One department says, "We are going to try to do this. We are going to get a W. P. A. project." In other words, it is another way of chiseling more money out of the Treasury which they do not get from the committees.

Mr. HAYDEN. The money goes out, anyway.

Mr. CONNALLY. Of course, the money goes out; but we ought to have some concern with what is going to result from its going out.

Mr. HAYDEN. The appropriating committees of the House and the Senate do have concern. Each time when a regular appropriation comes before them they diligently inquire what is being done with W. P. A. funds. In a case, for instance, such as the appropriation for the eradication of the chestnut blight, with which the Senator is familiar, because he is a member of the Committee on Agriculture and Forestry, that is an ideal project for this kind of labor, which can go out and cut down trees affected with the blight. We cut down the appropriation heretofore made for the eradication of the chestnut blight, and have it taken care of in this way. In that way we provide the proper kind of employment in the neighborhood doing a very desirable Federal work.



Mr. CONNALLY. I think the Senator from Arizona has put the best possible face on the matter that could be placed on it.

Mr. McKELLAR. Mr. President, I think the Senator from Texas is correct in his suggestion for another and a different reason.

Mr. CONNALLY. The Senator from Texas is happy to be right for any reason at any time.

Mr. McKELLAR. Sometimes when we have even a great many reasons we doubt that we are right.

Appropriating money for one department and allowing it to be given or allotted to another department is a bad method of doing the Government's business. The War Department has the right to come before us with its budget and with its recommendations. The committee hears it, and then, after the Department has gotten all it can, it goes to the W. P. A. and gets a project approved. I call the attention of the Senator from Arizona to the matter he mentioned a while ago, the question of the chestnut blight. We reduced the Department's appropriation for that, and it was made up in this way. I have been on the Committee on Appropriations a long time and I have never known of a regular appropriation being reduced because the W. P. A. or any other organization might add to it. It may have occurred, but I have no recollection of it, and it is not a natural occurrence.

In my judgment, appropriating for one department and having the money turned over at the will of the head of that department to yet another department is not the right way to legislate. It is a bad method of legislation, and I hope it will not be indulged in any more.

Mr. CONNALLY. I thank the Senator from Tennessee for giving much better reasons than the Senator from Texas gave. It is doing indirectly what Congress has refused to do directly. It has refused this money, but they go around and get it from the W. P. A., thereby reducing the amount available for other purposes.

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

The LEGISLATIVE CLERK. On page 5, after line 21, it is proposed to insert the following new section:

SEC. 3. (a) It shall be unlawful for any person, directly or indirectly, to offer or promise any employment, position, work, compensation, or other benefit, provided for or made possible by the Emergency Relief Appropriation Act of 1938 or this joint resolution, to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in any election.

(b) It shall be unlawful for any person employed in any administrative or supervisory capacity by any agency of the Federal Government, whose compensation or any part thereof is paid from funds authorized or appropriated by the Emergency Relief Appropriation Act of 1938 or this joint resolution, to deprive, attempt to deprive, or threaten to deprive, by any means, any person of any employment, position, work, compensation, or other benefit, provided for or made possible by the Emergency Relief Appropriation Act of 1938 or this joint resolution, on account of any political activity, support of, or opposition to any candidate or any political party in any election.

(c) Any person who knowingly violates any provision of this section shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisonment for not more than 1 year, or both.

Mr. HATCH. Mr. President, I desire to offer some perfecting amendments to this amendment of the committee. In section (b), on page 6, line 6, I ask that there be stricken out the words "employed in any administrative or supervisory capacity by any agency of the Federal Government, whose compensation or any part thereof is paid from funds authorized or appropriated by the Emergency Relief Appropriation Act of 1938 or this joint resolution."

In explanation I will say, Mr. President, that the committee in considering certain amendments which I had offered misconstrued the amendment set forth as section (b), and sought to limit it to only employees of the Works Progress Administration. That was not the intention of the amendment, and the words I have proposed to strike out are merely the words added by the committee. The amendment with those words stricken out will remain just as it was originally drafted and submitted by me. I have ex-

plained the situation to the members of the committee, and I understand they do not object to my proposal.

