640. By Mr. BACON: Petition of 3,258 citizens, nearly all residing in New York, protesting against any change in immigration laws to permit admission of aliens, outside of quota, belonging to political refugee classes; to the Committee on Immigration and Naturalization.

641. By Mr. CARTER of California: Assembly Joint Resolution No. 9, State of California, memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

642. By Mr. JOHNSON of Minnesota: Resolution from the commander on behalf of the Veterans of Foreign Wars, stating opposition to naval appropriations with provisos; to the Committee on Naval Affairs.

643. Also, resolution protesting the removal of the Hydrographic Office, Navy Department, from Duluth, Minn., by the Chamber of Commerce of Duluth; to the Committee on Naval Affairs.

644. Also, resolution from the Railway Mail Post, No. 23, American Legion, at St. Paul, Minn., asking that postmasters in first-, second-, and third-class offices be placed under civil service; to the Committee on the Post Office and Post Roads.

645. By Mr. JOHNSON of Texas: Resolution unanimously adopted by the Legislature of the State of Texas, urging removal of the Federal tax on gasoline; to the Committee on Ways and Means.

646. By Mr. JOHNSON of Minnesota: Petition protesting against House bill 3769, now in committee; to the Committee on Interstate and Foreign Commerce.

647. By Mr. KENNEY: Petition of unemployed associations of Bergen County, N.J.; to the Committee on Labor.

648. By Mr. LINDSAY: Petition of Creed A. Neeper, New York City, urging support and passage of the home mortgage bill, S. 1317; to the Committee on Banking and Currency.

649. Also, petition of National Fertilizer Association, Inc., Washington, D.C., concerning House bill 5081; to the Committee on Military Affairs.

650. Also, petition of National Association of Postal Supervisors, Branch 100, New York City, opposing retirement of Federal employees after 30 years' service; to the Committee on the Civil Service.

651. By Mr. RUDD: Petition of Creed A. Neeper, New York City, favoring the passage of Senate bill 1317, the home mortgage bill; to the Committee on Banking and Currency.

652. By Mr. WELCH: Petition of California State Legislature, Assembly Joint Resolution No. 24, relative to memorializing the Congress of the United States to enact a moratorium on foreclosures of real property mortgages and on sales under deeds of trust on real property; to the Committee on Banking and Currency.

653. Also, petition of California State Legislature, Assembly Joint Resolution No. 9, relative to memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

SENATE

MONDAY, APRIL 24, 1933

(Legislative day of Monday, Apr. 17, 1933)

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

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Bone	Capper	Dickinson
Ashurst	Borah	Caraway	Dieterich
Austin	Bratton	Connally	Dill
Bachman	Brown	Coolidge	Duffy
Bailey	Bulkley	Copeland	Erickson
Bankhead	Bulow	Costigan	Fletcher
Barbour	Byrd	Couzens	Frazier
Black	Byrnes	Cutting	George

Glass	Logan	Patterson	Thomas, Okla.
Goldsborough	Lonergan	Pittman	Thomas, Utah
Gore	Long	Pope	Townsend
Hale	McAdoo	Reed	Trammell
Harrison	McCarran	Reynolds	Tydings
Hastings	McGill	Robinson, Ind.	Vandenberg
Hatfield	McKellar	Russell	Van Nuys
Hayden	McNary	Schall	Wagner
Johnson	Murphy	Sheppard	Walcott
Kean	Norbeck	Shipstead	Wheeler
Kendrick	Norris	Smith	White
Keyes	Nye	Steiwer	
King	Overton	Stephens	

Mr. KENDRICK. I wish to announce that the Senator from Missouri [Mr. CLARK], the Senator from West Virginia [Mr. NEELY], the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

Mr. COOLIDGE. I wish to announce that my colleague the senior Senator from Massachusetts [Mr. WALSH] is absent on official business as a member of the Board of Visitors to the United States Naval Academy. I ask that this announcement may stand for the day.

Mr. CUTTING. I wish to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] will be absent from the Senate today on account of illness in his family. I desire this announcement to stand for the day.

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

FUNCTIONS OF THE TREASURY DEPARTMENT (S.DOC. NO. 42)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions of the Treasury Department, including accounting, disbursing, collecting, purchasing, and personnel administration, together with the authority for the performance of the several functions, and, insofar as practicable, the annual costs thereof, which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE RECONSTRUCTION FINANCE CORPORATION (S.DOC. NO. 41)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Reconstruction Finance Corporation, submitting, in response to Senate Resolution 351, Seventy-second Congress, a report of the various functions of the Reconstruction Finance Corporation, including accounting, disbursing, collecting, purchasing, and personnel, together with the authority for the performance of each function and the annual cost thereof, which, with the accompanying statements, was ordered to lie on the table and to be printed with illustrations.

PETITIONS AND MEMORIALS

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

Senate Joint Memorial 6 (by Senators Herrin, Knous, Sanders, Peiffer, Ehrhart, Smith, Hill, Rumbaugh, Houston, Nelson, Manly, Unfug)

A memorial memorializing the Congress of the United States to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the Mineral Leasing Division of the United States Geological Survey

Whereas the Congress of the United States on February 25, 1920 (41 Stat. 437), on June 4, 1920 (41 Stat. 812), and March 4, 1923 (42 Stat. 1448), and under special agreement by the United States passed certain laws regulating production of oil, gas, coal, and nonmetallic minerals on the public domain; and

Whereas one of the provisions of the act of February 25, 1920, provides that 10 percent of all moneys collected as royalties, bonuses, and rentals shall be paid into the Treasury of the United States and credited as miscellaneous receipts, and that 37½ percent shall be paid by the Secretary of the Treasury after the expiration of the fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, and that 52½ percent shall be paid into, reserved, and appropriated as a part of a reclamation fund created by act of Congress approved June 17, 1902; and

Whereas the State of Colorado and other Western States own a large number of tracts of land within and adjacent to the lands of the United States, and which said lands are in grave danger of being damaged by reason of the improper drilling, mining, and producing operations, and lack of efficient supervision in the event the said Mineral Leasing Division of the United States Geological Survey is rendered less efficient by reason of the appropriation of insufficient funds by the Congress of the United States for continuing efficient and proper field supervision of said operations, and thereby both the National and State Governments will suffer by reason of lack of careful drilling and mining operations and production by irresponsible and careless operators; and

Whereas the said Mineral Leasing Division is one of the few agencies of our Government which is self-supporting and which uses only approximately 5 percent of the money collected by the Government in its supervisory operations: Now, therefore, be it

Resolved by the Twenty-ninth General Assembly of the State of Colorado, That the general assembly hereby urge and request that the Congress of the United States of America make the appropriations for the Mineral Leasing Division of the Geological Survey sufficient to enable the said division to function efficiently for the protection of the oil, gas, coal, and nonmetallic mineral resources of the Western States of the United States, which States are vitally interested both directly and indirectly in the conservation of our oil, gas, coal, and nonmetallic mineral resources; be it further

Resolved, That copies of this memorial be sent to the President of the United States, the Honorable Franklin D. Roosevelt, the Vice President of the United States, the Secretary of the Interior of the United States, the Speaker of the House of Representatives of the United States, the Director of the Bureau of the Budget of the United States, to the United States Senators and Representatives of the State of Colorado, and to the Governors of the several Western States.

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of California, memorializing Congress to enact legislation providing that all patent rights for arms, munitions, and other equipment to be used for war purposes should be acquired by the Government and that the subject be presented at future international disarmament conferences, which was referred to the Committee on Patents.

(See joint resolution printed in full when presented by Mr. JOHNSON on the 22d instant, p. 2136, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of California, memorializing Congress to enact legislation providing a moratorium on foreclosures of real-property mortgages and on sales under deeds of trust on real property, which was ordered to lie on the table.

(See joint resolution printed in full when presented by Mr. JOHNSON on the 22d instant, p. 2136, CONGRESSIONAL RECORD.)

He also laid before the Senate the petition of Local Union, No. 293, Sheet Metal Workers International Association, of Pasadena, Calif., praying for the greatest possible consideration of the question of discontinuing vocational education in the public schools before any action is taken thereon, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Twenty-eighth Ward Taxpayers' Protective Association, of Brooklyn, N.Y., favoring the restoration of the former rate of 2 cents per ounce on first-class mail matter, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Harry Boland Council, American Association for the Recognition of the Irish Republic, of New Rochelle, N.Y., favoring insistence by the Government on full, regular, and prompt payment of European indebtedness to the United States, which was referred to the Committee on Finance.

He also laid before the Senate two petitions and a letter in the nature of a petition signed by 133 citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 7 memorials, 5 telegrams, and 12 letters in the nature of memorials from 470 citizens and organizations in the State of Louisiana, and letters from one citizen each of Minnesota, Pennsylvania, and Texas, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution of the Board of Supervisors of the City and County of San Francisco, Calif., favoring the setting aside of April 30 as Presidential Day as an expression of confidence in, and approval of the actions of, the President of the United States, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the County of Los Angeles, Calif., approving in substance the provisions and purpose of the so-called "Black bill", providing for the establishment of a 5-day, 30-hour work week, which was ordered to lie on the table.

He also laid before the Senate a letter in the nature of a memorial from Anna Jarvis, of Mother's Day, Inc., of Philadelphia, Pa., remonstrating against the adoption of the resolution (S.Res. 16, submitted by Mr. COPELAND on March 10, 1933), favoring an expression on Mother's Day of our love and reverence for motherhood, which was ordered to lie on the table.

He also laid before the Senate resolutions adopted by the board of directors of the Knoxville (Tenn.) Chamber of Commerce, deploring the attitude of the United States Chamber of Commerce in its expressions with respect to the Muscle Shoals project and the construction of the Cove Creek Dam, up to and including the year 1931, and the recent statements of Mr. Harriman, president of the United States Chamber of Commerce, in opposition to the development of natural resources, etc., and commending President Roosevelt for his intensive interest in the development of the Tennessee Valley, which were ordered to lie on the table.

EXECUTIVE REPORT OF THE FOREIGN RELATIONS COMMITTEE

As in executive session,

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of James B. Young, of Pennsylvania, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America, which was ordered to be placed on the Executive Calendar.

NOMINATIONS OF BRECKENRIDGE LONG AND SUMNER WELLES

Mr. PITTMAN. Mr. President, I should like to have the attention of the Senator from Oregon to the matter I am about to bring before the Senate. I want to ask unanimous consent, as in executive session, to present two reports from the Committee on Foreign Relations, the first recommending that the Senate advise and consent to the nomination of Breckenridge Long, of Missouri, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Italy, and the second recommending the confirmation of the nomination of Sumner Welles, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Cuba.

I will state that there is a desire that these nominations should be immediately confirmed, and I ask that they may be confirmed at this time.

Mr. McNARY. Mr. President, the Committee on Foreign Relations has given due consideration to these nominations?

Mr. PITTMAN. It has, the report is unanimous, and no protests whatsoever have been filed.

Mr. McNARY. Very well.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, without objection, the nominations are confirmed.

Mr. PITTMAN. I ask that the President be notified.

The VICE PRESIDENT. Without objection, the President will be notified of the confirmation of the nominations.

PRINTING OF MANUSCRIPT "CONTRACTS PAYABLE IN GOLD"

Mr. HAYDEN. From the Committee on Printing I report back favorably Senate Resolution 62, submitted by the Senator from Minnesota [Mr. SHIPSTEAD], authorizing the printing as a Senate document of the manuscript entitled "Contracts Payable in Gold", and I ask unanimous consent for its present consideration.

There being no objection, the resolution (S.Res. 62) submitted by Mr. SHIPSTEAD on the 21st instant was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the manuscript entitled "Contracts Payable in Gold", by George Cyrus Thorpe, showing the legal effect of agreements to pay in gold, be printed as a Senate document.

BILLS INTRODUCED

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

By Mr. McNARY:

A bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land; to the Committee on Indian Affairs.

By Mr. HARRISON:

A bill (S. 1514) authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.; to the Committee on Finance.

By Mr. COPELAND:

A bill (S. 1515) granting permits for the importation or manufacture for nonbeverage purposes of spirituous liquors of particular kind or quality where the supply in the United States is insufficient to meet the current need therefor; to the Committee on Finance.

A bill (S. 1516) for the relief of Michael Bello; to the Committee on Claims.

A bill (S. 1517) for the relief of Louis Kusnitz; to the Committee on Military Affairs.

By Mr. BRATTON:

A bill (S. 1518) providing for waiver of prosecution by indictment in certain criminal proceedings; to the Committee on the Judiciary.

By Mr. BULKLEY:

A bill (S. 1519) for the relief of Theodore Torok; to the Committee on Claims.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the emergency relief and construction act of 1932, which was referred to the Committee on Banking and Currency and ordered to be printed.

CONTROLLED INFLATION

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject of the so-called "Thomas amendment" and controlled inflation, delivered by the senior Senator from Nevada [Mr. PITTMAN] over the radio on April 22, 1933.

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

Ladies and gentlemen of the radio audience of the United States, the most important subject now before the Congress of the United States—and I may go farther and say the most important question that has faced our country since the World War—is the question of currency inflation now pending.

Before going into a discussion of this subject, please permit me to express my gratitude to the Columbia Broadcasting network and those acting with it for this opportunity of attempting to explain to you the great problem of controlled inflation.

I am deeply appreciative also of the very generous introduction of my distinguished friend and popular broadcaster, Mr. Frederic William Wile.

Now to the subject of controlled inflation: In order that you may understand, first, the necessity for the inflation of our currency, I will give you a brief history of the condition of our circulating media, the rise in the value of the purchasing power of our dollar, and the relative fall in the price of commodities.

And let us remember that while the dollar purchases the products of the farm, labor, and other property, that those who must have the dollar with which to pay their debts and their taxes and to obtain the necessities of life must purchase the dollar with their commodities, their labor, or their property. When money is scarce, you have to pay more for it in labor, commodities, and lands.

We may therefore either say that the value of a dollar is too high or we may express the same thought by saying that the value of products or commodities or land is too low. Today, for instance, cotton, wheat, meats, wool, and other products, and lands are worth only about one half what they were prior to 1930. In other words, at the present time you must give about twice as much of these things to obtain a dollar as you did prior to 1930.

It is perfectly evident, then, that if you wish to change the conditions that now exist and return to the conditions that existed prior to 1930, then you must raise commodity prices and land values as measured by the dollar to what they were prior to 1930. If this is done, the result is the deflation of the dollar to the extent of practically one half. Expressed in another way, the dollar will then buy only half as much as it will now, and products and lands will purchase twice as many dollars as they now purchase. This can be accomplished through reflation of our currencies.

Everybody in the United States should desire the accomplishment of this result. It would benefit everyone. It would allow the producer a surplus over the cost of production, with which he could purchase not only the bare necessities of life but those manufactured articles and other things that are necessary to our high standard of living and make for health, comfort, education, and happiness. It would restore prosperity to our country, and it seems, in view of our past experience and the failure of our futile remedies, that such is the only method that will accomplish the restoration of prosperity.

I am assigned the topic of "controlled inflation."

This, in reality, means the same as "reflation", or expansion of our currencies and our credits to the point where they existed, on the average, prior to 1930. We must remember, in speaking of reflation, or controlled inflation, that there has been a tremendous deflation in circulating media, credits, and values since 1929.

As far as currencies are concerned, there is as large a quantity of currencies in the United States as there was prior to 1930, but such currencies are not circulating in trade and commerce. They are not in the possession of the people. They are locked up in the banks of the country in the form of capital and deposits. Banks have been refusing to lend money because loans were not safe, so they claimed, while commodity values and other values were decreasing and unemployment was increasing.

We have attempted, through every form of legislation, not only to empower the banks to lend money but to induce them to make loans for the purpose of stopping the disastrous liquidation, and also to enable self-liquidating projects to be constructed. All of these efforts and all of these schemes and devices and all of this legislation have failed to accomplish the purpose for which they were intended.

The banks that were members of the Federal Reserve System of the country had eligible paper——that means good securities—that could be rediscounted at the Federal Reserve banks for Federal Reserve notes of a value of $4,000,000,000. The banks did not avail themselves of this large potential money issue because they did not need Federal Reserve notes, as they were not making loans to the people of the country.

Then came the Glass-Steagall bank bill, which permitted member banks to use Government bonds as security—or, in other words, as eligible paper—upon which to obtain currency from the Federal Reserve banks. This act practically doubled the eligible securities of the member banks. Yet they did not avail themselves of this enormous power to get currency from the Federal Reserve banks and circulate it through loans in the United States. Only an insignificant amount of this currency was ever called for.

And after the passage of that act conditions in the country got steadily worse. Some banks not only refused to make loans, but at the time they accumulated reserves of money 2 or 3 times the amount required by law. It is true that they had a good excuse for holding this money out of circulation. They contended that they had to keep enough money on hand to meet the demands of the depositors—in other words, to meet runs on their banks.

This currency, while in existence, and, according to the Treasury reports, in circulation, was, in fact, not in circulation, and is not now in circulation, but is as useless to the people of the country as though it were locked up in the vaults of the Treasury or sunk in the bottom of the ocean.

But we are told that the chief circulating medium of this country is not currency but checks and drafts. Well, what has happened to checks and drafts? Prior to 1930 the daily turnover was about $13,000,000,000. The average for the last several months has been about one fourth of that amount. Check and draft turnovers depend upon purchases by depositors, and depositors have not been purchasing. Depositors cannot be blamed because, like the bankers, they could not safely use their money. When the value of everything is falling, they will not take the chance.

The only person or institution apparently that can afford to take the chance of expanding currency and credit is the people's Government. It has to take the chance because it is acting for all of the people, and because without the inflation of currencies, credits, and values, our Government, as well as our people, will continue their rapid spiral downward to economic and social destruction.

There are a few holders of vast fortunes in our country who are fighting the increase in the price of cotton, wheat, and other products because, as they argue, they will then have to pay many more of their dollars for such products. This is a narrow-minded argument. Their money will be worth nothing to them if the 30,000,000 people who depend upon agriculture for their purchasing power, and the 26,000,000 of men, women, and children who depend upon labor for their purchasing power continue to be nonpurchasers in our domestic market. Their factories will not be able to produce; their banks will not be able to lend; nor will they, as individuals or corporations, be able to produce or to lend.

The proposed Thomas amendment to the farm bill, in the form in which it was recast and introduced in the Senate on Thursday last, meets with the President's approval. Yesterday it met with a bitter attack by Senator REED, of Pennsylvania. He charged that it provided for an unlimited inflation; that the notes to be issued were greenbacks, like those issued in 1862. He presented some old arguments that have been presented for the last 3 or 4 years.

How much the passage of such an amendment may accomplish is subject to argument. What the "stand pat", do-nothing policy of the past 3 years did do, we know. Now, the amendment introduced by Senator THOMAS and approved by the President does not propose to issue greenbacks, or fiat currencies, nor is it a proposition for the unlimited issues of currencies, as was suggested by the Senator from Pennsylvania. It provides that the President, through the Secretary of the Treasury, may enter into agreements with the Federal Reserve banks, with the approval of the Federal Reserve Board, wherein such banks shall agree, out of their immense resources, to circulate $3,000,000,000 in Federal Reserve notes through the purchase in the open market of Government bonds, and through the purchase of Treasury bills. If these banks enter into such an agreement, and so expand such currency, and it results in raising commodity prices, restoring employment, and starting prosperity, then that will be the end of the currency inflation. If these banks refuse to enter into such an agreement, and refuse to use their resources and instrumentalities to meet the emergency, then the President will cause the Treasury Department to issue Treasury notes, not in excess of $3,000,000,000, with which to accomplish the purpose that such Federal Reserve banks refuse to undertake. Again, as the restoration of prosperity through the raising of commodity prices to a reasonable level is the aim of the President, he will, of course, utilize the power granted to him by Congress to issue such part of the $3,000,000,000 in Treasury notes as is necessary to accomplish the purpose intended.

In other words, the total power of inflation granted to the President under the amendment is only $6,000,000,000, with the possibility, and we hope the probability, that only half of this sum will be required to bring about the desired and necessary ends. Even with the circulation of the entire $6,000,000,000 there would still be less circulating media in the country than there was in 1928 and 1929.

Under the proposed amendment the proposed issue will not be greenbacks or any other form of fiat unsecured money. If the $3,000,000,000 is issued by the Federal Reserve banks, it will be in Federal Reserve notes secured to the extent of 40 percent by gold. If it be Treasury notes, then they will have behind them the same security as we have behind our Government bonds, and will be full legal tender for all debts, public and private.

In addition to that the amendment provides that there shall be appropriations for the annual retirement of 4 percent of such Treasury notes; in other words, all of such notes will be retired within 25 years. Nor is this all. These notes may be issued only for the purpose of purchasing the maturing obligations of the Government, such as bonds and Treasury bills. The obligations of the Government will be no greater by the issuance of these notes than they were before the notes were issued, because with the issuance of the notes an equal value of other Government obligations are retired and canceled. The difference is that the bonds and other obligations that are retired by the exchange of these notes are interest-bearing, while the notes that are issued will be non-interest-bearing.

Again, the bonds are not a circulating medium, while the notes will be. It is not the policy of the Government to permit any undue or sudden inflation of currencies, credits, and values; and it has ample power to prevent such an occurrence.

There is another power granted to the President in the proposed amendment which provides that the President may fix the weight of the gold dollar if he finds from investigation that it is necessary for the protection of our foreign commerce against the adverse effect of the depreciated moneys or currencies of other governments. It is universally admitted that our foreign commerce is now suffering from such cause. Great Britain and some 39 other countries are off the gold standard. Their currencies, such as the pound sterling, have depreciated in value in international trade from 30 to 60 percent. The value of such currencies in international trade is measured by their exchange value for gold. For instance, prior to September 1931, the British pound sterling would buy $4.86 worth of gold. Today it will purchase about two thirds as much gold. Therefore in international trade the value of the pound sterling has fallen around one third.

These countries of cheap money and cheap currencies can buy foreign products for less in countries of depreciated currencies than they can in the United States. But when these countries, with their products, buy the dollar they can take it back to their own countries and purchase from one third to two thirds more of their own currency.

Since the President's proclamation placing the embargo on the exportation of gold the value of the dollar in international trade has fallen or depreciated. This depreciation of the dollar has caused depositors to use their money to purchase products and property, with the result that commodity prices and stocks and lands have increased in value. The proposed amendment will further reduce the value of the dollar by comparison with products, and therefore depositors, anticipating this, are buying products and lands. This is a step in the right direction. It is what has been sought for the past 3 years. It will restore confidence in our values; it will loosen up money. It will start the wheels of industry and the employment of men and women. It will undoubtedly cause a steady and continuous increase in property values. Our people need not expect any wild inflation, which is commonly designated as "a boom." We want no such boom. The reaction from it would be too great. The President will not permit it.

And yet this race among governments to cheapen their money, so that they may obtain an advantage in international trade as against their competitors of higher-valued money, must necessarily cease. The end of such a race, unless soon stopped, will reach the point where moneys are so unstable and valueless that we will be driven to the recourse of barter in trade. The action of our Government is a demonstration of the necessity for the adjustment and stabilization of the moneys of the countries engaged in international trade.

The provision granting the power to the President to fix the weight of gold enables him to meet any depreciation in the currency of any government. It is a power that he would deeply regret to be compelled to use. It is a power that he would never use unless the actions of other governments made it absolutely necessary to the preservation of our foreign trade. It is a power that he should have, and that, in my opinion, is necessary when our Government enters the coming economic conference. It gives him power at such conference not only to meet any move by any other government, but to agree with other governments on a fixed value for the currencies of each of such governments in international trade. If the hands of the President are tied, then God help our country. The President deserves the confidence and trust of the American people.

There is another provision in the amendment which authorizes the President to accept silver at a value of not to exceed 50 cents an ounce in payment of foreign debts, and not to exceed $100,000,000 worth in the aggregate.

This may be of value to foreign governments in meeting payments due prior to the economic conference. We know that these governments deplore the necessity of repudiating their debts. We give due weight to their arguments that they have not the gold to safely transfer, and we do not desire to accept their commodities in payment.

The British Government for India owes Great Britain approximately $80,000,000. Such Government, so we are credibly informed, desires to pay Great Britain in silver, the market price of which today is under 50 cents an ounce. Great Britain owes the United States $74,950,000 as interest on June 15. Under the terms of the amendment Great Britain can pay this debt in silver. The United States, in the event of accepting this silver, would coin $74,950,000 in standard silver dollars and subsidiary coinage, issuing and circulating silver certificates as against the dollars.

The acquisition of this silver by the United States would reduce the oversupply of silver in the markets of the world derived from the melting up of silver coins by India and tend to increase the price of silver, which would greatly enlarge our export market with China, India, South America, and other silver-using countries. No one would lose by this transaction, while the United States and Great Britain would surely gain. Let all of our citizens stand with the President in his fight against depression.

SENATOR LA FOLLETTE'S EFFORTS FOR EMERGENCY RELIEF

Mr. CUTTING. Mr. President, I ask unanimous consent to have placed in the RECORD an article from the Capital Times, of Madison, Wis., of the issue April 15, 1933, on the subject of the efforts of the senior Senator from Wisconsin [Mr. LA FOLLETTE] to obtain unemployment relief.

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

[From the Capital Times, Madison, Wis., Apr. 15, 1933]

THE STORY OF BOB LA FOLLETTE'S GALLANT, UPHILL FIGHT FOR RELIEF

Passage of the bill to provide $500,000,000 of Federal funds to relieve human suffering marks the first major victory since the collapse of 1929 for millions of men, women, and children who have been the chief casualties of the depression.

The fight for this legislation has lasted more than 3 years. It began in the winter of 1929–30, when BOB LA FOLLETTE, of Wisconsin, demanded on the floor of the United States Senate that the Federal Government, not the local taxpayers of States, counties, and cities, should assume the primary burden of human relief.

For 3 years, in four sessions of Congress, Senator LA FOLLETTE has fought unceasingly for this principle against tremendous odds.

His battle has been waged for a twofold program. He has insisted (1) that Washington could not shirk its share of the responsibility for the relief of the victims of a depression resulting primarily from mistaken policies of the Federal Government; (2) that the Federal Government should launch a Nation-wide program for useful public works to provide jobs for the unemployed, stimulate business, and check deflation.

On March 30 the United States Senate reversed itself by passing, 53 to 17, the $500,000,000 Federal relief bill drafted by Senators LA FOLLETTE, COSTIGAN, and WAGNER. This measure follows the terms of the La Follette-Costigan bill, twice rejected in the Senate at previous sessions.

After final action by Congress the bill will go to the White House. There it is assured of approval from the successor of Herbert Hoover, who stood like a rock against Federal aid for the unemployed through three winters of starvation.

LIFTING THE WHITE HOUSE EMBARGO ON PUBLIC WORKS

Almost simultaneous with Senate approval of the La Follette-Costigan relief plan comes the heartening news that President Roosevelt will scrap another Hoover policy by lifting the White House embargo on public-works legislation.

Under the Hoover regime, the main reliance of the Federal Government to "revive prosperity" was placed upon balancing the

Budget, cheese-paring economy, and other devices to stimulate the stock market and "restore confidence."

President Roosevelt apparently has the wisdom to see that we have had enough of psychological remedies and that the people rightfully expect their Government to provide actual jobs for those who are willing to work.

When the public-works program outlined by the President is undertaken on a national scale, the administration will have come up to the position LA FOLLETTE, of Wisconsin, has occupied throughout the depression. It will have virtually adopted the program LA FOLLETTE has strongly defended against the sniping attacks of the Nation's press, the Insulls, the Mitchells, and the other spokesmen for Wall Street who have dictated Federal policy before and since the crash in 1929.

The story of LA FOLLETTE's fight to get the attention of Government officials at Washington off the banks, the railroads, and big insurance companies long enough to see the havoc wrought in wrecked homes and broken families, and his insistence upon fundamental remedies to recreate purchasing power as the essential step toward a balanced prosperity, are embedded deeply in the public records of the last 3 years.

IN 1931 LA FOLLETTE BROUGHT FORWARD PROGRAM

Beginning at the December session of Congress in 1929, LA FOLLETTE started his militant opposition to the Hoover policies and brought forward a clear-cut alternative program for national reconstruction.

At the opening session, within 60 days after the stock-market crash, the President asked Congress to rush through a bill to reduce Federal taxes by $160,000,000 on incomes for 1929, on which taxes were already payable. The avowed intent of this legislation was to "peg" the falling stock market by reducing the payments for big income and corporate taxpayers.

LA FOLLETTE opposed the bill on the Senate floor, warning that the depression was too serious to be checked by sleight-of-hand methods. He demanded that taxes already payable under existing law should be collected to meet the need for genuine relief which he foresaw would be necessary.

When President Hoover announced at the White House on March 8, 1930, that the crisis was past and predicted that unemployment would cease to be a problem "within 60 days", LA FOLLETTE challenged the statement and continued his uphill fight to force Congress to enact remedial legislation.

During the recess before Congress convened in December 1930 the Senator from Wisconsin sent out questionnaires to the mayors of all cities of 5,000 population and over to get the real facts concerning unemployment conditions in every section of the country. Using the replies to this inquiry and telegrams furnished him by President Green, of the American Federation of Labor, from central labor boards throughout the United States, he succeeded at the 1930 session in forcing administration officials in charge of relief and construction to appear before the Senate Appropriations Committee in January 1931. His analysis of their testimony belied the administration's claim that prosperity was "just around the corner."

A BREACH OF FAITH WITH THE AMERICAN PEOPLE

LA FOLLETTE took the floor in the Senate February 10, 1931, to protest vigorously against adjournment of Congress on March 4 without the enactment of Federal relief legislation. He said:

"The evidence is overwhelming that the urban centers are now suffering from a more serious economic crisis than has ever confronted the country. * * * With at least 6,000,000 unemployed, with another 5,000,000 on part time, it is a very conservative estimate to say that, with their dependents, at least 22,000,000 people are affected.

"To fail to provide any relief for this great group is a breach of faith with the American people. * * * This is the second winter of unemployment. As shown in the survey which I presented to the Senate from 303 cities scattered over 41 States of the country, it is evident that many communities have already exhausted the resources of voluntary contributions. * * * It has been argued in this controversy by those supporting the administration that the local communities should be called upon to take care of the unemployed.

"I, for one, cannot see the logic of that argument for two reasons: First, because if any governmental entity is responsible, or has had any share of responsibility in producing this economic crisis, then surely it is the Federal Government. The governments of the cities and the governments of the various States cannot be said to have enacted legislation which has contributed to the present business depression. It is only the Federal Government, in enacting legislation affecting economic conditions in the country, which has any responsibility in this matter; and yet it is argued that Congress is the one governmental agency which should not afford any assistance in the existing crisis.

"Secondly, Mr. President, to throw the entire burden upon the cities is to place it entirely upon real and tangible property. Those who derive their income from stocks and bonds and other forms of securities will go scot free. We leave it to their generosity to determine the amount of their contribution in meeting the demands of suffering and distress. Upon the homes of workingmen who are out of work, upon the little corner grocery, and the small property owner the administration contends the entire burden should fall.

"Mr. President, there has been much talk about a dole in the present situation, but up until this time I have not had anyone supporting the administration's policy explain to me the difference between a dollar appropriated by a city or a county or a dollar appropriated out of the Federal Treasury."

MARSHALLING THE EVIDENCE OF ACUTE DISTRESS

During the recess in the summer of 1931, LA FOLLETTE continued his independent investigation, sending out a second questionnaire to mayors of cities. On December 9, 1931, a few days after the new Congress assembled, Senators LA FOLLETTE and COSTIGAN introduced separate bills for Federal relief, which were referred to the Committee on Manufactures, of which LA FOLLETTE was chairman.

Hearings on the bills were promptly ordered by Chairman LA FOLLETTE, continuing from December 28, 1931, over the Christmas recess to January 9. On January 21 the La Follette-Costigan bill (S. 3045), combining the two measures, was reported to the Senate, and on February 2 LA FOLLETTE succeeded in having the bill made the unfinished business before the Senate, the debate continuing for 2 weeks.

On February 2 and 3 LA FOLLETTE spoke for 5 hours, marshaling the evidence produced before the committee and compelling the Senate to listen to scores of cases of acute distress among the unemployed and their families.

It was this debate, led by Senators LA FOLLETTE and COSTIGAN, in which reactionary Republican and Democratic leaders were for the first time forced to face the facts and to admit the necessity of immediate Federal aid to cities and States whose treasuries had broken down under the demand for relief.

Unable longer to ignore the array of facts assembled at the committee hearings, old-guard Senators in both the Republican and Democratic camps sought to shift the issue by proposing loans to the States in lieu of the appropriation of $375,000,000 for direct emergency relief proposed in the La Follette-Costigan bill.

SPOKESMAN FOR PRESIDENT HOOVER BITTERLY DENOUNCED THE BILL

After Senator FESS, of Ohio, chairman of the Republican National Committee, and spokesman for President Hoover, had bitterly denounced the bill, Senator BORAH, of Idaho, spoke in reply. He said:

"Mr. President, we seem to have the philosophy of the senior Senator from Ohio in all its naked and hideous ugliness. He takes the position that the National Government should not aid the suffering, the needy, the sick, and the distressed, even though the local government is not taking care of them. * * *

"A few days ago we passed what is known as "the Reconstruction Finance Corporation measure." I do not question now the necessity. I challenge any Senator upon this floor to find the slightest sanction for that measure in any authority that is given to the Congress of the United States. * * * What I am complaining of is that men who voted to take money out of the Treasury of the United States to revive private business are now unwilling to take money out of the Treasury of the United States to preserve human life when we know it to be imperiled. * * *

"We have lodged governmental powers in the people of the United States. This is their Government. It was made for them. They defend it upon the field of battle; they give their lives for it; and when distress comes the Government owes something to the people. * * *

"The senior Senator from Ohio spent considerable time on the system of the dole. He left the floor without defining the dole. * * * There is no proposal here to pay a stated sum to individuals, regardless of whether or not they are in actual need.

"There is nothing proposed in the nature of a dole such as they have in England. * * * There is not the semblance of a dole here. * * * Mr. President, this is a practical proposition. Theory disappears when people are hungry. We may call it a dole, but they call it something to eat.

"I have read almost in full the hearings taken before the committee of which the able Senator from Wisconsin [Mr. LA FOLLETTE] is chairman. That committee did a fine and helpful thing in bringing out the real facts. If anyone thinks conditions have been exaggerated, let him read these hearings. * * * I do not believe conditions have been exaggerated. * * * I sometimes doubt if the Great War itself, with all its suffering and sacrifices, entailed greater misery and more agony of heart than these long, fateful days in the aftermath of war."

"NO MORE INTELLIGENT HEARINGS EVER CONDUCTED"—SENATOR JOHNSON

Senator JOHNSON, of California, took up the cudgels for the measure as the debate continued. He said:

"I want to yield the fullest meed of praise of which I am capable of expression to the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Colorado [Mr. COSTIGAN] for the magnificent work they have done in connection with the measure that is pending now before the Senate, and to say to them, too, that that work, no matter what may be the fate of the bill that is before us now, has not been done in vain.

"No more intelligent hearings, in my opinion, were ever conducted by a Senate committee than were conducted by the committee over which the senior Senator from Wisconsin [Mr. LA FOLLETTE] presides. No more informative hearings have ever been brought to this body than this bill has brought after the deliberations of the committee headed by the senior Senator from Wisconsin. * * *

"The difficulty with the legislation which has been passed thus far by the Congress in this depression has been that it has all begun at the top. * * * Now, sir, finally we come down to the bottom; we come down to those who are little able to aid themselves. * * * For the first time in the history of this depression, thanks to the ability and perseverance of Messrs. LA FOLLETTE and COSTIGAN, we are to deal with men and women and children who demand of the United States Government some sort of relief in this horrid period of distress."

PETITION DENOUNCING "COMMUNISTIC DOLE"

Senator REED of Pennsylvania attacked the bill, declaring the depression would soon end and that the sufferings of the people were not to be compared with those of former panics. Senator KEAN, of New Jersey, a multimillionaire financier, presented a petition from the New Jersey Taxpayers' Association, advocating a sales tax and denouncing the "communistic Costigan-La Follette dole from the Federal Treasury."