Mr. ADAMS. Mr. President, I am afraid I am one of the committee members who is not entirely in accord with that. It seemed to me, as we studied the matter before the committee, that what we were trying to do was to prevent the abuse of any power given to anyone by the W. P. A. acts or any of the appropriation acts. We tried to prevent the use of such power to influence anyone politically. If we strike out the language which the Senator from New Mexico seeks to strike out, it is my impression that we would go too far. That is, it would not be limited in its effect to those who were in Government employment, but it would apply to any person who threatened or attempted to deprive anyone of employment by any means. I mean that any individual who was not a Government employee or agent, who would threaten someone if he did not vote this way, or if he voted the other way, would be guilty of a felony. A Senator might be making a speech on a public platform, and proceed to announce that if W. P. A. workers took any part in politics they would be discharged. It seems to me that under the terms of the proposed language that Senator would be guilty of a felony because he had attempted to influence political action on the part of W. P. A. workers. One would influence the workers' action as much by saying that they must not do something as by saying they must do something. So I feel that the language of the committee amendment is correct. I am fearful that it will be dangerous to go as far as the Senator from New Mexico suggests.

Mr. HATCH. Mr. President, this is a very important matter, which I discussed with the Senator from South Carolina [Mr. BYRNES], who I thought was the author of the language. That is why I said I thought the committee would not object to my proposal. The Senator from South Carolina told me he would not object to it, and that so far as he was concerned there would not be any discussion of it. If there is to be discussion of it, and if we are to enter into debate on this subject, I certainly would not want to do it at this time, under the circumstances that exist in the Chamber. I should like to have the full membership of the Senate in the Chamber, and go into a thorough discussion of the matter.

If we leave in the measure the words the committee have inserted, they practically destroy the effect of the amendment. I have never taken the position that I was trying to legislate with any particular situation in view, nor have I had in mind certain things, or individuals whose actions I was trying to correct. In the arguments which I have made on the floor concerning this subject I have tried to present the matter from a general standpoint, in view of conditions which might exist, and which I hope do not exist.

The fact is, however, that any politics which has come into relief—if there has been politics in relief—do not, in my opinion, come from the officials of the Works Progress Administration. The evil, if there has been evil, comes from others. They are the ones whose political actions would be prohibited, under the amendment as I originally drafted it.

As I have said, if there is to be discussion, or objection to the amendment which I have proposed, I much prefer to have it go over.

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

Mr. HATCH. I yield.

Mr. BARKLEY. I have discussed with the Senator from New Mexico and other Senators the possibility of more comprehensive legislation than is provided for in the pending joint resolution. Not all the harm done by efforts to coerce and intimidate and influence Government employees would be prevented by language we may write into the pending joint resolution. We have passed legislation providing for social security, old-age pension benefits, unemployment insurance. Congress has very generously appropriated half the money not only for the payment of the pensions but for the payment of the salaries of all those who were to administer those laws in the States, and has retained no jurisdiction whatever either to approve or disapprove those who are appointed to administer the laws.

In connection with unemployment insurance, the Federal Government pays all the salaries and benefits, and the States shall make no contribution whatever; yet all those who are appointed to administer the act are appointed by the States, and not by the Federal Government.

The same thing is true in connection with Federal aid for highways. Outside of a few engineers who are Federal engineers, all the administrative work is done by employees of the States. The language of the pending measure does not in any way cover them, and it does not in any way penalize those who administer those funds in the States for promising jobs or punishing people who have jobs because of their political activity.

While I realize that the Senator from New Mexico and all of us are hoping to work out something on the subject of a permanent nature and which will be comprehensive, I have been very seriously considering the possibility of amending the language in the pending measure so as not only to include money appropriated in this joint resolution and the act of 1938, but all other acts of Congress making appropriations in aid of any activity within the States. I think if it is not reasonably certain that a comprehensive general law on the subject is to be enacted at this session, while we are on the subject, we ought to make the provisions of the pending measure a little broader.

Mr. HATCH. I am very glad the Senator from Kentucky interrupted me, and he is entirely correct when he states that he has conferred not only with me but with other Senators with respect to this subject. I see the Senator from Texas [Mr. SHEPPARD] on the floor. We have all at various times conferred about this matter and about permanent legislation along the lines the Senator from Kentucky has been discussing. I am quite sure we are all in accord that we should have permanent legislation which would not only reach the activities which the Senator from Kentucky mentions but would also prevent the necessity of writing legislation of this type into appropriation measures from year to year and time to time. We should have general comprehensive legislation along the lines the Sheppard committee recommended.