On February 16 the bill was defeated by a vote of 48 to 35. All the progressives of both parties in the Senate voted for its passage. For the bill were 19 Democrats, 15 Republicans, and 1 Farmer-Laborite, with 21 Democrats and 27 Republicans against it. Thus a majority of both parties voted to kill the measure.

After the defeat of the bill LA FOLLETTE obtained from the Manufactures Committee a favorable report on a substitute by Senator WAGNER, of New York, providing for reimbursable loans to the States rather than outright grants from the Federal Government. The Wagner bill was reported by LA FOLLETTE from committee on February 29, but the leaders in the Senate permitted no action upon it until it was incorporated in the Emergency Relief and Construction Act of July 21.

Upon the convening of the "lame duck" session of the Seventy-second Congress in December 1932 Senator LA FOLLETTE for the third time addressed a questionnaire to the mayors of cities. The La Follette-Costigan bill was reintroduced, and hearings were held before the Manufactures Committee from January 3 to 17, 1933. The bill was favorably reported on January 27, but on February 20 it was defeated for a second time by a vote of 44 to 28. The "lame duck" session adjourned without action to extend Federal aid to the millions of unemployed workers, estimated to number 12,000,000 toward the close of the fourth winter of the depression.

The bill which passed the Senate on March 30, 1933, abandons the "loan" principle of the Wagner bill of 1932 and provides $500,000,000 for direct grants to the States. Thus the basic principle of the La Follette-Costigan bill has been accepted. After 3 years of struggle the burden of relief is about to be shifted from local and State taxpayers to the Federal Government, which throughout the Hoover administration failed to provide, except by loans, a dollar of Federal funds to aid in the direct relief of the human victims of the depression.

LA FOLLETTE'S FIGHT WILL SAVE MILLIONS

The fight Senator LA FOLLETTE has made for 3 years in the United States Senate—on the floor, in committee, and during recesses of Congress—will not only mitigate human suffering and provide food for men, women, and children on the verge of starvation, but it will likewise reduce, by every dollar of the Federal expenditure, the crushing burden of taxation which the Hoover policy of local relief has saddled upon the owners of homes, farms, and other property subject to State and local taxation. In Wisconsin alone, LA FOLLETTE's fight, which has been carried to complete victory, will save millions to local taxpayers.

During the campaign of 1932 Senator GLASS, of Virginia, and Alfred E. Smith named Senator LA FOLLETTE as one of the few men in Congress who had foreseen the gravity of the depression and brought forward adequate measures to combat it. The people of Wisconsin know that this remarkable record of their senior Senator has been written in the teeth of continuous misrepresentation and abuse from reactionary politicians and a mendacious press within and without the State.

Bob La Follette, the elder, met the same kind of opposition when, almost alone in the United States Senate, he resisted American entrance into the World War and foretold its economic consequences, from which we are suffering today. The people of Wisconsin are fortunate to have another LA FOLLETTE in the Senate with courage, vision, and statesmanship tested and tried in the fires of a national crisis.

EXPANDING THE CURRENCY—ADDRESS BY SENATOR LONG

Mr. OVERTON. Mr. President, I ask leave to have printed in the RECORD a speech delivered by the senior Senator from Louisiana [Mr. LONG] over a network of radio stations of the National Broadcasting Co. from Washington, D.C., on April 21, 1933, on the subject of "Expanding the Currency."

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

Ladies and gentlemen, I am pleased tonight to have the opportunity to speak from coast to coast on the most interesting subject with which we are now dealing in the American Congress. I do not wish to claim a great deal of credit for the events now transpiring, but I do wish to call to your attention, in order that you might understand it from a historical standpoint, the fight which has been going on here in Congress for nearly a year and a half to expand the currency of the United States Government.

There has been a fight, and that fight has been led by Senator WHEELER, of Montana, Senator THOMAS of Oklahoma, and myself, HUEY P. LONG, of Louisiana, undertaking to require the United States Government to supply the people with sufficient money to carry on the business of this country.

In order that I might explain what we have undertaken to do, because it now seems that we have succeeded, though the fight has been arduous, long, and tiresome, and under critical circumstances, in order to explain it, I will make this statement: In 1921 the American dollar, based upon commodity values, was worth about 60 cents. In 1927 and 1928 the American dollar, based upon commodity values was worth $1. In 1932 and 1933, the American dollar, based upon commodity values, was worth $1.60.

Now, let me restate that: In 1927 and 1928 the American dollar was worth 60 cents. In 1928 and 1929 it was worth a dollar, and in 1932 and 1933 the American dollar was worth $1.60. That is, based upon commodity values. That means, ladies and gentlemen, that in the Western States the man who borrowed a dollar in 1921, worth 60 cents, in 1932 had to pay back that dollar worth $1.60—two and a half for one. It broke down the purchasing power of the American farmer; it wrecked economic adjustment of the country; and as a result of it, a paralysis existed in America.

As a result of that condition, or rather as a consequence of it, last year an alleged filibuster was conducted in the Senate, that filibuster having been conducted between three Senators—THOMAS of Oklahoma; WHEELER, of Montana; and LONG, of Louisiana—and brought about a fight to compel expansion of the currency to restore commodity prices in the United States. We made a fight, commonly denominated a filibuster, to require the United States Government to lay down the principles for the expansion of the currency. We announced we would content ourselves with no legislation unless it embodied provision for the protection of the American debtor, so they might deal in American dollars on the basis of the American dollar when they contracted a debt they are now required to pay.

I wish to break in at this moment. I am advised by Frank Russell, the rather peculiar vice president of the National Broadcasting Co. located here in Washington, that tonight marks the eighth anniversary of radio station WSMB, located in one of God's chosen spots, New Orleans. You boys have done a great job in building up your station, WSMB, and I send you my hearty congratulations and best wishes and hope you keep up the great work.

Now, ladies and gentlemen, we are not indulging ourselves in any great fight, but we have made one fight, and one fight only, and that has been a fight for the decentralization of wealth, and I would not have you share any illusion while we are now apparently on the threshhold of success. I would not have you believe for one moment that the expansion of the currency will solve the problem of decentralization of wealth, for which we have fought so long and for which we have undertaken to secure an accomplishment by bringing down the fortunes of the big men and restoring the value of property ownership in the little man.

In order that I might be understood, ladies and gentlemen, let me say this: I was not willing that my fortitude and position in politics be regulated to coordinate to the wishes of Congress or the President of the United States. I regarded our handling of the banking situation as tragical and a menace. We closed so many banks with our banking legislation that from five to six billions of dollars of bank deposits became frozen. I was not in sympathy with that and I have undertaken to bring about a reopening of all banks.

I was not in favor of the economy bill passed by the State administration and the national administration to cut down the amount of compensation paid soldiers of wars fought for America. On the contrary, I felt every veteran of the Spanish-American War and World War should receive what compensation had been allowed him, and I fought against the so-called "economy bill", not only because it failed to take care of veterans of the Spanish-American War and World War, but because it took from the man who was injured money he needed to support himself and family and to undertake to bring himself back to health, safety, and life to come.

Therefore, ladies and gentlemen, I made no pretense on the question. I did not approve of the program on the bank transactions; I was opposed to the so-called "economy bill", and I was opposed to this bill appropriating $250,000,000 of the money of the people of the United States to plant trees in the United States and pay men $1 a day to do it. But, ladies and gentlemen, I went along with the administration because I felt it was better to give it a chance to succeed, however wrong it might be, rather than to have it handicapped by anything that I might do. But later on we undertook to bring about a test vote in the United States Senate to show that we were in favor of an inflation of the currency, or rather an expansion of the currency so there would be enough money left in America to carry on the legitimate business of commerce, agriculture, and various and sundry other transactions.

Late as may have been our success, we are happy tonight to tell you that the President of the United States and the other great statesmen of finance have swallowed our demand, hook, line, and sinker, and tonight, ladies and gentlemen, it appears that the expansion of the currency is but a few moments (based upon world time) when we will have before us a law for the signature of our great President expanding our currency to such an extent that there will be gold and silver and certificates sufficient to carry on and to accommodate the legal requirements of the people of the United States of America. So much for that.

We are happy, ladies and gentlemen; we claim no credit whatever for what we have done. We are glad Senator WHEELER's amendment providing for 16-to-1 silver was passed by a majority vote on the Democratic side of the Senate—the Democrats voted approval. It was defeated only by the fact that a majority of the Republicans voted against silver being remonetized.

Senator WHEELER will go down in our ranks as the leading exponent of advanced thought on expansion of currency. So much for his great name which none of us can share when it comes to accomplishments.

Now, it appears that when we have reconvened Congress on Monday it will be a matter of but a few moments—maybe a few days—when we shall have remonetized silver most probably; we will have expanded currency most certainly, giving the people of the United States a medium of exchange to carry on ordinary and customary transactions, without such paralysis as has handicapped the business of this country in the past few months and years.

I am now going to address myself to another subject—that is, decentralization of wealth. I have been asked to speak repeatedly in the larger cities of the United States and to explain my philosophy of government. This week I spoke in the city of New York. I am again pleased and happy to speak over the Nation's radio system from this Capital, Washington, D.C.

My philosophy, my friends, is not a new philosophy. It is opposed, I believe, because of its simplicity. I have advocated in the land of too much to eat, there should be none to starve. I have advocated that in the land of too much to wear, there should be none naked. I propose that in the land of too many houses, there should be none without homes to live in. In a word, I propose that in a land of plenty, there should not be suffering because there is too much.

I, therefore, have proposed, ladies and gentlemen of America, that we should return to the basic and fundamental laws of our Creator, that we should gain the support of our Government from the big fortunes on the top, and not oppress the man on the bottom in order to carry on and not create a state of social unrest, but a protected and civilized government.

If I might illustrate to you what I propose, I would say that in 1916 the entire United States was startled by the exposure that 60 percent of the wealth was in the hands of 2 percent of the people, and that 65 percent of the people owned less than 5 percent of our wealth, leaving a middle class of 33 percent which owned 35 percent of our wealth. We were startled by the fact that 60 percent of our wealth was owned by 2 percent of the people and 65 percent of the people owned less than 5 percent of the wealth. But, ladies and gentlemen, today the middle class has been wiped out and 90 percent of the wealth of America is owned by from 5 to 7 percent of the people of America; and, as a result of it, we have allowed the wealth of this country to become concentrated into the hands of a few people, resulting in starvation of the masses and in the overloading and overbonding of the great mass, instead of giving over the largest percentage of the wealth to the larger percentage of the people.

As a result of this situation we wonder why, my friends, there is starvation in the land of plenty! The reason is the fact that we have allowed this country to be gradually and steadily accumulated into the hands of a few men; and, as a result of it, a mere handful of men own more of the Nation's wealth today than 95 percent of the population of the United States all put together.

How are we going to counter this proposition? How are we to expect the people of America to exist when a few are allowed to gradually suck through such a system of windpipes and power pipes until a mere minority of 1 percent own more than 60 percent of the entire national wealth?

Why, ladies and gentlemen, it is a condition that cannot survive, under which no country can starve and live, and therefore we propose to the American people tonight that we be allowed to decentralize the wealth of this country and share the wealth of this land and the fruits of this land and the labor of this land among American people rather than have thirteen to fourteen millions of people idle and another twenty to thirty millions of people starving, in order that a mere handful comprising a plutocracy can have a strangle hold on the wealth and industry and thriving agriculture of the entire American public.

For that reason I have proposed in the United States Senate and the lower House of Congress three laws, and they are these: When a man earns a million dollars a year after paying all taxes and expenses he will be required to contribute all over a million dollars to the United States Government. That means a man is allowed to earn net $1,000,000 a year and no more than that; and then we propose, second, that after a man dies with a fortune, that he can give each one of his children $5,000,000 apiece; but that he cannot give more than $5,000,000 to any one child that he has never hit a lick of work to earn, the balance to go to the Government.

Then the third law I have proposed is a capital levy tax. It provides when a man has a fortune of more than a million dollars he shall give 1 percent of all over a million dollars to the Government. It proposes when a man is worth more than $2,000,000 he should give 2 percent of all he owns above two million to the Government. It provides when a man owns more than $10,000,000, he shall give 10 percent of all he owns above ten million and until it finally reaches $100,000,000, and then it provides when a man owns more than $100,000,000, that he shall give everything that he owns above $100,000,000 to the United States Government.

Why? For two reasons. First, when a man has earned $1,000,000 a year, he has earned enough. Then a child has no right starting life with more than $5,000,000; and, third, when a man has accumulated a fortune of $100,000,000 he has enough, and the balance should go to the Government.

That is one reason. The second is that it will give the United States Government $15,000,000,000 a year for the next 10 years. It will give it enough money to balance its Budget of expenses; enough to carry on public works; it will give it enough to carry on all works of public improvement; enough to amply finance the guaranty of bank deposits; and give this country so much money it will not have to levy one dime of taxes on a poor man, but on the bloated fortune status, until there would be no such thing as a man owning more than $100,000,000, and no such thing as a child inheriting more than $5,000,000, and no such thing as one man earning more than $1,000,000 exclusive of interest, taxes, and costs in the course of the year's business. And as a result, my friends, of what we propose it would gradually and finally drag the fortunes off the top; it would reduce the swollen fortunes of the few and raise the status of the common, ordinary American citizen from the bottom until he would steadily reach a place in American society, and thereby allow the farmer and laborer to share the benefits and welfare of the American people, rather than creating a condition of serfs and unemployment on the bottom and lords on the top, as has been, due to the system of bloated plutocracy, as we are now experiencing.

And now that I cannot illustrate to you further, having only a few more minutes left me, let me say we are not the enemies of the rich. We are not the enemies of industry. We are not the enemies of the plutocrat. On the contrary, we are their greatest friends. We are undertaking to cause America and its ideals to survive. And we are told the philosophy of Jefferson and Lincoln and Jackson was that unless the fruits and profits of the land are spread among the people, no country can survive. We know what these leading statesmen said is now true.

We have too much corn, cotton, wheat, and oats; and yet our people are starving. Too much to wear and yet we have our people with nothing to wear. So many big houses, the loan companies, and building and loan associations cannot carry them in their portfolios, and the United States Government must market them through other process. Too much to eat and people starving. Too much to wear and people go naked. Too many homes and houses and people going through the lands and highways and byways with no place to lay their heads, because there is nothing they can find as a resting place, simply because the wealth of the land has been concentrated into the hands of the few.

We do not propose to take luxuries away from the rich and wealthy. We do not propose to take away from them one thing they can enjoy, but we ask a law that requires the wealth of the land to be reasonably distributed among all of the people, so in the land of too much to eat there is no such thing as a starving man; so that in the land of too much to wear no one shall go naked; so in the land of too much in the way of houses and homes people do not walk the highways and byways looking for a place whereon to rest their head when nighttime comes. We ask a law scraping the wealth from the top to accommodate the man on the bottom, taking from a man that which he does not need and giving to a man that which gives him life.

We ask for laws that do not permit in the land of plenty starvation, pestilence, consumption, and riot. That will mean that the fruits and profits and fortunes of the land will be shared by the people of all of the land and not concentrated into the hands of the few until there is stagnation at the top and misery wide-spread at the bottom. I thank you.

AN HONEST DOLLAR BY THE USE OF SYMMETALISM

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have inserted in the RECORD an address entitled "An Honest Dollar by the Use of Symmetalism", delivered by R. B. Ketchum, dean of the School of Mines and Engineering, University of Utah, before the engineering council at the University of Utah April 17, 1933.

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

The new book by Warrum and Pearson, of Cornell University, tells us that in 1888 Marshall proposed to the British gold and silver commission the plan that is called "symmetalism", as follows (p. 161):

"I propose that currency should be exchangeable at the mint or issue department, not for gold but for gold and silver. * * * I would make up gold and silver bars in gram weights so as to be useful in international trade. A gold bar of 100 grams, together with a silver bar, say, 20 times as heavy, would be exchangeable for currency."

The gold standard has failed as a satisfactory money base. Two nations, the United States and France, have cornered gold and it has depreciated in purchasing power to such an extent prices of all commodities have reached unprecedented low levels, and these prices are still skidding to lower levels. The recent deflationary measures used to balance budgets will cause prices to go still lower and the trend of the business curve is still downward on a steep grade. The process of writing off mortgages, voluntary lowering of debts, salaries, budgets, etc., are unable to catch up with declining revenues because of the accelerated velocity of deflationary processes. Prices must be made to rise. More dollars must be awarded to producers of raw materials from the farms, mines, and forests, upon whom all industry depends. That the low prices are due to the appreciation of the cornered gold dollar and not to overproduction is easily shown by facts and figures relative to production. For example, our national income from our greatest industry—agriculture—has fallen from 12 billions to 5 billions. Anything that is done artificially to stimulate industry by the expenditure of a few paltry millions on construction or otherwise has little effect on making up this annual deficit of 7 billions in this one industry. The same thing has happened in all industries, making an enormous annual deficit in our annual income.

I quote from the Business Week, of April 12, 1933:

"We think too highly of the intelligence of President Roosevelt and his advisers to suppose for one moment that the administration believes it has done anything as yet toward reviving business—save perhaps the 3.2 percent of stimulation that beer may give. To be downright frank about it, virtually everything done so far has been deflationary. Some $15,000,000,000 of bank deposits have been frozen; farm mortgages, which are really bank deposits and life-insurance policies, are about to be destroyed in part; some of the city consumer's income is about to be transferred to the farmer; issue of new securities is to be made more difficult; Government employees are losing jobs; spending power has been taken away from pensioners to the amount of a half billion dollars a year.

"Why, then, is the business world so hopeful? Just because we all believe the administration will not stop here; because the country has faith that the steps thus far taken are but the preliminaries toward constructive action.

"Washington has been doing an overhaul job on the automobile. The idea is to get it so it will run, cleaning out the gas line through which money flows from tank to motor, fitting a set of serviceable brakes to the securities markets, greasing the springs which must take the road jolts. All this is important, even necessary. But some day, not too far ahead, it will be necessary to fill the tank with gas, step on the starter, and try to go places. What brand of gas? How much?

"At that moment we shall catch our first glimpse of the real underlying philosophy of the administration or discover whether it has any fundamental program for recovery. There is evidence, both direct and inferential, that it has. Our own advices are that the administration realizes as fully as anyone that the only thing that can help business is the creation of jobs, and that it is concentrating on plans.

"The evidence of circumstances is even stronger. Nothing the administration does is going to make business much worse. 'Don't rock the boat' is a dead slogan. The Democratic Party cannot stay in power by the process of doing nothing to disturb the existing order. It was put into power for the specific purpose of changing things. The mere preliminary indications of vigorous action have aroused the country to enthusiasm. The administration must be perfectly aware of that, and aware, too, that the enthusiasm will die as quickly unless the fundamental problem of business recovery is attacked and prices improved.

"Plans include, it is to be surmised, direct employment by the Government, and perhaps the use of Government funds as bait to stimulate industry to put up funds of its own to undertake new enterprise and thus to employ more people.

"No doubt every effort will be made to avoid direct currency inflation. But the money must be provided somehow. Perhaps there will be great bond-selling campaigns. Cleaning up the banks and rebuilding confidence in the securities market would make sense as the first steps to prepare for such an appeal to the public.

"The program, when it emerges, is certain to shock the conservatives. But there aren't as many conservatives as there were 4 years ago. Most business men nowadays realize that all the old and orthodox policies have been tried and have failed. Not all men realize how greatly the economic world has changed since classic economists taught that depressions cured themselves, but the country senses clearly enough that the times demand new patterns of thought and of behavior. It is prepared for bold experiments. Inaction is the one thing it will not forgive."

Now is the greatest opportunity the West has had in years to exert an influence that will not only help the West but also the whole Nation, and the whole Western Hemisphere. Price levels must stop declining. They must rise. This can be accomplished by symmetalism. What is symmetalism? Simply this: Instead of the present gold base of 23.22 grains of pure gold let us follow the ideas proposed by Marshall and use 11.61 grains of gold and 185.625 grains of pure silver. Instead of gold only we then use gold and silver in the ratio of 16 to 1. Note this is very different from free coinage of silver, and this plan is entirely free from the objections raised against bimetallism as formerly proposed.

I propose symmetalism for the following reasons:

1. The Western Hemisphere produces most of the world's silver. After the war the European nations debased their silver coinage to make it go farther for their uses.

2. The British Empire produces 80 percent of the world's gold. We should debase our gold dollar for our own protection exactly for the same reason as used on silver by European nations.

3. Using silver always with a fixed amount of gold as our money base will protect us against undue inflation.

4. When silver is accompanied by the gold there can be no such thing as the silver driving out the gold as in free coinage of silver at a ratio of 16 to 1.

5. The vast potential market of the Orient may be developed under this system in a way that is impossible with the gold standard.

6. This will help solve the international-debt question by making it easier for Europe to liquidate obligations.

7. This gold-silver dollar will become the unit on the Western Hemisphere.

8. This will give us higher prices by cutting down present purchasing power of the appreciated and cornered gold dollar.

9. This will tend to depreciate gold and appreciate silver.

10. When business increases and more money is needed our money base will be larger and will provide an ample supply of currency.

11. This will help start production in all nonferrous mines.

THE AMERICAN NAVY—ITS STANDING AND NEEDS SURVEYED

Mr. TRAMMELL. Mr. President, I present an article appearing in the Sunday New York Times, entitled "The American Navy: Its Standing and Needs Surveyed", which I ask may be published in the RECORD.

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

[From the New York Times, Apr. 23, 1933]

THE AMERICAN NAVY: ITS STANDING AND NEEDS SURVEYED—COMPARED WITH THE BRITISH AND JAPANESE FLEETS, IT IS MARKEDLY BELOW TREATY STRENGTH IN MODERN SHIPS, WITH DEFICIENCIES IN CARRIERS AND CRUISERS AND IN NEW SUBMARINES AND DESTROYERS

By Hanson W. Baldwin

Today, more than at any time in the last decade, our naval needs are subjects for headlines. With the disarmament conference at Geneva apparently faltering toward a futile conclusion, with Europe an armed camp fearful of the future, with Japanese and Chinese armies on the march, and with guns booming in South America, the question of the strength of our fleet again becomes of paramount interest.

A new Secretary of the Navy now directs the destinies of our naval arms. He is responsible to a President who, having served as Assistant Secretary of the Navy during the World War, has kept in constant touch with naval developments.

What have been those developments? What is the standing of the American Navy today? What are its weaknesses? What remedies for the weaknesses have been suggested?

I. The treaties

The fleet today is restricted and to a large extent defined by the provisions of two naval treaties: the Treaty of Washington, signed in 1922, and the Treaty of London, signed in 1930. The Treaty of Washington, the first in history actually limiting naval armaments, was ratified by the United States, Great Britain, Japan, France, and Italy. The London Treaty met the approval of the three greatest sea powers—Great Britain, the United States, and Japan—but France and Italy refused to subscribe to its terms and hence are not bound by its provisions.

The Washington Treaty is valid until terminated by one of the five contracting nations upon 2 years' notice, but the London Treaty expires on December 31, 1936, unless its provisions are extended or revised by another naval conference before that time. Such a conference is provided for in the terms of the London Treaty, and is scheduled to be held in 1935, unless prior agreements are reached at the disarmament conference at Geneva.

It was at Washington that parity—equality in combatant ships with the world's greatest sea power (then and now Great Britain)—was officially made the American naval policy, and it was at Washington that the now famous 5–5–3 ratio was evolved. That ratio was originally intended to apply to the entire fleet strengths of the United States, Great Britain, and Japan, but since no agreements as to the limitations of cruisers, destroyers, and submarines could be reached it was applied only to capital ships (battleships and battle cruisers) and aircraft carriers.

BATTLESHIP TONNAGES

The treaty fixed the total capital-ship tonnage at 525,000 tons each for the United States and Great Britain, 315,000 tons for Japan, and 175,000 tons each for France and Italy. The total tonnage of aircraft carriers was fixed at 135,000 tons each for the United States and Great Britain, 81,000 tons for Japan, and 60,000 tons each for France and Italy. Thus the ratio for capital ships and carriers of the United States, Great Britain, and Japan was fixed at 5–5–3, or 10–10–6.

Certain experimental vessels in excess of the stipulated tonnages were allowed the various nations, and under this arrangement the United States retained the aircraft carrier *Langley*. Individual capital ships and aircraft carriers were limited by treaty terms in size and in armament, and the age of capital ships and carriers was fixed at 20 years, after which they could be replaced. Vessels of other types, however, were unlimited, except as to maximum size (10,000 tons) and maximum size of guns (8 inches).

THE LONDON CONFERENCE

The Washington Treaty failed because of its incomplete provisions to halt naval building, and the London conference was called in 1930 to supplement it. At London, Great Britain (that is for treaty purposes the British Empire), Japan, and the United States agreed upon a capital-ship building holiday to last until the end of 1936, thus postponing their rights to replace their over-age battleships and battle cruisers. In addition, the United States scrapped 3 capital ships, Great Britain 5, and Japan 1. Each of these nations was allowed to retain one of these ships, demilitarized, for training purposes. As modified by the terms of the London agreements, the capital-ship quotas now stand as follows:

Great Britain: 12 battleships, 3 battle cruisers; total tonnage, 473,650.

United States: Fifteen battleships; total tonnage, 453,500.

Japan: 6 battleships and 3 battle cruisers; total tonnage, 272,070.

But the principal achievements of the conference at London were the successful efforts to define and to limit the cruiser, destroyer, and submarine categories. Certain vessels which did not come within the definitions of any of these types, or which were termed experimental, were allowed to be retained in excess of set tonnages. In general, however, the limiting tonnages were definitely fixed.

Cruisers were divided into two classes: class A, with guns more than 6.1 inches in caliber, and class B, with guns of 6.1-inch caliber or less. In class A cruisers the United States was limited to a total of 180,000 tons, Great Britain to 146,800, and Japan to 108,400. In class B cruisers the United States was allowed 143,500 tons, Great Britain 192,200 tons, and Japan 100,450 tons.

In the destroyer class Great Britain and the United States were allotted 150,000 tons each, and Japan 105,450. In submarines each of the three nations was allowed 52,700 tons.

The effect of these provisions was to change the Washington ratio in Japan's favor. The new ratio, instead of being 10:10:6, became officially Great Britain 10, United States 9:8 and Japan 6:3, though the United States obtained the right, if it desired, to attain a ratio of 10 by building the same tonnage of A and B cruisers as Britain.

In class A cruisers the United States is permitted under treaty terms to complete 15 cruisers by 1935; but the 3 additional cruisers of this type she is allowed to build must not be completed before 1936, 1937, and 1938, respectively. The treaty permits each of the signatories to construct not more than 25 percent of its total cruiser tonnage as so-called "flying-deck cruisers."

AGE LIMITS FIXED

The age limits of cruisers, destroyers, and submarines, after which replacements were to be permitted, were fixed by the treaty. Cruisers and destroyers laid down before January 1, 1920, were to be replaceable 16 and 12 years, respectively, after completion; but those laid down after that date were not to be replaced until after 20 and 16 years, respectively. Submarines were to become "overage" and replaceable 13 years after completion.

Keels of destroyers built for replacement purposes must not be laid down more than 2 years before the vessels to be replaced became "over-age"; in the case of other vessels the time was extended to 3 years.

The treaty provided that any vessels in excess of the maximum allowed tonnages must be disposed of by the end of 1936; in other words, the total tonnages for each class at that time must not exceed the limits as itemized above and as collated in table I.

TABLE I.—*Tonnage limits under treaties*

	United States	Great Britain	Japan
Capital ships	525,000	525,000	315,000
Aircraft carriers	135,000	135,000	81,000
Cruisers A	180,000	146,800	108,400
Cruisers B	143,500	192,200	100,450
Destroyers	150,000	150,000	105,450
Submarines	52,700	52,700	52,700
Total	1,186,200	1,201,700	763,000

II. The navies today

The Washington Treaty undoubtedly was a major milestone in the history of navies, and many believe that the signing of that document was the beginning of what has been recently described as the "decadence" of the United States Fleet.

Prior to the Washington Treaty, by the terms of which the nations scrapped some 1,800,000 tons of fighting ships, built, building, and authorized, the United States Fleet was well on the way to becoming the world's most powerful. By far the greatest and most powerful battleships and battle-cruiser fleet in the world was on the ways in American shipyards in 1921.

SCRAPPING BY AMERICA

In 1924, if the Washington Treaty had not been signed, the capital-ship ratios of the three leading powers (with allowance for age) would have been as follows: United States, 815,467 tons; British Empire, 447,469 tons; Japan, 400,806 tons. The United States, under the terms of the treaty, scrapped 28 battleships and battle cruisers, a larger and stronger Navy than it retained.

Our destroyer fleet, turned out at the rate of one or more a month to meet the menace of the German submarine campaign, was hastily built, but it was modern, and it was far larger than that of any other power. In submarines we were numerically superior to other nations. Only in cruisers and auxiliaries were we inferior, and these were deficiencies which at that time were not so marked as they are today.

Compared with a built fleet tonnage of 1,960,480 for Great Britain in 1921, the American-built tonnage was only 1,289,463, but the United States had 734,926 tons of warships either under construction or authorized, compared with 215,380 for Great Britain. Japan's built tonnage was 523,689, and she had 805,188 tons of warships under construction or authorized. Adding together the tonnage built, building, or authorized would have given the United States a total of 2,024,389 tons, compared with 2,075,860 for Great Britain and 1,333,877 for Japan, with every prospect that the United States would pass Britain in a few years.

The treaty signed in 1922 changed the entire picture. It not only halted our building program but, according to views often expressed by Capt. Dudley W. Knox, United States Navy, retired, and other prominent naval officers, it marked the beginning of the "eclipse of American sea power."

From a position rapidly approaching marked superiority in naval strength, we adopted, by the treaty, the policy of parity. But in the years that followed this was a policy more honored in the breach than in the observance. While other powers built cruisers, destroyers, and submarines, in this country we rested on the laurels of our war activities, our ships grew old without replacements, and our treaty quotas were never filled.

Moreover, since naval strength, like everything else, is relative, and since the strength or weakness of our sea power must be gaged by the fleets of other powers, the change in ratio at London, though slight, was considered by naval officers a still further reduction in the strength of our fleet.

OUR PRESENT STANDING

Since the Treaty of London we have done practically no building except in the class A cruiser category, so that we are today in "under-age" or "modern" ships well below our treaty quotas in practically every type of warship. If "over-age" or "obsolete or obsolescent" vessels are included in the totals, the United States is well above its treaty quotas in destroyers and submarines, but such "over-age" ships as are in excess of treaty tonnage totals must be disposed of before the end of 1936, and since they are of dubious fighting value, they are not generally reckoned in comparing the strengths of the fighting fleets.

Table II gives the figures for 1933 in "under-age" and "overage" vessels.

TABLE II.—*Naval strength of the 3 leading sea powers in 1933*

	Under-age vessels						Over-age vessels					
	United States		Britain		Japan		United States		Britain		Japan	
	Number	Tons	Number	Tons	Number	Tons	Number	Tons	Number	Tons	Number	Tons
Capital ships	14	429,000	15	473,650	9	272,070	1	26,100				
Carriers	3	77,500	6	115,350	4	68,870						
Cruisers A	10	92,850	19	183,686	12	107,800	1	7,350			2	15,720
Cruisers B	10	70,500	24	114,020	17	81,455			9	36,885	3	11,920
Destroyers	14	16,560	40	52,849	72	93,205	237	250,910	116	123,490	31	28,680
Submarines	51	51,290	34	40,614	69	76,408	31	16,500	20	10,710	2	1,434
Total	102	738,000	138	980,169	183	699,808	270	300,860	145	171,055	38	57,754

A NAVAL OFFICER'S SUMMARY

The late Rear Admiral W. A. Moffett, United States Navy, recently declared:

"We have done almost no building as compared with the other signatories to the Washington Treaty. Since 1922 Japan has laid down or appropriated for 164 vessels, totaling 410,000 tons; Great Britain, 148 ships, totaling 470,000 tons. In the meantime the United States has appropriated for the niggardly total of 40 ships of 197,000 tons. The British and Japanese building programs have comprised practically every class of combatant vessel and have maintained their navies very nearly up to the full treaty strength.

"Moreover, it has been published in the newspapers of Japan that a navy consisting of cruisers, destroyers, and submarines would be built for the State of Manchukuo. Such a navy, of course, would not be subject to treaty limitations. Great Britain has just appropriated $24,000,000 for new vessels, and Japan has increased not only her navy but also her naval air force.

"Where does that put these various navies now, 10 years after the United States had a navy the equal of any in the world? In under-age, modern ships, Great Britain has 82 percent of her allowance, or 138 ships; Japan has 95 percent of her allowance, or 183 ships, and the once proud United States lags behind with only 102 ships, or 61 percent of her allowance."

Since the Treaty of London expires in 1936 and the contracting parties have agreed to meet in 1935 to frame a new treaty to replace it, the navies of all nations have been looking forward to 1935, and admirals and naval secretaries have been endeavoring to secure sufficient appropriations to build up to treaty strength before that time and thus place their own fleets in favorable positions before further negotiations are started.

THE STATUS IN 1936

In a recent communication to Representative HENRY T. RAINEY, of Illinois, Charles Francis Adams, former Secretary of the Navy, compared the numerical ship strengths of the United States, the British Empire, and Japan in 1936, provided all ships now authorized by the Governments of the three countries are completed, but no others. His comparison is based on the assumption that all signatories to the treaty will dispose of all tonnage above treaty quotas by that time and will complete all ships now authorized which may by the terms of the treaty be completed before that time.

By 1936, according to Mr. Adams' table, this country will have to dispose of many of the old destroyers which are now in excess of our treaty allowance, but will have only 12 new ones to replace them. His statistics, compiled in table III, give a picture of the numerical strength of the three principal navies for 1936.

TABLE III—*Estimated strength in 1936*

	United States			Britain			Japan		
	Under-age	Over-age	Total	Under-age	Over-age	Total	Under-age	Over-age	Total
Capital ships	8	7	15	4	11	15	5	4	9
Carriers	3	1	4	6	------	6	4	------	4
Cruisers A	16	------	16	15	------	15	12	------	12
Cruisers B	10	------	10	17	9	26	18	------	13
Destroyers	12	115	127	56	49	105	70	6	76
Submarines	20	33	53	36	7	43	47	------	47
Total	69	156	225	134	76	210	156	10	161

In his letter Mr. Adams emphasized our scarcity of "under-age" ships. "Unless we keep pace with the cosigners of the treaty in providing new ships in advance", he wrote, "American officers and American men must fight in old, less powerful, less reliable, and perhaps even less numerous vessels than their adversaries."

III. The weak spots

The trend of American sea power since 1921 and the relative strength of the fleet today have been told in part by the foregoing statistics and comments. But figures never tell the whole tale and there is much of importance about which the public never hears. It is fairly generally agreed that the Navy has needs, but just what are those needs, and what the defects of the fleet?

Briefly put, the greatest needs of the fleet are new ships to replace our outworn destroyers and submarines and additional carriers and cruisers.

Deterioration has proceeded to such an extent, particularly in the destroyer squadrons, that one third of the fleet's operating time is allotted to material upkeep and overhaul. That is exclusive of the 2 months in every 18 that each ship is scheduled to spend in a navy yard, undergoing docking and major repairs. Seventy million dollars have been spent since 1922 in the modernization of our older battleships, and the annual bills for upkeep and repair of many of our old ships are 1½ to 2 times the annual upkeep cost of modern vessels. The annual repair bill of a new destroyer is about $25,000; for our old ships it is roughly $40,000 to $50,000.

BREAKDOWNS OF MACHINERY

Engineer officers of destroyers have a constant struggle with breakdowns of machinery parts of both minor and major character, and officers and crews have to labor long and hard to keep the ships running. Minor accidents have been caused by failure of worn-out machinery parts, and the frames and plating of many of the destroyers have become dangerously corroded.

One high-ranking officer of the fleet recently declared that our destroyers are so badly outclassed by the more modern ships of other nations that they would be but little better than "man traps" in case of war. Not only are our destroyers outgunned and outspeeded but few of them have sufficient cruising radius to cross the Atlantic without refueling, and none is capable of crossing the Pacific without refueling.