I myself have already introduced two measures looking toward that, and I am hopeful that the Senator from Texas will follow up the recommendations of his committee and introduce a bill and that we can all get together and work it out, and at this session of Congress enact broad, comprehensive legislation which will take care of the situation to which the Senator from Kentucky has referred and which he has discussed before on the floor of the Senate, and pointed out the vice of the situation.

Mr. BARKLEY. Mr. President, the particular activities I mentioned awhile ago are not all those which should be included. The ones I mentioned were those which occurred to me at the moment. There are many instances of the Federal Government making appropriations but having no check whatever over the personnel. No law applies to those people. They are not Government employees; they are not Federal employees; they are not responsible to the Federal Government in any way. And certainly, when Congress is appropriating money to aid communities, counties, cities, and States, leaving to such communities the power to appoint those who are to expend the money and administer the law, there ought to be some check over the political activities of those local officials as well as those who are on the Federal pay roll.

Mr. HATCH. I quite agree with the Senator from Kentucky. The only reason I did not suggest legislation to cover other activities is because it should be very carefully drawn and worked out, and I did not have it worked out. I have spent some time on the amendments I offered, and I believe that the amendments which I offered cover the situation so far as this particular activity is concerned.

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

Mr. HATCH. I yield.

Mr. BARKLEY. Section 3 of the committee amendment provides:

It shall be unlawful for any person, directly or indirectly, to offer or promise any employment, position, work, compensation, or other benefit, provided for or made possible by the Emergency Relief Appropriation Act of 1938 or this joint resolution—

What would the Senator think of inserting at that point the words "or any other act of the Congress," so that it would cover efforts to bribe voters or promise them positions in return for their support, not only in a Federal election but in any other sort of an election?

Mr. HATCH. I do not see how anyone could object to that. If the Senator will observe the amendments, he will find they are directed at two things: One, the giving of a bribe, in effect—we are all opposed to anyone giving a bribe—and the other is coercion.

Mr. BARKLEY. Of course, the insertion of such language in this measure would not in any way interfere with the general and permanent law on the subject.

Mr. HATCH. If the Senator from Kentucky will state the language, I shall gladly accept it.

Mr. BARKLEY. I would simply suggest that after the words "joint resolution", on page 6, line 2, there be inserted the words "or any other act of the Congress", so that it would apply not only to the appropriations in the Emergency Act of 1939 but to this joint resolution, or any other appropriation bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico to the committee amendment.

Mr. HATCH. I am willing to withdraw my amendment and let the amendment suggested by the Senator from Kentucky be acted upon.

Mr. BARKLEY. On page 6, line 2, after the words "joint resolution", I move to insert the words "or any other act of the Congress." Those words should also be inserted wherever the words "joint resolution" are used in section 3.

Mr. HATCH. That is correct.

Mr. BARKLEY. After the words "joint resolution," wherever they appear, I move to have inserted the words "or any other act of the Congress."

Mr. ADAMS. Mr. President, I may ask the Senator whether or not his language would go far enough to make it an offense for the Senator from Kentucky to employ someone as his secretary or take charge of his headquarters in a campaign simply because that person promised to vote for the Senator? Or would it be unlawful for anyone to offer employment to another as a reward for political activity or for his support? In other words, if the Senator hired somebody to conduct his headquarters, would he be violating this section?

Mr. BARKLEY. No; I do not think so. It would simply make it unlawful for any person in authority to offer another person a position in consideration of his vote. If I could not prove that I had employed a secretary to do my work instead of as an inducement to vote for me, I probably ought to be convicted.

Mr. ADAMS. I will say to the Senator from Kentucky that that is not what the amendment says. The Senator has not read it clearly. It provides that it shall be unlawful for any person—that is, not merely anybody in authority, but anybody—to offer any work to anyone for the support of or opposition to any candidate or any political party.

Mr. HATCH. Not any work.

Mr. BARKLEY. That is already the law, as a matter of fact, in the Corrupt Practices Act. It is unlawful for any of us, as candidates, to offer anybody a job, or money, or work, or any other thing of value.

Mr. ADAMS. The Senator does not mean that he cannot hire a publicity agent?

Mr. BARKLEY. No; of course not.

Mr. ADAMS. The proposed amendment would make it an offense to hire a publicity agent to go out and work for the Senator.

Mr. BARKLEY. Of course not.

Mr. ADAMS. I suggest that the Senator read the proposed amendment with some care.

Mr. BARKLEY. If it would do that with respect to any other appropriation, then it would do it with respect to this one. All I am trying to do is to make the same law apply to other appropriations which it is sought to apply to this one. Of course, it would not have any effect on a publicity employee or any other campaign employee, because they are not paid out of public money. This amendment applies only to money which is paid out of appropriations passed by Congress.

Mr. HATCH. As the provision is now drawn, it applies only to money paid out of this appropriation; but with the Senator's amendment it would apply to appropriations made by any other act.

Mr. BARKLEY. That is true.

The PRESIDING OFFICER. The amendments offered by the Senator from Kentucky to the amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. On page 6, line 2, after the words "joint resolution", it is proposed to insert the words "or any other act of the Congress"; the same amendment, in line 11, after the word "resolution"; and the same amendment in line 15, after the word "resolution."

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Kentucky to the amendment reported by the committee.

The amendments to the amendment were agreed to.

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

The PRESIDING OFFICER. The amendment offered by the Senator from Arizona to the amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. On page 6, line 15, after the words "on account of", it is proposed to insert the words "race, creed, color, or."

Mr. HAYDEN. Mr. President, in the original act appropriating funds for the employment of W. P. A. workers there is a provision that no one shall be excluded on account of race, creed, or color. We have the same provision in the act with respect to the Civilian Conservation Corps. It seems to me it is logical that if no one shall be denied employment because of race, creed, or color, the same situation should apply with respect to discharge from employment. For that reason I offer the amendment to the amendment.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Arizona to the amendment reported by the committee is agreed to.

Mr. HATCH. Mr. President, I desire to reoffer the amendment to the amendment which I offered a moment ago, which I now modify so as to include the perfecting amendment offered by the Senator from Kentucky.

The PRESIDING OFFICER. The amendment offered by the Senator from New Mexico to the amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. On page 6, line 6, after the word "person", it is proposed to strike out down to and including the words "act of the Congress", in line 11, so as to make the subsection read:

(b) It shall be unlawful for any person to deprive, attempt to deprive, or threaten to deprive, etc.

The PRESIDING OFFICER. Is there objection to the amendment to the amendment offered by the Senator from New Mexico?

Mr. ADAMS. Mr. President, I should like to have the amendment go over until we can really study it. As I see it, the Senator from New Mexico could not hire as a secretary for his office in the Senate Office Building, without violating this provision, a person who worked for his election.

I, therefore, ask unanimous consent that the consideration of this particular amendment be deferred until tomorrow.

The PRESIDING OFFICER. The Senator from Colorado asks unanimous consent that consideration of the amendment offered by the Senator from New Mexico be deferred until tomorrow. Is there objection?

Mr. HATCH. Mr. President, I ought not to be permitted to hire a secretary and say, "I am giving you this job to go out and support me."

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

Mr. HATCH. I yield.

Mr. BYRNES. As I understand the language of this particular subsection, there is no difference between the Senator from New Mexico and the Senator from Colorado. It is simply a question of the proper wording to accomplish the object. The Senator from New Mexico and the Senator from Colorado would not want to offer a job as an inducement to a person.

Mr. HATCH. That is what we say.

Mr. BYRNES. But we do not use that wording. I think an agreement can be brought about between the Senator from New Mexico and the Senator from Colorado. We have the same objective.

It might be well to defer consideration of this particular section so that we may sit down and consider the language which would accomplish the purpose. I ask the Senator from New Mexico if he will not agree to pass over this particular subsection. I think we can get together on language which we all have in mind.

Mr. PEPPER. Mr. President, I should like to ask the Senator from New Mexico a question.

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

Mr. HATCH. I yield.

Mr. PEPPER. A number of years ago our beloved President thought he could change human nature perhaps more quickly than it developed that he could change it. The Senator must have had very little experience in the practical world whence we all came if he expects that a man can live in politics and not try to help his friends to the limit of his ability. In my observation very few persons have stayed in politics who did not follow that principle. If the Senator is trying to introduce a provision to the effect that I must hire as my secretary the man who fought me in the election, and a provision which prohibits me from telling my friends who have helped toward my election, "I will try to get you a job if I can," it will make us all ridiculous.

Such a provision would compel me to recommend for appointment as United States marshal a man who went out and fought me, for he is paid with Federal money. We might just as well admit that that would be ridiculous and would achieve something so utterly ridiculous that it is foolish to try it.