In addition to our deficiency in modern destroyers, our fleet has no destroyer leaders, and the lack of these little flagships is seriously felt, the Navy has declared.

The state of our submarine flotillas is not comparably as serious as that of the destroyers, but many of the older submersibles, which are already "over-age", are obsolescent and are becoming increasingly difficult and expensive to maintain.

The state of the air arm of the United States Fleet is excellent. Our naval air force as a whole is undoubtedly far more advanced in tactics and operations and is far more efficient as a fighting unit than the flying arm of any other fleet. Its mobility and its ability to concentrate a great number of planes at a given point is hampered, however, by our scarcity of carriers. The *Saratoga* and the *Lexington* are serviceable, but they are far too large and expensive for efficient operation, and they are not able to handle planes as expeditiously as is desirable. The *Langley*, an old, experimental ship, with capacity for only 40 planes, is the only other carrier in commission.

THE NEW "RANGER"

The *Ranger*, the 13,800-ton ship now building at Newport News, is the first American vessel to be built as a carrier from the keel up. She will be much smaller than the *Saratoga* and *Lexington*, thus presenting a smaller target to enemy guns, and with 3 elevators from hangar to flying deck, instead of 2, she will be able to handle her planes much more speedily than the larger carriers. Her addition to the fleet will fill a long-felt want, but she only meets part of the flying fleet's requirements. More carriers are still stressed as the greatest need of naval aviation, together with additional planes to man those carriers, planes of longer range and higher speed.

The cruiser problem has to some extent been solved by the recent addition to the fleet of the new 10,000-ton cruisers of the 8-inch-gun type, classed as cruisers A in the tables. These ships, despite their obvious and definite defects of design and construction, are considered highly valuable fighting units. Ten of them are already commissioned; 5 more of the 18 allowed us under the treaty are building; 1 other which cannot be completed according to treaty terms until 1936 has been appropriated for; and 2 others have been authorized and will probably be completed, if appropriations are forthcoming, in 1937 and 1938.

In the cruiser B category, which includes ships with guns of 6.1-inch caliber or less, our deficiency is more evident. Ten of these ships of the *Detroit* class, which were added to the fleet shortly after the Washington Treaty was ratified, are still in service, but we are still well short of the London Treaty quota for cruisers of this type. We have no flying-deck cruisers, and naval authorities, recognizing the increasing importance of the fleet air arm, wish to build 1 or 2 of these ships as soon as possible.

CAPITAL SHIPS

There is already agitation for battleship planning, although no capital-ship keels can be laid down before 1937. It has been suggested that designs be prepared for new battleships to replace such vessels as the *New York* and *Texas*, which, though modernized, are well outranged by the battleships of other powers. There is also demand on the part of many naval officers for higher capital-ship speed; none of our battleships is as fast as many of the foreign capital ships. Even the *West Virginia*, *Colorado*, and *Maryland*, the newest and most powerful battleships in our Navy, were criticized recently in Brassey's Naval Annual for what was described as their slow speed, deficient gun power, and inadequate armor protection.

Certain naval officers believe that some of our allowable capital-ship tonnage should be put into battle cruisers when the time comes for replacement building. This country has no battle cruisers; Great Britain has 3 and Japan 3.

All together, as compared with our treaty allowances, we are, or soon will be, short in "under-age" vessels 3 to 4 aircraft carriers (depending on size), totaling 55,200 tons; 7 cruisers, totaling 73,000 tons; 89 destroyers, totaling 133,500 tons; and about 20 submarines, totaling 25,630 tons. Two of the 8-inch-gun cruisers, though authorized, have not been appropriated for, so that the Navy needs about 121 ships of all types, totaling almost 300,000 tons, if it is to reach treaty strength.

OTHER ASPECTS

The question of readiness for war has more aspects, however, than merely that of up-to-date equipment. Our fleet today is ill prepared for a possible conflict, naval officers say, not only because of its numerical weakness and the obsolescence of many of its units, but because many of the ships are not in full commission, and most of them are undermanned.

We actually operate only 101 of the 251 destroyers we possess, and only 72 of those are in full commission—that is, ready for action immediately; 19 of the 101 are in the "rotating reserve" status devised by Admiral W. V. Pratt, retiring Chief of Naval Operations, and 10 others are in reduced commission; 42 of our 82 submarines are in full-operating commission. All of our aircraft carriers and cruisers are in full commission, but 3 of our 15 battleships are undergoing complete modernization which will require from 6 to 18 months to complete; and another, the *Arkansas*, is in use as a training ship in reduced commission.

All of the vessels, except submarines, are operating with about 85 percent of the enlisted complement that would be required in time of war.

IV. Proposed remedies

To the end of bringing the Navy up to treaty strength several bills were introduced in the last Congress. One, of which Representative VINSON of Georgia was the author, was primarily a replacement measure—a bill designed to replace our outworn ships and to add new ships in categories in which we are under treaty quotas over a period of years. It called for the construction of 120 ships at a total cost of $616,000,000, to be laid down progressively and gradually over a 10-year period. Its schedule provided about $18,000,000 for construction in 1933, increasing to a peak cost of about $90,000,000 in 1937.

LONG-TERM PROGRAM URGED

This bill would not have brought the fleet to parity by 1936, but the possibility of achieving this has been abandoned as not only chimerical but undesirable, because of the "lump" construction it would necessitate; and a long-term, reasoned, progressive building and replacement program providing for the gradual building up of the fleet and for replacements to keep it modern and up-to-date is favored by naval students in Congress.

The Hale bill, which passed the Senate at the last session, was in the form of a general authorization for the building of the Navy up to treaty strength.

A more recent measure, which has the approval of a number of administration supporters in Congress, including Representative VINSON, has attracted a great deal of comment. It calls for a construction program of 20 destroyers, 5 light cruisers, 4 submarines, and 1 aircraft carrier, at a cost of $230,000,000, to be spread over a 3-year period.

A PART-WAY MEASURE

This program, though a step toward parity, provides for only one third of the number of new ships that will be needed by 1936 to achieve such parity. It is clearly a concession on the part of "big Navy" supporters to the economic conditions of the country, even though the bill bears the ostensible label of unemployment relief. It does, however, represent a partial answer to the Navy's most pressing need—new ships—and, if enacted, it will undoubtedly be followed eventually by other legislation designed to bring the fleet to practical, rather than theoretical, parity.

Naval officers feel that immediate action on a replacement program of some sort is necessary. Vice Admiral W. H. Standley, who is mentioned as the probable Chief of Naval Operations to succeed Admiral Pratt, retiring, summed up the Navy's viewpoint succinctly when he said: "The greatest need of the American Navy today is a replacement program for the ships we have, and I don't mean a building program; I mean a replacement program. As Admiral Hugh Rodman used to say: 'Trying to operate a fleet which we do not keep up to date is about as useless as entering a jackass in the Kentucky Derby.'"

GOVERNMENT FINANCE

Mr. DICKINSON. Mr. President, I ask unanimous consent to insert in the RECORD an editorial by Lawrence Sullivan bearing upon the subject of Government finance.

Without objection, the editorial was ordered to be printed in the RECORD, as follows:

PAPER SAVINGS

By Lawrence Sullivan

Hasty and quite informal calculations in the Bureau of the Budget have provided material this week for dangerously misleading reports to the effect that something more than $1,000,000,000 has been slashed from the Federal spending program for the fiscal year 1934, which begins next July 1. The figure is alluring in the headlines, but upon analysis the "economies" take place beside that invincible paper Navy which, a few years back, gave the United States undisputed hypothetical supremacy on the high seas.

Among savings tabulated in the $1,000,000,000 economy chart to date is an item of $250,000,000 to be realized in departmental reorganization. Thus far the only reorganization consummated is in the farm-credit agencies. Here the consolidation has been achieved by the President's Executive order. But as yet there has been no actual reduction in administrative expenses. On the contrary, new subordinates have been added to Director Morgenthau's staff. Operating expenses of this branch of the Government today are greater, not less, than 6 weeks ago.

Another item in the Budget Bureau's calculations contemplates combined reductions of $190,000,000 in Army and Navy expenditures next year. In the Navy $45,000,000 of this "economy" is mere bookkeeping, to be realized by transferring outlays for additions to the fleet from the current budget to a new sort of capital investment account. In the Army another $54,000,000 authorized for river and harbor works is "saved" by the same process, to be transferred later to the new public-works budget. After deducting these two items of pea-under-the-thimble bookkeeping, the net Army and Navy economies come to $101,000,000—not one dollar of which has been actually realized by statute or Executive proclamation.

Similarly, the post-office reductions are tabulated at $75,000,000, but only $30,000,000 of this amount has been realized.

Actual reductions in expenditures thus far ordered are about $400,000,000 a year in veteran awards, to begin July 1, and $100,000,000 in Federal salaries.

Against these total savings of $500,000,000, however, there rests the State-aid relief program, which calls for the same amount; the vast administrative machinery called for in the farm-commodity bill, the undeterminable charge against the Budget which is contemplated in the farm-mortgage bill to guarantee interest, and the unknown levy to be fixed against the Budget by the urban mortgage guaranty.

Plans have been launched which may require eventually as much as $8,000,000,000 in new Government credits, or Government-guaranteed securities.

It is impossible, of course, at this phase of the legislative program to calculate the net results for 1934 in anything but approximate round numbers. But even these figures serve well to present the entire picture of the Federal fiscal phantasmagoria today.

The final Budget estimates for 1934, submitted to Congress last December, showed a net deficit of $307,000,000, which, added to the $534,000,000 for statutory debt retirement, produced a red-ink "balance" against the Treasury aggregating $841,000,000 for the year. Last week President Roosevelt said that the December estimates of income taxes must be reduced by 20 percent. This increases the basic deficit for 1934 by approximately $200,000,000. The continued decline in postal revenues will further increase this prospective deficit by something like $50,000,000. Another $60,000,000 must be added to take account of appropriations enacted in the last session of Congress which were over and above the Budget. On this basis the primary deficit for 1934 stands at $1,151,000,000.

This deficit now must be further increased by estimated new charges as follows:

Increased interest	$50,000,000
Relief	200,000,000
Farm bill, if enacted	100,000,000
Total	350,000,000

These additions bring the basic deficit for 1934 to $1,501,000,000. Partial offsets against this deficiency of revenues are:

Veterans' cuts	$450,000,000
Pay cut	100,000,000
Beer tax	125,000,000
Gasoline tax	137,000,000
Total	812,000,000

After deducting all the economies actually realized to date, and after adding all the new revenues hoped for, the final deficit for 1934 stands as of today at $689,000,000—if no additional expenditures are sought for the railroad program, Muscle Shoals and other extensive projects which are to come up in Congress next week.

As of June 30, 1934, therefore, Uncle Sam's deficit ledger will stand:

1931	$902,716,845
1932	2,885,362,299
1933	1,146,000,000
1934	689,000,000
Total	5,623,079,144

This steadily accumulating and still expanding excess of Federal outlay over Federal revenues explains completely why the United States, the most energetic and resourceful and the most richly blessed Nation on the face of the earth, is writhing today in the first agonies of an inflation orgy.

Obscure methods in accounting and inspired headlines in the newspapers will not hide the ultimate facts about the Federal finances.

No nation in modern history has experienced four successive budgetary deficits without heading for inflation.

No nation in all the history of the world ever has squandered itself out of a depression.

Soon or late the Government's Budget must be balanced.

Then, not before, recovery may begin.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. THOMAS of Oklahoma. Mr. President, the issue pending before the Senate is embodied in an amendment offered to House bill 3835, a measure proposing to relieve the existing economic emergency by increasing agricultural purchasing power.

This amendment has for its purpose the bringing down or cheapening of the dollar, that being necessary in order to raise agricultural and commodity prices. This amendment having been completed in the main on Saturday, I have offered it to the pending bill, to be known as part 6, and to come at the end of the original bill.

The amendment as now pending before the Senate contains about four specific and definite propositions. The first part of the amendment has to do with conditions precedent to action being taken later. The second part of the amendment, if enacted into law, will provide that the Federal Reserve Board may initiate an open-market policy of buying outstanding Government bonds, paying for such bonds the total sum of $3,000,000,000 in the form of Federal Reserve notes. The second proposition, if enacted into law, will provide, if the first $3,000,000,000 are not sufficient to cheapen the dollar and to increase commodity prices, that then the Treasury shall have the power to issue a second $3,000,000,000 of Treasury notes for the purpose of meeting maturing Federal obligations and purchasing outstanding interest-bearing obligations of the Government, to the end that $3,000,000,000 more may be placed in circulation.

The third proposition provides that, if it is found necessary, the President, after investigation, may proceed to exercise the power conferred by the bill by reducing the gold content of the dollar.

The fourth proposition as now embodied in the amendment provides that the President, within his discretion, may accept the sum of $100,000,000 in silver at a price not exceeding 50 cents per ounce in payment of the interest due or principal owed us by foreign nations.

Mr. President, the amendment, in my judgment, is the most important proposition that has ever come before the American Congress. It is the most important proposition that has ever come before any parliamentary body of any nation of the world. Saving the single issue of the World War, there has been no issue joined in 6,000 years of recorded history as important as this issue pending here today.

Mr. President, it will be my task to show that if the amendment shall prevail it has potentialities as follows: It may transfer from one class to another class in these United States value to the extent of almost $200,000,000,000. This value will be transferred, first, from those who own the bank deposits. Secondly, this value will be transferred from those who own bonds and fixed investments.

I want to make that statement clear. No issue in 6,000 years save the World War begins to compare with the possibilities embraced in the power conferred by this amendment. Two hundred billion dollars now of wealth and buying power rests in the hands of those who own the bank deposits and fixed investments, bonds, and mortgages. That $200,000,000,000 these owners did not earn, they did not buy it, but they have it, and because they have it the masses of the people of this Republic are on the verge of starvation—17,000,000 on charity, in the bread lines.

If the amendment carries and the powers are exercised in a reasonable degree, it must transfer that $200,000,000,000 in the hands of persons who now have it, who did not buy it, who did not earn it, who do not deserve it, who must not retain it, back to the other side—the debtor class of the Republic, the people who owe the mass debts of the Nation.

Mr. President, why is it necessary to consider here on this April day a proposal of so vast importance to the people of the Nation? It is not only national today, it is international, it is world-wide, and the remedy that is proposed in this amendment today is becoming the basis of relief for some of the other nations of the world.

Mr. President, for 12 or 13 years a policy of deflation, placed in force in 1920–21, has been pursued and through that policy of deflation we have seen liquidation, we have seen bank failures, we have seen hoarding of money, both credits, bank deposits, and actual money, until today there is not enough money in circulation of all kinds and character, credits and bank deposits and actual currency, with which to transact the business of the Republic. That is the proposition upon which I stand today on the floor of the Senate.

Mr. ADAMS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. THOMAS of Oklahoma. During the progress of my discussion I shall be glad to yield for any question or suggestion. I am glad to yield to the Senator from Colorado.

Mr. ADAMS. I wondered if I had heard accurately the Senator's statement that no bank deposits were earned.

Mr. THOMAS of Oklahoma. I did not intend to go that far.

Mr. ADAMS. I understood the Senator to say there is $200,000,000,000 that would be involved, and among the items affected are bank deposits which were not earned.

Mr. THOMAS of Oklahoma. I shall come to that in a moment. When I come to it the Senator will see the bank deposits on the one side neutralize the debts due the bank on the other, so they go out of the equation. I will come to that later in my discussion. I shall be glad to answer any questions if I can, and to have any Senator make suggestions if anyone so desires.

Mr. REED. Mr. President——

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

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. Do I understand the Senator correctly when I heard him say that the purpose of his amendment is to transfer $200,000,000,000 of wealth from the creditor class in America to the debtor class? Is that correct?

Mr. THOMAS of Oklahoma. Unless that is done, the debtor class will not have done to them substantial justice, as I shall show before I conclude.

Mr. REED. And that is the motive and purpose of the Senator's amendment?

Mr. THOMAS of Oklahoma. No; I beg the pardon of the Senator from Pennsylvania. My purpose is to add another plan to raise the commodity prices of the farmers of America and of the producers of raw material so they can live.

Mr. REED. I understood the Senator to say the purpose of his amendment is to transfer $200,000,000,000 of wealth, which had not been earned by its owners, to the debtor class in America, and therefore it is the most important matter that had come up in 6,000 years. Did I hear the Senator incorrectly?

Mr. THOMAS of Oklahoma. I made the statement that it might have that possibility; but if that is done, it will not then have done fair and equal justice to the people of these United States. If the Senator will remain and listen to me, I shall be able to show him. This appeal is directed largely to the Senator from the State of Pennsylvania. He stands in this body unique, not all that is left of a regime that is now history but the outstanding spokesman of that regime. He is the leader here today, Mr. President, the full general in behalf of that battled army, vanquished last November and disbanded on the 4th of March.

Mr. President, I come now to the details. In 1930 we had about $100,000 less than $60,000,000,000 in the banks of the United States. I welcome challenges to any statement I make. I have the data. When the depression started, the banks of America—28,000 of them then—had on deposit a little less than $60,000,000,000. How much have they today? Twenty-eight thousand banks have dwindled to a bare 15,000 banks. Sixty billion dollars of deposits have dwindled to scarcely $30,000,000,000 of deposits. What has become of that $30,000,000,000 in the banks of the Nation less than 3 years ago? I pause for reply.

Mr. President, the money is gone. It does not today exist. Thirty billions of money that we had only 3 years ago has ceased today to exist. It has evaporated. It has vanished.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. How much money does the Senator estimate is tied up in the banks in the form of frozen deposits?

Mr. THOMAS of Oklahoma. It is practically all tied up in the way of frozen deposits. I will come to that later. We now have about $14,000,000,000 of deposits in the remaining open banks of the United States which are free, which can be checked upon at this moment. There is about $18,000,000,000 in banks in time deposits which can be had very readily, but not immediately. So, from $60,000,000,000 of money in the banks 3 years ago, we have today scarcely 30 billions of money in the banks. Yet we are told there is plenty of money; that the trouble in the country today is not because we have not the money but because the money is not circulated.

Mr. President, during the past 3 years, because of the scarcity of money and because of deflation, a policy of liquidation has been pursued. Borrowers in the banks were called upon to pay their loans. They had to pay if they could, and when they paid their loans oftentimes that much credit was destroyed. The books are balanced, and the items are wiped from the deposit list. That is the first way the deposits went down.