Mr. HATCH. The Senator from New Mexico has lived probably as long as has the Senator from Florida. I surmise that the Senator from New Mexico has had as much experience, practical and impractical, as has the Senator from Florida. I know something about politicians, and I know something about how party organizations are built up and maintained. I have never adopted, on the floor of the Senate or anywhere else, a hypocritical attitude about the matter. I hope I have not adopted a ridiculous attitude. The amendment in no manner attempts to tell the Senator from Florida or any other Senator that he shall hire his political enemies. It does not attempt to do away with party politics. However, it is an attempt in a measure to prevent anyone from promising jobs and benefits under an act appropriating money for the relief of human beings, and to prevent that appropriation from being used for political purposes. If that attitude is ridiculous, then I am ridiculous.

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

Mr. HATCH. I yield.

Mr. PEPPER. I wish to say to the Senator that I understood that he proposed to amend the amendment reported by the committee to the joint resolution which limited that provision only to relief appropriations, so as to make it applicable to all Federal funds. Did I correctly understand the Senator?

Mr. HATCH. The Senator from New Mexico did not offer that amendment. The Senator from Kentucky did. However, the Senator from New Mexico is entirely in accord with the amendment offered by the Senator from Kentucky, which has been agreed to.

Mr. PEPPER. So far as the relief appropriation is concerned, and so far as concerns any reasonable extension of the application which may be made of that principle, I am in favor of it. However, I am not in favor of it to the extent the Senator indicated a moment ago, when I understood the Senator to say that even his secretary could not be given an inducement.

Mr. HATCH. I did not say that.

Mr. PEPPER. Then I misunderstood the Senator.

Mr. HATCH. I said that I should not be permitted to say to anybody, "If you will go out and do so-and-so for me, I will give you a job." Such action is already prohibited by an act of Congress.

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

Mr. HATCH. I yield.

Mr. BYRNES. What the Senator from New Mexico means is that no Senator or any other man should be permitted to hire a secretary with the condition that "If I hire you, you must support me."

Mr. HATCH. That is what I mean.

Mr. BYRNES. That is all the Senator means.

Mr. HATCH. Yes.

Mr. BYRNES. I do not believe there is a man in the United States Senate or anywhere else who has any objection to that position.

Mr. HATCH. I do not think there is; and I do not think the Senator from Florida has any objection to it.

Mr. BYRNES. If a man promises someone a job under those circumstances it is the same thing.

Mr. SCHWARTZ. Mr. President, will the Senator yield for a suggestion from another angle?

Mr. HATCH. Certainly.

Mr. SCHWARTZ. The Senator's amendment would read like this:

It shall be unlawful for any person to deprive any person of employment on account of any political activity.

That is simpler.

Mr. HATCH. Yes.

Mr. SCHWARTZ. That would mean that when we recommend that a United States marshal be displaced by somebody else, we do not do it because the incumbent happens not to belong to our party, but we always do it because we think our man is a much better man.

Mr. HATCH. The Senator understands what I meant by the amendment. I applied to the relief bill the principle, which I urge with all the earnestness I have, that no man—I do not care who he is, what his politics is, whom he voted for or whom he did not vote for—no man, and I say it inclusive of everybody, has any right to say, "You cannot have this relief job." That is what my amendment does.

Mr. SCHWARTZ. I know; but the Senator from New Mexico has accepted the amendment of the Senator from Kentucky, which broadens the original amendment. Does not the Senator think we would be better off if we should adopt his original suggestion—

Mr. HATCH. I thought so.

Mr. SCHWARTZ. And let the matter go over until tomorrow?

Mr. HATCH. I am perfectly willing to have that done. I have said that I am willing to let the matter go over, but I also say there really is not any difference at all between us on this fundamental proposition. I will say to the Senator from Wyoming that the reason why I did not extend these amendments beyond the relief measure was to avoid just such complications as he has mentioned. I thought the matter should be the subject of general legislation, carefully worked out, so that no inconsistencies or hypocrisies, if we may call them such, would be included in legislation; but I knew the interest of the Senator from Kentucky, and he manifested

it during the debate last year. He mentioned then the condition which existed in his State and was very anxious to cover those things; and, if he wants to do so, I am perfectly willing.

Mr. SCHWARTZ. But, without commenting on the merits of the original proposal, we have now gotten entirely away from it by reason of this amendment. That is not what the Senator from New Mexico originally had in mind. It has been broadened out, so I think we had better wait until tomorrow and see if the Senator from New Mexico and the other members of the committee cannot get together on some language which will cover the subject.