The second way the deposits went down in the past 3 years is as follows: We have had about 10,000 bank failures, liquidations, and consolidations. When a bank fails, oftentimes the loss is severe, so that through liquidation, the payment of loans to banks, and the cancelation of credits through failed banks and the loss of the money, we have lost that gigantic sum.

Here is the result. I quote from the annual report of the Comptroller of the Currency of date December 5, 1932. If anyone challenges my statement that we had approximately sixty billions of money on deposit in the banks less than 3 years ago, I have the report here. Here is the report of what it was the 1st day of last June. The total money on deposit on the 30th day of last June was $45,390,209,000.

Mr. President, there is a loss of $15,000,000,000 in bank deposits since 1929 and 1930. Where has that money gone? It is not in the banks. It could not be hoarded, because 2 or 3 years ago there was only $4,000,000,000 of money in circulation, real money—gold, silver, and paper. This money never existed except in confidence and credit. It was the kind of money that was created when an old farmer would go down to his bank and say, "Mr. Banker, I need a thousand dollars." In former times the banker would say, "Yes, Mr. A; glad to accommodate you", and hand him out a note, which the farmer would sign, for $1,000, due in 30, 60, or 90 days. The banker took the farmer's note, entered on the passbook the date and the amount, and the transaction was complete. Under the law the farmer has the right, along with others, to convert his property, his collateral, his good name into deposit money; and when that transaction was completed on that day in that bank, $1,000 of credit money, deposit money, was placed in the bank where the transaction was had; and when night came, and the books were balanced, the bank showed a thousand dollars more in deposits than it had that morning.

Did the farmer put a single dollar in that bank—a single copper penny? No; but the bank's books showed a thousand dollars more of deposits in that bank that night than they showed that morning when the books were opened.

Mr. President, until the 30th day of last June, according to this report, the bank deposits decreased from 60 billions to 45 billions; but that is not all the decrease. From last June until the bank holiday they decreased still further; and we have the information—not official—that when the bank holiday came on the 4th day of March, or thereabouts, the bank deposits had fallen from 45 billions down to 40 billions. In 6 months' time we lost $5,000,000,000 more of money through liquidation and through the failure of banks.

But that is not all. When the bank holiday came and was over, 5,000 banks failed to open, and those 5,000 banks, it is estimated, had $5,000,000,000 more of its credit money, deposit money, on their books. When those banks failed to open $5,000,000,000 more of the money of the country was, for the time being at least, destroyed and canceled.

Take the $5,000,000,000 of losses from the 30th day of June until the banking holiday from $45,000,000,000, and that leaves $40,000,000,000. Substract from the $40,000,000,000 the $5,000,000,000 that is in the closed banks today, in the hands of conservators or in banks not open, and that brings you down to $35,000,000,000 on deposit in the banks.

But perhaps that is not all. Much of this money is in hoarding. We have a very large sum of money in circulation; that is true; but there has not been a day in the past 10 or 12 years, until this emergency came, when all the banks of the Nation had in their vaults at one time the sum of $1,000,000,000 of real money—of gold, of gold certificates, of silver, of silver certificates, of Federal Reserve notes, of Federal Reserve bank notes, of Treasury notes, of Treasury notes of 1900, any kind of money. There was not a single night in 10 or 12 years, even when we had 31,000 banks open, when the banks all together on any one night had in their vaults the sum of a single billion dollars, even though they had on their books in deposits the sum of $60,000,000,000.

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

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I wonder if the Senator has contemplated what would happen if the situation I present were to come to pass: Suppose we pass the inflation measure and put it into effect. Suppose, as a consequence, stock, bond, and commodity prices advance. Now, suppose at the world conference we agree with France and England and other nations to stabilize the dollar. In the meantime we have driven up commodity and stock and bond prices to a point higher than their present level.

When we agree with France and with England to stabilize our money, if we do, then the reverse process will occur. In other words, the dollar then will decrease in value, and commodities will decrease, and we will have to a lesser extent, perhaps, gone back over the history from 1918 to 1929, namely, of driving values up higher than where they deserved to be, and then deflating. Now we are driving them up again; and if we effect these treaties stabilizing international currencies, then we will deflate again and will have the patient perhaps in the position of one who has had pneumonia and gotten up too quickly and had a relapse and gone back to bed again.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. Would not that depend upon the basis upon which we stabilized the currency?

Mr. TYDINGS. Yes; to some extent it would; but I assume that the Senator from Oklahoma is predicating his remarks on the theory that our currency will be greatly inflated. If it is a small inflation, then the amount of good will not be as great as he pictures. If it is a large inflation, then the amount of deflation must correspondingly be large when monetary stocks are revalued.

If the Senator will permit me just a minute more—because he probably will take up this subject in his discussion, and I am asking simply for information—there is some talk in the press this morning of France's further devaluating her money stocks. She has about three and a half billion dollars' worth of gold. Her franc is now stabilized at about 4 cents instead of 20. England is also contemplating, so we learn, a further debasement of the pound. If that is the case, then, if we do inflate, must we inflate still more as each one of these other monetary stocks starts the spiral? And, if so, where is the end?

Mr. THOMAS of Oklahoma. Mr. President, I shall not be drawn into a discussion of what France may do, or even what Great Britain may do. Neither will I speculate upon the farmers of the country getting too much for their wheat or their corn or their cotton. Until they approximate the cost of production, I shall not in any sense become alarmed; but as I proceed the Senator may gather an answer, in a general way, from my remarks.

I have just stated that we now have on deposit around $30,000,000,000 in the remaining open banks of this Nation. Those $30,000,000,000 of deposits are divided into two classes: First, into demand deposits, and, second, into time deposits; demand deposits being those against which the owner can write his check from day to day; time deposits being those placed in the bank upon contract to remain for a specified time, but to be withdrawn upon a certain amount of notice.

On the last day of June 1932 the 45 billions then on deposit were divided as follows: There were $16,000,000,000 in demand deposits, and there were $24,000,000,000 in time deposits; but from the 30th of June until the banking holiday we lost 5 billions. If the amount of demand deposits went down in the same proportion as the amount of time deposits, then at the end of the bank holiday we had some $13,000,000,000 in demand deposits and $21,000,000,000 in time deposits. But when the bank holiday was over, 5,000 banks did not open, so there were approximately $5,000,000,0000 more of money that was not available. Take the same proportion and take $2,000,000,000 more from 13 billions, and it leaves $11,000,000,000 of demand deposits in the country today to transact the business of the Nation. It leaves, if we take the same proportion from time deposits, 18 billions of time deposits that the people could get if they wanted the money—and perhaps they will—but it is not subject to check. Add the 18 and 11, and it gives us $29,000,000,000 as the total amount of money in all the open banks of the Nation today with which to transact the business of the Nation, one half of the money we had only 3 years ago.

If we did not have too much money then, we certainly have too little money now, because the supply and the quantity and the amount we had 3 years ago are lessened today by approximately one half. That is the reason, Mr. President, why I have occupied so much of the time of the Senate in trying to call these facts to the attention of the Senate, and thereby to the attention of the country.

Now, Mr. President, let me come to the phase of this discussion suggested by the senior Senator from Pennsylvania [Mr. REED].

I made the statement a while ago that this amendment can take 200 billions of wealth from those who did not earn it and did not buy it and transfer it to the other side of the ledger—to the farmers who have lost it, to the real-estate owners who have lost it, to the unemployed, the city dwellers who have lost it—and yet substantial justice will not have been done to that debtor class.

I exhibit before you statistics prepared by the Bureau of Labor Statistics of the Department of Labor, and I exhibit a sheet entitled "Purchasing Power of the Dollar Expressed in Terms of Wholesale Prices."

In 1926 this table of wholesale prices gave the dollar the value of 100 cents; and I start from that base.

Today the dollar has risen in buying power until it not only has buying power to the extent of 100 cents, but of 200 cents; but that is not all. In February of this year the dollar, measured by farm commodities, was worth $2.44½. In other words, Mr. President, the farmer in Oklahoma, the farmer in South Carolina, the farmer in Nebraska, the farmer in Vermont or Connecticut, the farmer anywhere in America, today must produce and sell upon the market $2.44½ worth of his labor, his time, his sweat, his products, to get a dollar. So far as the farmer is concerned, every dollar that he has is worth $2.44½.

My statement made a moment ago, that if we should transfer 200 billions of wealth from the class who hold fixed investments to the farmer class, to the unemployed class, to the real-estate class, to the debtor class, we still would not do substantial and exact justice, is accurate because my figures were based upon halving the dollar in buying power today. Cut the dollar in two; take from the dollar $1.22¼, and you leave in the dollar $1.22¼, and still the farmer of America would have to toil and sweat and produce value to the extent of $1.22¼ to get every dollar that he must have to pay his taxes, and to pay his interest, and to pay his debts, and to keep the sheriff from his door.

Mr. NORRIS. Mr. President——

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

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. If the Senator has there a list of the farm commodities upon which these figures are based, I think it would be enlightening if he would put them in the RECORD at this point.

Mr. THOMAS of Oklahoma. This exhibit states that these data were prepared from a series of products embracing 784 commodities. Those are not all farm commodities. The farm commodities were taken as generally as the Department could gather them, and the general average was taken and the farm values based upon that wide selection of farm commodities selected and the average taken.

In order to go through the list and to be fair, I want to place this in the RECORD:

The dollar hangs most heavily upon the farming class, because the farmer has to work and produce goods to sell for $2.44½ in order to get a dollar. Those who produce food, and food alone, must produce value to the extent of $1.86 $^{7}/_{10}$ in order to get a dollar. Those who produce hides and leather products must produce $1.47 worth of commodities to get a dollar.

Textile products: Those who are engaged in the production of those commodities must produce value to the extent of $1.95 plus in order to get a dollar.

Fuel and lighting: Those who are engaged in that industry must produce $1.57 plus in order to get a dollar.

Metals and metal products: Those who are engaged in mining must produce value to the extent of $1.29 plus in order to get a dollar.

Building material: Those who are engaged in the growing of lumber, the processing of lumber, and the handling of lumber must produce wealth to the extent of $1.43 in order to get a dollar.

Chemicals and drugs: Those who are engaged in that industry must produce value to the extent of $1.40 plus in order to get a dollar.

House-furnishing goods: Those who are engaged in that industry must produce value to the extent of $1.38 in order to get a dollar.

Miscellaneous: Those who are engaged in the production of general miscellaneous articles must produce value to the extent of $1.68 plus in order to get a dollar.

Taking all the industries of the United States, including farm products, based on 784 commodities, the dollar, on an average, is worth $1.67 plus. In other words, there is a favored class, consisting of those who hold fixed investments in the form of bonds, in the form of notes, any class of fixed investment, even though it be a salary—although we have learned recently that salaries are not fixed investments, and that wages are not fixed investments, and if this process keeps on, as it has been going, accentuated in the last 3 years, and further accentuated in the last 2 months, wages will have been depleted and there will be nothing left; salaries will have been depleted and there will be nothing left. Members of Congress will be lucky in the next 12 months to receive salaries of $5,000 per annum.

Mr. President, my statement a moment ago, based upon the present value of the dollar, was only taking one half of the dollar, taking $1.22¼ from the dollar, leaving the dollar worth $1.22¼, and the farmers still have to pay that much to get a dollar. But based upon that analysis, this amendment, if it only goes to that extent, will have the potentiality of transferring wealth now in the hands of one class, which did not earn it, did not buy it, does not deserve it, to the class which lost it, and which must have it back if this Nation is to survive.

While the purpose of the amendment is to raise commodity prices, let me state what will happen under it. I do not say to what extent; I will not be administrator of the power conferred by the amendment. It is possible that nothing might be done under the amendment, but I have a conviction and confidence that something will happen under it.

The dollar will be cheapened, its buying power will be reduced, and, to the extent that the dollar is brought down in buying power, to the extent that its value is taken out, to that same extent will commodity prices rise. Wheat will go up in value, corn will go up in value, cotton will go up in value, every commodity of the field and the farm and the ranch and the lumberyard and the mine will share in the general prosperity. Yet the distinguished Senator from Pennsylvania, leading the remnants of a vanquished army upon this floor, protests against the cheapening of the dollar a single penny.

Mr. President, in the past 2 or 3 years the demand deposits in the banks have decreased almost $10,000,000,000. In the past 3 years wages of the laboring people of the country have decreased approximately $10,000,000,000 more. In the past 3 years the national income has fallen from $90,000,000,000 down to thirty-odd billion. Fifty billions of wealth created during a 3-year period in former times has been lost; during the past 3 years that much has been lost each year. Yet the Senator from Pennsylvania wants to continue the downward trend, apparently, to keep this loss a loss upon the people of the United States, to keep this loss to the wage earners of the Nation, to keep these deposits down, and not revive the deposits either in currency or in the credit of the Nation.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. CONNALLY. The Senator says that 50 billion of wealth was lost. Is he not inaccurate in that? Is it not true that there is just as much wealth in the United States as there ever was, but that, through the enhancement of the value of the dollar, that wealth has been transferred to other people, liquidated, squeezed out, handed over to other people?

Mr. THOMAS of Oklahoma. The Senator is exactly right, but his statement covers two propositions. The Senator is exactly right in his statement, but I made the statement that in the past year we have lost $50,000,000,000 of buying power through the loss of national income. That buying power is America's real wealth. The Nation and its people have lost $50,000,000,000. Because they have not made as much money, have not collected as much money this year as they did last, they have lost $50,000,000,000 in buying power, whether or not we call it wealth. It might not have been wealth, but at least it serves the purpose of securing the thing which wealth sometimes secures.

Mr. President, the record shows that there are today about $12,000,000,000 on deposit in the open banks of the Nation, and only about $12,000,000,000. Even those $12,000,000,000 are based upon assets which are not liquid. Banks cannot collect the notes which are due the banks. Every time there is a dollar in a bank on deposit there are two debts involved. There is the debt, first, which the bank owes the owner of the deposit. That is debt no. 1. Then there is debt no. 2. Someone owes the bank that dollar which the bank must have to pay its depositor. So these twelve billions of bank deposits are based upon a compound debt—first, debts the banks owe the depositors, and which the banks cannot pay. Less than 2 months ago that statement was justified. Last winter, only a few months ago, I heard the statement on this floor that the banks were full of money, and that what we needed was not to have more money in the banks but to have something else. Let me ask those who say that the banks were full of money, why every bank in the Nation closed less than 2 short months ago?

Mr. President, the total bank deposits have diminished from $60,000,000,000 to possibly $30,000,000,000. The demand deposits have decreased from $24,000,000,000 to approximately $12,000,000,000. I claim now that that is not enough money with which to transact the business of the greatest, the richest, the strongest, and the most influential nation of the earth.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. At that point, has the Senator the figures as to what the bank checks were along about 1928, as compared with today? Have they not fallen something like 65 or 70 percent?

Mr. THOMAS of Oklahoma. They have fallen approximately 60 percent. I have the statement of those who should know to the effect that at the peak of prosperity, in 1928 and 1929, the total circulation of bank-deposit money annually amounted to about twelve hundred billion dollars. Now it is down to about $500,000,000,000. In other words, the people of the Nation, because of frozen assets, because of a decreased amount of money in circulation, because of a diminishing amount of money in the bank, have lost in 3 years in the circulation of bank checks the difference between $500,000,000,000 and $1,200,000,000,000. Yet some wonder why we are having trouble in the United States and say that if we could only have a return of confidence things would be lovely.

Mr. President, I have tried to state upon this floor hour after hour that we could not make any progress with any matter satisfactorily until we took up and adjusted the money question. That opinion seems to prevail very largely today not only in the United States but throughout the world.

I made the statement a moment ago that this deflation, started in 1920 and 1921, has been going on all these years. It hit the farmer first, it hit the stockman second, it hit the small merchant third, it hit the little bank, and then the wholesale houses, and then it hit the factories, then the railroads, and at last it struck the Nation.

Mr. President, it has been stated upon this floor time and time again that this catastrophe did not have to happen. Who brought about this terrific cyclone and tornado and hurricane? There is one branch of our Government specially charged with the duty of handling money, created for that purpose. I refer to the Federal Reserve Board. Perhaps Senators might be startled if I were to tell them that since the 9th day of March, a little more than 30 days ago, the Federal Reserve Board, acting for a Nation that is ill, has canceled credits in the banks to the extent of $1,154,000,000. Since the 9th day of March, scarcely a month ago, the Federal Reserve Board, presuming to act for the people of the United States, has taken from circulation and canceled money to the amount of $1,470,000,000.

Think of it, Mr. President; with only $12,000,000,000 in the banks subject to check; much of the actual money being in hoarding, not subject to use, the Board which handles the finances of the United States and the money of the United States in the past month has withdrawn from circulation a billion and a half dollars, and for the time being has canceled that money.

I hold in my hand a tabulation of the Federal Reserve Board itself showing the progressive deflation from week to week, and in order that the record may be clear, I will place these figures in the RECORD.

On March 9, 1933, the total Reserve bank credits amounted to the sum of $3,644,000,000. There was money in circulation, partly in the banks, partly in hoarding, partly in the tills of the country, partly in the safe-deposit boxes, partly in the packets of the people, partly in foreign lands, in the total sum on March 9 of $7,538,000,000.

What happened? Within the next 7 days following the 9th of March 1933, this is what the agent of the Congress did, and I so describe it because section 8 of article I of the Constitution provides that the Congress shall coin money and regulate its value, and its value can only be regulated through keeping money in circulation, or raising or decreasing the gold content of the dollar. What did our agent do in the next 7 days following the 9th of March? It canceled $119,000,000 worth of bank credit. It took from circulation the sum of $269,000,000.

In the next 7 days our agent canceled bank credits to the extent of $638,000,000 and took from circulation the sum of $661,000,000.

In the next 7 days our agent canceled bank credits to the extent of $199,000,000, and during the same 7 days, ending on March 30, it took from circulation the sum of $255,000,000.