Mr. HATCH. I am perfectly willing to have the matter go over.

Mr. PEPPER. Mr. President, in view of the fact that the Senator from New Mexico and I misunderstood each other a moment ago, I do not want the session to close without making my position plain.

I am willing to vote for civil service for every single Federal employee. Nobody recognizes more than I do the virtual impossibility of Members of the United States Senate performing their senatorial duties by reason of the terrific demands made upon them with respect to petty patronage or political demands of one sort or another. I am heartily in favor of the original amendment, known as the Hatch amendment, which the Senator from New Mexico has so well pushed in this body for at least the past 2 or 3 years; and I will vote for the amendment known as the Hatch amendment which has just come out of the subcommittee of the Appropriations Committee. But I do not want, and I meant that I did not approve of, a measure which would put all of us in a position which I did not think we would sincerely carry out. I did not think the Members of this body were going to change the political rules under which we have lived, whereby, when it came to making appointments, Senators would recommend those who had been their friends in a political way. I thought the proposed amendment would forbid that sort of thing, and that we would be put in a hypocritical position if we should pass a law to that effect without actually intending to conform to it.

I want to make it clear that I am for the amendment relative to the relief appropriation. Nobody desires more than I do that every vestige of politics shall be eradicated from that appropriation.

#### IMPROVEMENT OF HARBOR AT RED WING, MINN.

Mr. SHEPPARD. Mr. President, on January 17 I requested that a report from the Secretary of War pertaining to a re-examination of the Mississippi River between the Missouri River and Minneapolis, with a view to improvement of a harbor at Red Wing, Minn., be published as a Senate document. I have since ascertained that the report has been published as a House document, and I therefore withdraw the request.

The PRESIDING OFFICER. Without objection, the request is withdrawn.

#### EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations in the Army, and a convention, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

#### EXECUTIVE REPORTS OF INTERSTATE COMMERCE COMMITTEE

Mr. WHEELER, from the Committee on Interstate Commerce, reported favorably the following nominations:

George A. Cook, of Illinois, to be a member of the National Mediation Board for the term expiring February 1, 1942 (reappointment); and

Mr. Roland Reed, of Pennsylvania, to be a member of the Railroad Retirement Board for a term of 5 years from August 29, 1938, the office to which he was appointed during the last recess of the Senate, vice James A. Dailey, term expired.

Mr. DONAHEY, from the Committee on Interstate Commerce, reported favorably the nomination of Robert E. Freer, of Ohio, to be a Federal Trade Commissioner for a term of 7 years from September 26, 1938, the office to which he was appointed during the last recess of the Senate. (Reappointment.)

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state in their order the nominations on the Executive Calendar.

#### TERRITORY OF ALASKA

The legislative clerk read the nomination of Edward L. Bartlett, of Alaska, to be secretary of the Territory of Alaska.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

#### COAST GUARD OF THE UNITED STATES

The legislative clerk proceeded to read sundry nominations in the Coast Guard of the United States.

Mr. SHEPPARD. I ask that the Coast Guard nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Coast Guard nominations are confirmed en bloc.

#### IN THE ARMY

The legislative clerk proceeded to read sundry nominations for promotions in the Regular Army.

Mr. SHEPPARD. I ask that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Army nominations are confirmed en bloc.

#### IN THE NAVY

The legislative clerk proceeded to read sundry nominations for promotions in the Navy.

Mr. BARKLEY. I ask that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Navy are confirmed en bloc.

#### COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of William H. Burke, of Little River, Kans., to be collector of internal revenue for the district of Kansas.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. HARRISON. Mr. President, I ask the attention of the leaders of the respective parties. I hope the President may be immediately notified of the confirmation of the nomination of Mr. Burke, of Kansas, as collector of internal revenue for the district of Kansas. There are exceptional reasons why it should be done.

I ask unanimous consent that the President may be notified of the confirmation of that nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

That completes the calendar.

#### RECESS

Mr. BARKLEY. Mr. President, as in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until tomorrow, Saturday, January 28, 1939, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate January 27 (legislative day January 17), 1939*

#### APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY TO CAVALRY

First Lt. Raymond Clarence Adkisson, Infantry, with rank from June 12, 1938.

#### PROMOTIONS IN THE REGULAR ARMY

##### MEDICAL CORPS

##### To be captains

First Lt. Santino Joseph Lerro, Medical Corps, from February 10, 1939.