In the next 7 days your agents, Mr. President, and my agents canceled bank credits in the sum of $114,000,000 and took from circulation the sum of $92,000,000. In the next 7 days the Federal Reserve Board canceled bank credits in the sum of $46,000,000 and took from circulation the sum of $114,000,000. And on last Thursday, at 4 o'clock, when the last statement was issued for the preceding 7 days—that is the last report I have—your agents, Mr. President, and the agents of the Congress took from circulation the sum of $79,000,000 and canceled bank credits to the extent of $38,000,000. These sums, when added, make a cancelation of bank credits aggregating $1,154,000,000 and a cancelation of money in circulation in the total sum of $1,470,000,000. Yet the Senator from Pennsylvania is apparently satisfied with this very accentuated policy of deflation.

Mr. NORRIS. Mr. President——

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

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I think it would enlighten the Senate and add to the value of the discussion if the Senator would tell the Senate just how the Federal Reserve banks did what he has described.

Mr. THOMAS of Oklahoma. During the past year the Federal Reserve banks went into the open market and bought almost $2,000,000,000 worth of Government bonds and paid for those bonds with Federal Reserve notes. From time to time the Federal Reserve Board, acting through the Federal Reserve banks, goes on the open market; it comes to Washington and takes up Treasury bills offered for sale by the Treasury from week to week and month to month, so that the Federal Reserve banks have this vast amount of bonds, almost $2,000,000,000 worth, and in addition all this vast sum of Treasury bills, short-term obligations.

Mr. REED. Mr. President, my attention was distracted, and I did not hear the concluding figures on the date the Senator mentioned as to the amount of currency outstanding. Will he repeat the figures for my benefit?

Mr. THOMAS of Oklahoma. On the 20th day of April, last Thursday, at 4 o'clock, the amount of money in circulation was $6,068,000,000.

Mr. REED. I thank the Senator.

Mr. THOMAS of Oklahoma. Answering the Senator from Nebraska, the Federal Reserve Board has this vast sum in bonds on hand, for which it paid Federal Reserve notes of the Federal Reserve System, and through the Federal Reserve banks it has a vast sum of short-term obligations on hand, for which it paid either credit or in effect money.

Now, here is what happened: According to the statment of March 16, the Federal Reserve Board sold $182,000,000 worth of its bills. That money was in circulation, but the Federal Reserve Board did not want it to remain in circulation. So they put out a sponge and absorbed the money, drew it back, by selling their bills and requiring the purchaser to pay for them in the coin of the realm; and when they sold bills to the amount of a million dollars they withdrew and extracted from circulation the sum of $1,000,000 in currency.

They sold again in that same week $14,000,000 worth of such bills. That week they sold only $1,000,000 worth of their bonds. That was a start. The next week the Federal Reserve System put out this sponge again and sold bills, requiring the purchasers to pay currency, gold or silver or what not—actual money. That week they sold $561,000,000 of their holdings. They must have had a big sponge that week or they must have placed their sponge all over the United States, because in 1 week's time they disposed of their holdings of bills held in the sum of over half a billion dollars, and at one fell swoop they withdrew from circulation $561,000,000. That same week they withdrew $51,000,000 more; for that same week they sold $16,000,000 of Government bonds. They bought all the bills they could; and then they began to sell their bonds, because they could not get the currency in quite fast enough by selling just the bills alone.

The next week the Federal Reserve Board sold $126,000,000 worth of bills, and again $42,000,000 of bills; and in that week they also sold $26,000,000 of Government bonds which they had bought last year. When they sell these issues they take that much money from circulation. During the next week the Federal Reserve Board sold $109,000,000 worth of their bills and $24,000,000 more of their bills, but that week they only sold one million of their holdings of United States bonds. The next week, the week ending April 15, the Federal Reserve banks only sold $8,000,000 of their bills of one issue. Then they sold $39,000,000 more, but that week they did not sell any securities. I would not be surprised, however, if along about that time a most responsible member of the Federal Reserve Board who had been pursuing this policy got information from some source that his policy was not in harmony with the intent and purpose of the present administration. About that time I heard that he was considering resigning. Whether or not he has resigned, I do not know; but evidently the Board has been checked in its ruthless policy of taking money from circulation.

Last week—that is, for the week ending April 20—the Board sold $14,000,000 worth of bills, and again $39,000,000 worth of bills; but they sold no Government obligations that week. That explains the method by which the Federal Reserve Board, acting through the several Federal Reserve banks, can take money from circulation.

They can put money in circulation, as they did last year, by buying Government bonds and bills and paying for those bonds and bills with Federal Reserve notes. They did that last year to the extent of about a hundred million dollars per week; they bought about $1,200,000,000 worth of Government bonds. But the banks, or those who owned the banks, held these bonds, and as soon as the Federal Reserve System bought the bonds and paid money to the banks, or to those who owned the banks, the banks owing the Federal Reserve System, not being able to loan money—because there are no securities which are making money—the banks, to save interest to the Federal Reserve System, sent the money back and paid their obligations. To that policy I agree, for there has been no property in the past 12 months until recently on which a bank dared to loan money. They will loan on Government bonds, but those who own Government bonds do not have to borrow; there is always a market for Government bonds, and they have been above par a good part of the time. So that those who own the bonds are not borrowers, in the main. There is now no property save one single class on which the banks of the Nation dare to loan the money of their depositors. There is one class of property today that is making money. Those who own breweries can get loans today. The breweries are making money. Those who own glass factories and glass-bottle works can get money today at the banks. The banks are making loans to them because those industries are making money. The makers of bottles, proceeding along with the beer traffic, are prosperous. Then, we have the hop industry, and those who own hop farms today have buying power and can secure loans.

If they need money they can get it; but, save the interests represented by the brewing establishments and allied institutions, there is no class of industry today of which I know that is making money sufficiently to enable a bank's officers to make a loan to it. Banks do not loan their own money; in the main they loan the money of their depositors. Of that money the banks are only the guardians and the trustees, and they do not dare to take a chance loaning the money of their depositors of which they are the trustees and guardians to any person upon any industry unless the bank is sure as nearly as may be that not only the principal will be paid but likewise the interest. That is the reason why the banks are not loaning money; that is the reason why the banks cannot loan money; and until this money question is settled and adjusted the banks cannot loan money. I do not care how much money they may have in their vaults, they do not dare to take that chance.

Mr. President, what is the condition today? I will not dwell on it at any length. I just want to call attention to one or two facts. A few days ago Mr. Green, of the American Federation of Labor, made the statement that we have today 13,000,000 unemployed people in these United States. I hope that is not true, but I am afraid it is. Times have gotten so bad, Mr. President, through unemployment, through the scarcity of money, through the lack of credit, business being at a standstill, that the people cannot get money with which to pay their taxes. Taxes are not being paid because taxes cannot be paid. States, towns, villages, counties, and the Nation itself are having difficulty in getting money to keep themselves going concerns.

I have here a statement—it is the result of a debate that was held recently—of which the headlines are as follows:

Many cities' plans to reorganize told. Hall and Kiplinger in joint discussion over radio.

I quote the first paragraph of the body of the article:

Thousands of big and little cities, villages, counties, townships, and other local districts are planning wide-spread reorganization of their government, Arnold Bennett Hall, director of the Institute for Government Research of the Brookings Institution, declared last night.

Mr. President, what does that mean? It means that the cities of the country, the counties, the States cannot secure payment of their taxes, and, realizing that they cannot secure payment of their taxes, these cities, these municipalities, are preparing to go through what might be termed "bankruptcy" to rid themselves of the obligations now hanging over them upon which they cannot even pay the interest. That is what faces America. There is no chance for these cities to collect taxes on the basis of a 2.44 dollar; there is no chance for the counties to collect taxes on the basis of a 2.44 dollar; there is no chance for the States to collect taxes on the basis of a 2.44 dollar to pay their expenses. The people have not paid their taxes; they are not paying their taxes, and they cannot pay them; and what are we going to do about it?

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I just want to interject that the 2.44 dollar does not tell the whole story. Many of these municipal obligations were incurred during the period of 1920 to 1921, when the dollar was worth about 60 cents. So, instead of being on a 2.44-to-1 basis, many of them are having to discharge debts that they really contracted on a 60-cent basis, so that it is really a 4-to-1 basis for many of them.

Mr. THOMAS of Oklahoma. I thank the Senator for his contribution.

Mr. President, I will quote from the public press some news items. I will not mention the city, but there is no one in this presence but who knows what city is referred to. Omitting the name of the city:

——— march to help teachers. Twenty thousand in mile-long parade demand payment of salaries overdue 8 months.

Another news item:

Teachers riot in ———.

I read again:

Twenty-five thousand in —— city teachers' parade.

What does that mean, Mr. President? The teachers perhaps could not put on much of a revolution. Were they properly aroused, even those teachers no doubt could put up a fight.

I now call attention to a report which appeared in the public press yesterday. I hold in my hands a copy of the New York Times of date Sunday, April 23. I will omit the name of the State:

Crisis threatens ——— State schools. Shortage of funds has closed 85 percent, with remainder on part time. Situation growing worse. Apart from national slump, the State's finances are at the lowest ebb since 1865. Teachers suffering. Some live in school houses and exist on donated vegetables. Merchants refuse scrip.

That is only a sample. What has happened and is happening in that Southern State is happening in the Western States, the Northern States, and the Eastern States. I do not need to dwell upon conditions as they exist today.

I said a moment ago that the deflation initiated in 1920–21 has been going on for these 12 or 13 years. It first hit the farmers, second the livestock men, and then others, until today no one is escaping except those holding tax-exempt gold bonds, and if they only knew it they are hurt, and badly hurt. They have waited too long. There was a time when they could have saved themselves by yielding a portion of their unearned increment. That time has passed. The deflation did not stop on the 4th of March, much to my regret. It has gone on. It could not have been avoided, and I will tell why.

The banks were closed when the present administration came into power. This administration found every bank in the United States closed. Then, as soon as the administration was installed, the first problem was to try to get the banks reopened. Fortunately, in a week or 10 days' time most of the banks were opened. Five thousand were not opened, and those 5,000 banks had on their books a total sum of approximately $5,000,000,000. That $5,000,000,000 in the closed banks, for the time being, had just as well have been in the center of the Atlantic Ocean. It is not in circulation. It is not of service. It cannot be had. I hope it comes to life, and very shortly, but today that money is dead. That was a further deflationary act.

Then when the banks reopened all gold was kept from circulation and all gold certificates were withdrawn, and all gold and gold certificates in circulation were ordered withdrawn, taking that much additional money from circulation—another deflationary act.

Then the Federal Reserve Board, as I have already shown, began to contract bank credits and circulation, taking out of the banks and removing from circulation almost one half of the real money of the Nation. That was a further act of deflation.

We cannot escape the conclusion that the economy bill was a further act of deflation, because when we sever persons from the public pay roll or the private pay roll they have lost that much buying power, and to the extent that those persons throughout the country have been discharged, not only from Government but private employment, just to that extent deflation was accentuated. The bill we passed had a further deflationary effect by cutting down the salaries of those who remained upon the public pay roll. Private industry took advantage of that to slash again. A few nights ago I had the privilege of attending a banquet presided over by one of the great industrialists of the United States. He had on either side of him other industrialists of the United States. These industrial heads told that assembled gathering that for months they had had but two duties to perform because of no business—first, cutting off heads; and, second, cutting down salaries. So the economy bill, whatever we may think about it, was another act of deflation.

The reduced appropriations which have been and are being cut off for all sorts of public purposes, not only by the National Government but by the States, are likewise a deflationary move. If we are to continue in this line, let me make this prophecy. Germany is held up to the American people as a ghost of inflation. If deflation is carried on to its ultimate end, deflation will result exactly in America as inflation resulted in Germany. The people will lose their property, those who hold fixed investment, such as United States bonds, State bonds, corporation bonds, notes, and mortgages, will see them defaulted, repudiated, and their paper will be worthless.

Mr. President, my State is a great agricultural State. In the southern part of my State we produce not much else but cotton. Thirty-five counties in Oklahoma are cotton-producing counties. All landowners and tenants and wage earners in the cities in that section live upon cotton. In the northern half of my State we have a wheat-growing section. The farmers, the tenants, the laborers in the cities, live upon wheat. Interspersed in the south and north halves of my State we grow corn. We grow almost everything produced in the North and likewise in the South, so Oklahoma is a great farming state, primarily a farming State. It is true we have oil, we have coal, we have lead and zinc, we have lumber, but in the end those will disappear and the lands alone will remain for future years. When the lead and zinc and coal and oil are gone we will still have our farms, we will still be inhabited by the farmers and by the tenants.

Let me place in the RECORD at this point what we have been forced to sell our products for in Oklahoma during the past 12 months. Wheat has sold by the farmer in Oklahoma in a range of 15 to 30 cents per bushel. Corn has sold by the farmer in a range of 8 to 15 cents a bushel. Oats have sold in Oklahoma in a range between 7 and 10 cents a bushel. Cotton sold during the past fall in a range from 5 to 6½ cents a pound. Hogs have sold around $2.75 per hundred, and cattle around $3 per hundred.

Mr. President, in Oklahoma, as in all wheat-growing States, wheat in the past 12 months has been the lowest in recorded history. Four hundred years of the record of wheat prices has not seen wheat so low as it has seen wheat in the past 12 months. Yet the Senator from Pennsylvania [Mr. REED] wants my farmers to keep on raising wheat at a lower price than it has been in 400 years, in order that the holders of tax-exempt bonds may draw dollars at the rate of $2.44 per dollar. That is not now being done on behalf of one Senator. I suggest to the Senator from Pennsylvania that it will not again be done.

Mr. President, at this point I want to show the Senate what the farmers of my State have to produce in order to get money. I have here a pound of cotton which I exhibit to the Senate. The farmer in Oklahoma, the farmer in the South, must get land and plough it, plant cotton, and he and his children and his wife must top that cotton and cultivate it. In the fall they must pick it, take it to a gin and have it processed by being run through a gin, have it baled, and then take the cotton to the market. This is the size of bundle, tightly compressed, that he must produce in order to get 5 cents in money. The Senator from Pennsylvania wants the farmers in the South to produce that much cotton indefinitely to pay the interest on the bonds held in Pennsylvania at the rate of $2.44 value per dollar. It is not being done, Mr. President. It will no longer be done.

Mr. REED. Mr. President, will the Senator from Oklahoma yield for a question?

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

Mr. THOMAS of Oklahoma. Gladly.

Mr. REED. I gather from what the Senator said that he expects the farmers who grew that cotton will now cease to produce the surplus that weighs upon the market and depresses the price. That is all we want them to do—not to keep on producing, but to slow up producing.

Mr. THOMAS of Oklahoma. Mr. President, I deny that we have any surplus of cotton in either the United States or the world. The Senator from Pennsylvania only last week made the statement that we have 17,000,000 people in these United States upon charity. They are barefooted. They have no socks. They have perhaps no underwear, perhaps they have no shirts—just rags—17,000,000 upon charity. If those 17,000,000 could be outfitted in cotton, we would wipe out the surplus in America.

Mr. President, I exhibit to the Senate a half-gallon jar. This contains a very poor quality of yellow corn—shelled, I will say for the benefit of those who may read what I have to say and not see what I am displaying. Farmers in Oklahoma and in the South and East and the West must produce a half-gallon fruit jar three quarters full of corn shelled in order to get one-half cent. That is what the farmers face today. That is what they have faced in the last 3 years. Yet the Senator from Pennsylvania wants the farmers of Iowa and Nebraska and the Nation to produce a half-gallon jar of shelled corn to get half a cent to pay his holders of tax-exempt gold bonds at the rate of $2.455 per dollar. Mr. President, it is not being done. It cannot be done. That is the issue that the pending amendment and this bill brings before the people of America at this particular time.

I next exhibit to the Senate another half-gallon jar filled with oats. This half-gallon jar will not hold one half cent's worth of oats. The farmers of Oklahoma and the other oat-growing States must produce more than half a gallon of oats; they must plow the land, they must sow the oats, they must cut the oats, they must thresh the oats, they must take them to the market, more than half a gallon of them, to get one-half cent.

Mr. President, it is a physical impossibility. It is not being done, not because the farmers do not want to, but because it is a physical impossibility.

I next show to the Senate another half-gallon jar of wheat. This is the standard farm commodity of America, grown in my State, grown in the South, grown in the North, grown in the East, grown in the West, grown everywhere. Here is a half-gallon jar of wheat. It is a little more than half full. It contains 2 pounds. The farmers of America must raise 2 pounds of wheat, plant it, cut it, thresh it, sack it, haul it to the elevator, to get 1 cent of money.

Mr. President, here is the visible evidence of the issue that I am trying to raise before the Senate:

This one-half cent's worth of corn represents 2 pounds of shelled corn. The farmers must raise and sell 2 pounds of shelled corn to get one-half cent. They must raise and sell 2 pounds of wheat at the rate of 30 cents a bushel—more than it has been sold for in months in my State until recently—to get 1 cent of value. They must raise, process, and sell 1½ pounds of oats to get one-half cent in value. And that is the reason, Mr. President, knowing as I did of the conditions under which the farmers had to live, that I have done the best I could to get some relief.

Mr. President, since I took the floor there has been sent to me a note; and along with this note I have, and exhibit to the Senate, a piece of paper of approximately the exact size of a $2 bill. The paper feels to be about as good as real paper money. It is printed to look very much like paper money. It is brown on one side, with the words "City of Detroit, Mich.", with the State seal. On the other side I find, in large figures, "2", which means $2; "City of Detroit, Mich." That is scrip. That evidently circulates in Detroit, Mich.

Mr. President, if we have in the country enough money with which to transact the business of America, why cannot the great city of Detroit secure enough of the real money of the Nation, authorized by Congress, with which to transact business, without having to resort to scrip of the kind that I exhibit to the Senate?

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield to the Senator from Maryland.

Mr. TYDINGS. While the Senator's observation might apply to other cities, I understand that in Wayne County, a large part of which is the site of the city of Detroit, money has been so lavishly expended in the past that it requires 54 cents out of every tax dollar to pay the interest and sinking-fund requirements of the municipal debt.

Mr. THOMAS of Oklahoma. I thank the Senator for his contribution at this point in connection with this discussion.

Mr. President, the issue joined before the Senate is this: Shall the American Government continue the policy of deflation that has brought us where we are, or shall we make a heroic effort to stop the deflation and start back on the upward trend through what might be termed "expansion" or "reflation"?