First Lt. Charles Olin Bruce, Jr., Medical Corps, from February 17, 1939.

##### DENTAL CORPS

Maj. William Joseph Adlington, Dental Corps, to be lieutenant colonel from February 12, 1939.

##### CHAPLAIN

Chaplain Louis Curtis Tiernan (captain), United States Army, to be chaplain, with the rank of major, from February 7, 1939.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate January 27 (legislative day of January 17), 1939*

#### SECRETARY OF THE TERRITORY OF ALASKA

Edward L. Bartlett to be secretary of the Territory of Alaska.

#### COLLECTOR OF INTERNAL REVENUE

William H. Burke to be collector of internal revenue for the district of Kansas.

#### COAST GUARD OF THE UNITED STATES

##### TO BE LIEUTENANTS (JUNIOR GRADE)

John Montrello	Richard L. Mellen
Gilbert F. Schumacher	Glenn L. Rollins
Charles Tighe	Ernest A. Cascini
Fred L. Westbrook	Frank V. Helmer
Richard Baxter	Robert F. Shunk
Oscar D. Weed, Jr.	Donald W. Weller
Ralph D. Dean	Justus P. White
Joseph R. Scullion	William J. Lawrence
William J. Conley, Jr.	

#### PROMOTIONS IN THE REGULAR ARMY

Walter Alexander Pashley to be lieutenant colonel, Quartermaster Corps.

James Edward Dooley to be major, Infantry.

John Max Lentz to be major, Field Artillery.

#### PROMOTIONS IN THE NAVY

John H. Magruder, Jr., to be captain.

Jerome L. Allen to be commander.

Joseph N. Wenger to be lieutenant commander.

Paul F. Dugan to be lieutenant commander.

Murr E. Arnold to be lieutenant commander.

Valentine L. Pottle to be lieutenant commander.

George K. MacKenzie, Jr., to be lieutenant.

Roger M. Keithly to be lieutenant (junior grade).

Sam C. Loomis, Jr., to be lieutenant (junior grade).

Edward F. Ritter, Jr., to be assistant surgeon.

John S. Shaver to be assistant surgeon.

Leslie G. Seebach to be assistant surgeon.

Richard A. Rasmussen to be assistant surgeon.

John T. Cangelosi to be assistant surgeon.

Wallace E. Allen to be assistant surgeon.

Lewis S. Sims, Jr., to be assistant surgeon.

Robert C. Ray to be assistant surgeon.

Arthur F. Huntington to be pay director.

Ralph M. Warfield to be civil engineer.

John Lickwar to be chief boatswain.

Charles A. Coombs to be chief gunner.

Louis G. Giard to be chief electrician.

POSTMASTERS  
PENNSYLVANIA

Ann M. Noblick, Coverdale.  
Mildred E. Stumpff, Middle Creek.  
Eli B. Weaver, Ruffs Dale.

## SENATE

SATURDAY, JANUARY 28, 1939

(Legislative day of Tuesday, January 17, 1939)

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

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, January 27, 1939, was dispensed with, and the Journal was approved.

### MESSAGES FROM THE PRESIDENT

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

### CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Davis	Johnson, Colo.	Radcliffe
Andrews	Donahay	La Follette	Reed
Ashurst	Downey	Lee	Reynolds
Austin	Elliender	Lewis	Russell
Balley	Frazier	Logan	Schwartz
Bankhead	George	Lucas	Schwellenbach
Barbour	Gerry	Lundeen	Sheppard
Barkley	Gibson	McCarran	Shipstead
Bilbo	Gillette	McKellar	Smathers
Bone	Glass	McNary	Smith
Borah	Green	Maoney	Stewart
Brown	Gurney	Mead	Taft
Bulow	Hale	Miller	Thomas, Okla.
Burke	Harrison	Minton	Thomas, Utah
Byrd	Hatch	Murray	Tobey
Byrnes	Hayden	Neely	Truman
Capper	Herring	Norris	Tydings
Caraway	Hill	Nye	Van Nuys
Clark, Idaho	Holman	O'Mahoney	Walsh
Clark, Mo.	Holt	Overton	Wheeler
Connally	Hughes	Pepper	White
Danaher	Johnson, Calif.	Pittman	Wiley

Mr. LEWIS. I announce that the Senator from Utah [Mr. KING] is absent because of illness, and that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Pennsylvania [Mr. GUFFEY], and the Senator from New York [Mr. WAGNER] are detained from the Senate on important public business.

Mr. McNARY. I announce that the Senator from Massachusetts [Mr. LODGE], the Senator from Delaware [Mr. TOWNSEND], and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

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

### REPORT ON SCIENTIFIC AND OTHER NAVAL CONTRACTS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Navy, transmitting, pursuant to law, lists of contractors and subcontractors who have been granted exemption by the Secretary of the Navy from the limitation of profit under existing law to December 31, 1938, owing to the contracts being for scientific equipment and of a confidential nature; also report of a confidential contract entered into during the year ended December 31, 1937, and not previously reported upon, which, with the accompanying papers, was referred to the Committee on Naval Affairs.

### COLLECTION OF DATA ON PRISON-MADE GOODS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Labor, transmitting a draft of proposed legislation to authorize the Bureau of Labor Statistics to collect information as to the amount and value of all goods produced

in State and Federal prisons, which, with the accompanying paper, was referred to the Committee on Education and Labor.

### EMPLOYMENT, WAGES, AND VALUE OF MATERIALS ON PUBLIC WORKS AND BUILDINGS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Labor, transmitting a draft of proposed legislation to require reports to the Department of Labor by contractors and subcontractors on public buildings and public works concerning employment, wages, and value of materials, and for other purposes, which, with the accompanying paper, was referred to the Committee on Education and Labor.

### REPORT OF UNITED STATES HOUSING AUTHORITY

The VICE PRESIDENT laid before the Senate a letter from the Administrator of the United States Housing Authority, submitting, pursuant to law, the First Annual Report of that Authority for the fiscal year ended June 30, 1938, with supplementary data on activities to December 31, 1938, which, with the accompanying report, was referred to the Committee on Education and Labor.

### ALIENS EMPLOYED UNDER GOVERNMENTAL AGENCIES

The VICE PRESIDENT laid before the Senate letters from the executive director of the National Emergency Council and the secretary of the International Boundary Commission, United States, Alaska, and Canada (United States section), responding to Senate Resolution 285, agreed to June 8, 1938, and stating that there are no aliens employed by the Council or the Commission, which were referred to the Committee on Education and Labor.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Idaho, which was referred to the Committee on Irrigation and Reclamation:

#### House Joint Memorial 2

Joint memorial to the honorable Senate and House of Representatives of the United States of America in Congress assembled

We, your memorialists, the Legislature of the State of Idaho, do hereby respectfully represent that

Whereas the application of water to the fertile desert soils in this northwestern part of the United States is of most importance in the matter of sustaining lives and homes and in the cultivation and growth of agricultural products, and without which most of the tillable soil in Idaho would be unproductive. That each year there flows to the sea numberless acre-feet of water which is lost to the use of man in the irrigation of land. That by the storage of said water during the run-off seasons of the year, when much devastation and damage is done by floodwaters, such waters are not only saved for the beneficent purpose of application to the soil but the great damage by flood is averted; and

Whereas the Mississippi River and its tributaries have become the source of great activity and study on the part of the Government for flood control, and that the Yellowstone Lake through the Yellowstone River drains into the said Mississippi River; and

Whereas it appears from engineering studies of the project that one of the most feasible plans for diversion of floodwaters from the said Mississippi drainage is by the diversion of the said floodwaters and natural flow from the Yellowstone Lake, situated in the Yellowstone National Park, through a tunnel and into the headwaters of the Snake River, thereby not only controlling that portion of the floodwater source from the Mississippi Valley but also diverting said water to a beneficial use by augmenting the natural flow of the Snake River drainage; and

Whereas the said diversion of the natural flow of the said Yellowstone Lake into Snake River would not in any way destroy or impair the scenic value now existing, but would permit complete control of said waters for the enhancing of the present scenic value of the lake and the rivers and channels thereof: Now, therefore, be it

Resolved by the House of Representatives of the State of Idaho (the senate concurring), That we most respectfully urge upon the Congress of the United States of America and upon the Reclamation Department of the United States Government the favorable consideration of such legislation and appropriations as are necessary to carry to completion a project that will divert the natural flow of the Yellowstone Lake in Yellowstone National Park into the headwaters of the Snake River; be it further

Resolved, That the secretary of state of the State of Idaho be authorized, and he is hereby directed, to immediately forward certified copies of this resolution to the Secretary of the Interior to the Senate and the House of Representatives of the United States of America, and to the Senators and the Representatives in Congress from this State.