At this point I desire to call the attention of the Senate to the statement of an eminent economist. I refer to Dr. G. F. Warren, of Cornell University. He defines the issue, and defines it better than could I. For that reason I read his statement. The headline is:

DEFLATION OR REFLATION?

The price level must be raised to the debt level, or the debt level must be lowered to the price level. This is a matter of grim reality that cannot be cured by psychology, confidence, or Government lending.

We must choose between deflation and reflation. * * *

If we wish to go through with deflation, we may as well proceed with the bankruptcies, foreclosures, and public defaults and get them over with.

DEFLATION

If deflation is completed, the following are some of the innumerable adjustments yet to be made.

Mr. President, if the policy of deflation advocated by the distinguished Senator from Pennsylvania is to be continued, here is what Dr. Warren says must come. I read:

At the new price levels, public and private debts are nearly equal to the national wealth.

If Dr. Warren's statement is true, today there is scarcely enough wealth in America to pay the debts of America.

These debts will have to be reduced. The only plan thus far proposed for reducing them is bankruptcy and private adjustment. This will probably require 3 or 4 years for the major adjustment and a generation to complete the process. While the more serious part of this is taking place, bankrupt homes, farms, and other properties will always be for sale at less than new costs of construction, regardless of how long these costs may fall. Therefore little building of any kind is to be expected. Consequently most of the basic industries will operate at low capacity and severe unemployment will be continuous.

That is the policy which the Senator from Pennsylvania and those who see as he does think should be followed from here on out. I am not willing to follow that leadership, Mr. President; and I shudder when I think of what will happen—and that, I fear, too shortly—unless the reverse policy is inaugurated and pursued.

Mr. President, in this emergency the States are powerless. Not only are the States powerless, but the cities and the counties are powerless. They can do nothing save issue scrip, and that is being done throughout the length and breadth of the Nation; but the States are protecting their citizens. They cannot get them more money; they cannot cheapen the dollar; they cannot raise the price of corn, wheat, cotton, and livestock; but the States almost without exception have passed laws protecting their citizens. They are protecting those citizens through denying the processes of the courts to those who seek to foreclose the mortgages existing against the farms and the property of those States.

There is what we face. The States themselves are in rebellion against this policy of deflation; and that act of rebellion is seen in the passage of innumerable laws throughout the Nation postponing the possibility of foreclosures, repealing laws under which Eastern investors having mortgages on Western properties can secure the process of the courts to enforce those mortgages.

If that is not rebellion, Mr. President, what is rebellion? The people cannot pay their present indebtedness at these prices. The cities cannot pay. They cannot pay their indebtedness. They cannot pay their interest. They cannot pay their operating expenses. The counties cannot pay. Even the States cannot pay, and the Federal Government itself cannot pay. In the past 3 years the Nation of which we are the policy-making branch has run behind more than $5,000,000,000. We are not collecting enough money, under our existing tax rates, to keep the United States a going concern.

We raised the tax rate last year, and the higher we raised the rate the larger the deficit. It does not do any good to raise the rates. What good would it do to raise the income-tax rate when the people have no incomes? What good would it do to raise the corporation-tax rate when the corporations have no net incomes? No good whatever would come from that process. This trouble cannot be solved through that method.

Let me quote at this point the words of one of America's most distinguished publicists; and, by the way, when this issue was first sought to be joined, this particular publicist was vicious in his writings againt the proposal of expansion, against the proposal of reflation, or against the proposal in the popular mind now called "inflation." But this particular publicist has changed his mind. In that particular he is a wise man, Mr. President, and those who have not already changed their minds have yet to make that decision and perform that act, because there is only one thing that will save the Nation—to reverse the process of deflation, and enter upon a process of reflation or expansion of the currency.

I quote from a recent article by Mr. Walter Lippman. If you have confidence in his judgment, listen to what he says:

For at present price levels—

Says Mr. Lippman—

and with the continuing impact of the world deflation, there is no such thing as keeping the Budget in balance, or providing enough relief, or readjusting fixed charges to earnings and income. As Mr. Keynes has put it, when deflation continues the only way to bring budgets, public, corporate, or individual, into balance is at zero on both sides of the account.

Hence Mr. Lippman supports the statement made by myself a moment ago that deflation carried to its ultimate end means the same thing as inflation carried to its ultimate end—chaos. We are not very far from that point now, Mr. President. Some do not seem to know it yet.

Again says Mr. Lippman:

Instead of allowing the dollar to find its own level in relation to sterling and the franc and of expanding credit to offset deflation, as Britain and France did when they were driven off gold, the United States has been letting Britain, and even helping her, to manage the dollar. We are thus in the rather absurd position of allowing the value of the dollar to be fixed in London in the interest of Britain and of the other nations on the sterling standard.

Again says Mr. Lippman:

The time is at hand, therefore, when the United States should assume control of its own monetary policy so that when the moment comes to stabilize currencies internationally we shall not make the mistake that Great Britain made in 1925 of stabilizing the dollar at a point so high that we are doomed to a long period of deflation and depression.

Thus said Mr. Lippman.

Mr. President, I said a moment ago that this issue of money, its adjustment and regulation, has assumed not only congressional importance; it has assumed national importance—not only national, but likewise international.

I exhibit to the Senate a section of the New York Times of yesterday. In black letters and words across two columns we read these words:

The monetary problem holds world attention. Need for currency adjustments and stabilization prime issue before Roosevelt and MacDonald.

I call the attention of the Senate to another page of the New York Times. There are on this page headlines covering four columns, as follows:

Roosevelt and MacDonald favor world action on money and trade.

Again, on the front page of one of the leading papers published in this city, a paper heretofore almost daily denouncing those who even assumed to talk upon the money question as radicals and as "reds", and other names too numerous to mention, on yesterday, in the Washington Post, we find a 4-column headline, as follows:

World-wide inflation aim.

By the Associated Press, underneath that headline, we find the following words:

Toward a bold attack upon the depression by a world-wide inflation of currency, President Roosevelt and Ramsay MacDonald turned their thoughts last night as the British Prime Minister called for the united action of governments against a common foe.

To check the sharp fall of commodity prices and break the vicious circle which is keeping millions from their daily bread, the chiefs of the English-speaking Governments pondered the potentialities of international action to cut the purchasing power of currency by decreasing the gold "cover" behind each unit of money.

The inflation policy upon which the administration already has embarked on a national basis would show the way in this direction.

Mr. President, while this amendment was not introduced until late Saturday, already it is receiving the almost unanimous consideration of the people of the United States. Some of our leading economists have passed judgment on the proposal.

I now call attention to a news item appearing in the public press of April 22, an article signed by Roger W. Babson. It is from Babson Park, Mass., with a headline as follows:

United States money stand praised by Babson. Financial expert calls move Roosevelt's master stroke; recovery seen.

I will read one or two paragraphs from the statement:

The decisive action of President Roosevelt in declaring a gold embargo and embarking on a policy of controlled inflation is the master stroke which should turn the tide from depression toward recovery. I am highly optimistic for three reasons:

First, this action reverses the vicious trend of deflation, replacing it with a trend of rising values.

Second, it starts a buying movement which sets into motion an upward spiral of business instead of the disastrous downward spiral from which we have been suffering for the past 3 years.

Further along in the article I read as follows:

That the President's policy of controlled inflation is already working is clearly shown by the sharp rise in stock and commodity prices. Billions of dollars have been added to the stock valuations since the gold embargo, and other billions to the valuation of basic commodities.

Roger W. Babson is not the only one. I now call the Senate's attention to a statement signed by Mr. Irving Fisher, not only a nationally known but an internationally known economist of Yale University. Dr. Fisher's statement was given to the Associated Press and was published by the Associated Press under date line of New Haven, Conn., April 22, with a headline as follows:

"Reflation" plan backed by Fisher.

Price rise is the only way to escape imminent danger, says Yale economist.

Republican criticism hit.

It is in line with worn-out traditions, he asserts, holding this no time to cavil at methods.

I read a portion of the statement, as follows:

Few realize the gravity of our present situation. Our very national existence is at stake, even more than it was in the World War.

Half-way, traditional, and timid measures will no longer do. If the price level is not speedily raised so that business, industry, and agriculture can be run again at enough of a profit to make sure that they are run at all and reabsorb the unemployed, and if that level is not raised enough to enable debtors to pay their debts and creditors to get their pay, this country will soon be over the precipice with bloodshed and revolution.

Mr. President, that does not come from an unemployed man, that does not come from a former farmer who has lost his farm and is now adrift in the world, that does not come from a western or southern farmer, but it comes from a world-renowned economist, with one of the great universities, not only of this Nation but of the World:

BEST METHOD IS THE QUICKEST

There is, if my analysis of this depression is right, absolutely no escape from our present imminent danger except through reflation.

Nor can we stop to cavil about methods. The situation is too desperate and imperative. The best method is whatever is the quickest.

I, too, dislike to load on the President so much responsibility and power, but the alternative is a debate which will delay action, when there is no time to lose.

We are at war and must intrust to our Commander in Chief the war-time powers necessary to win this sort of war.

The open-market operations, which alone the objectors grudgingly admit might well be used, cannot be intrusted wholly to the Federal Reserve System. They had their opportunity a year ago, and made insufficient use of it.

OTHER NATIONS HAVE DEVALUATED

The paper money which the objectors fear is no more "fiat" than what we have, nor as much. Our dollar silver certificates are redeemable in only 25 cents' worth of silver.

The objectors fear if the medicine doesn't work, more will be tried. It certainly should be used until it works enough and then stopped. It can be stopped, for we shall be stronger, not weaker. We can then balance the Budget. We cannot now.

In that opinion Dr. Fisher supports the opinion of Publicist Lippman. We cannot balance a Budget upon a falling market. We cannot balance a Budget with deflation continued. Only by and through reflation, says Mr. Lippman, says Dr. Fisher, and say millions upon millions of others, can we ever be able to balance the Budget.

The Budget cannot be balanced until the people commence earning money so that they can pay income taxes. The Budget cannot be balanced until corporations again commence earning money, making net earnings, upon which they may be enabled to pay corporate income taxes. They are not doing that now. If deflation persists, the less able will people be to pay the taxes necessary to keep the Government going even upon a reduced annual appropriation Budget.

I quote further from Dr. Fisher:

When we reach the price level which does the greatest good to the greatest number—not far from the 1926 level as calculated—we should stabilize as Sweden has.

Almost all other nations have devaluated their gold coins. No one should care what the dollar weighs, if what it buys is properly safeguarded. It now is not 100 cents but 180 cents in terms of 1926 dollars. Debtors cannot pay 180 cents on the dollar nor interest.

Dr. Fisher says that the dollar today is worth 180 cents. I stated a moment ago from figures which I had that, based upon farm commodities, the dollar is worth 244¼ cents; that based upon all commodities in the United States, 700 of them, wholesale and retail and farm commodities, according to this index, the dollar is worth 170 cents. Dr. Fisher has his own index; he makes his own estimates; and, according to his chart, the dollar today is worth $1.80 not only of the farmer's commodities, the miner's commodities, the livestockman's commodities, the lumberman's commodities, and the fisherman's commodities, but of every commodity produced in the United States.

I want to read that last sentence from Dr. Fisher again. He is speaking about the dollar:

It now is not 100 cents, but 180 cents in terms of 1926 dollars. Debtors cannot pay 180 cents on the dollar, nor interest.

Mr. President, that is the issue. Shall the United States, acting through its Congress, the policy-making branch of the Government, continue the policy of deflation? The distinguished Senator from Pennsylvania says the dollar must not be debased, that not a single penny shall be taken from its value, that not a single mill shall be taken from that dollar, which, measured in the farmer's dollar, buys 244 cents' worth; that not a single penny of the dollar which, measured by all commodities, is now worth 170 or 180 cents, shall be taken from that dollar; that in the future, as long as the people shall live, they shall be compelled to work and sweat and produce and sell their products to raise money at the basis of 150 or 180 or 200 cents on the dollar in order to get the money with which to pay their taxes and to pay their interest and to pay their debts.

Mr. President, it is not being done any more; it will not be done any more; not perhaps because the people would not like to, but because they cannot.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. SMITH. I did not hear the Senator develop the thought, although perhaps he did while I was out of the Chamber; but have not most of the efforts we have made to relieve the present situation, so far as balancing the Budget is concerned, and so far as economy measures are concerned, which seemed to be necessary in view of the terrible conditions in which the country has found itself, been in themselves deflationary?

Mr. THOMAS of Oklahoma. Without exception, they have been in their administration, not in their potentialities. No law has been passed by the Congress since the crisis came on in 1929 which has not in its administration been a deflationary measure. Some of them were intended to be reflationary; but it makes no difference what kind of laws Congress may pass unless those laws are administered to carry out the intent of the Congress. The administrator may fail to carry out the intent of Congress and go in the reverse direction.

Throughout the Nation each fall in the campaigns in all of our respective counties we elect our sheriffs. Why are sheriffs elected? The power of enforcing the law is given into their hands. Having the power to enforce the law, having that responsibility on their shoulders, they can misconstrue and misinterpret their power and responsibility, and, instead of using their offices to enforce the law, they may use them to protect the law violators. That is what has happened in the United States too often in the past 3 years.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. ADAMS. Is it not true of the amendment which the Senator has offered that that also would depend almost wholly, if not exclusively, upon administration, that there is no mandatory feature to it?

Mr. THOMAS of Oklahoma. Exactly so. The Senator is correct in his interpretation, and that is true for a good and sufficient reason. If we should place in this amendment one affirmative mandatory provision, it would lead to unending debate.

I have been in the Congress for 10 years, in the Senate for more than 6, and I know that we cannot agree upon the silver question. We could not agree upon reducing the gold content of the dollar; we cannot agree upon the exact extent of the expansion of the currency through the buying of bonds. Perhaps we have not the information; perhaps there is some other reason; but it has not been done, and I doubt if it could be done. So the only alternative, if something is be to done, is to confer this power on someone. That someone should be the one who has the confidence of the people of America, someone who is responsible to the people of America, someone who has it in his grasp and power to get the best information, the best expert advice that the Nation and the world afford. This amendment confers that power upon the President, elected by the people by the largest majority ever given a President of this Republic. He has the confidence of the public; he has a record that justifies the bestowal of this confidence; he has the facilities at his command to obtain the best information—in fact, all the information—and the best advice, the best brains not only of America but of the world. Because of those facts the amendment confers upon the President a power which we had but which we failed to exercise, and I fear we shall continue to fail to exercise it if this amendment or some similar amendment shall not be enacted.

Mr. ADAMS. Mr. President, I wish to say that the Senator is making it very obvious that there is at least one Member of the Senate who is very well advised as to these questions, and that we do not have to leave the Senate Chamber in order to get the data.

May I suggest one further thought? When we handled the economy bill, we gave directions as to what was to be done and laid down the scale upon which it was to be done. We did not hesitate to cut salaries and to cut benefits in a direct way and to issue directions that it should be done.

Mr. THOMAS of Oklahoma. I thank the distinguished Senator from Colorado for his compliment; and likewise I appreciate the suggestion he has made; but as to the economy bill, I will say to the Senator from Colorado, when that measure was pending, a motion was made to limit the powers of the President to cutting any existing compensation or award to a sum not exceeding 25 percent. I voted for that limitation, but I and those who voted with me were voted down, and the President was given full power to deprive every pensioner, every widow, every soldier of all the wars of the past of every dollar, of every benefit, they are now receiving under solemn laws enacted by the Congress and approved by prior Presidents.

Mr. President, a few days ago a very significant decision was made. That decision was made by the President; that decision took America off the gold basis. No longer is it possible for citizens, either of this country or of foreign nations, to get gold legally from the Government of the United States. A little gold was released a few days ago, but the outflow has now been stopped, and gold is not being sent from the United States. Those who have deposits are unable to get gold upon their checks. One cannot even get gold upon greenbacks, upon paper money. One cannot get gold today upon gold certificates, because even to have a gold certificate in one's possession is contrary to the policy of the Nation. Under the decision which has been entered and which is now in force, America is off the gold base, and, in my judgment, we will not return to the gold base so long as there is a single one of the competing trade countries of the world that refuses to go back upon the gold base at the same moment that we return to the gold base.

Mr. TYDINGS. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to ask the Senator if, in his opinion, the result of the suspension of gold payments or the embargo on gold exports was not in effect a further increasing of the value of the dollar because it kept our gold at home? As a matter of fact, if gold had gone abroad in large quantities, we would have had a less strong dollar, would we not?

Mr. THOMAS of Oklahoma. I do not take that interpretation to be the correct one. When we went off the gold base, we released $4,400,000,000 of gold we have in this country from any demand being made upon it. No one today has any demand for gold. Foreign nations cannot get it; Americans cannot get it. We are getting along without the gold. That gold—$3,000,000,000 worth of it, as I understand, or thereabouts—is 80 feet deep in a vault beneath the Federal Reserve bank in New York City. I am advised—I never saw the vault, although I should like to see it—that the vault is 80 feet deep in the solid rock, and in that vault underneath that bank there are $3,000,000,000 of gold, and above the vault there are 50 feet of water as a protection for the gold. So far as the world is concerned, that gold might just as well remain there. We can get along without it; we are getting along without it. I do not see anything sacred about the gold standard. We are not today on the gold standard; Great Britain is not on the gold standard, and approximately 35 other nations of the world are not on the gold standard, and they are getting along fine. I am not arguing against the gold standard; I am simply stating the fact that we are off the gold base, and we will not go back on the gold base, in my judgment, so long as a single worldwide competing trade nation refuses to go back on the gold base with us. We do not dare to do it, because if we did go back on the gold base, even in conjunction with Great Britain and France, supposing Germany, which is now theoretically on the gold base, went off the gold base; she could enter the markets of the world with cheaper currency and take America's trade because of having a cheaper currency; she could produce goods at a smaller figure, at a cheaper price, and sell them in competition with America cheaper than we could produce them and sell them and thus get our business. That is very largely the trouble with America's foreign trade today.

Mr. President, I read awhile ago from some newspaper releases by famous economists giving approval to the policy enunciated by this amendment and announced by the President. I now desire to call attention of the Senate to just one statement by a newspaper of wide circulation.

Mr. BORAH. Mr. President, before the Senator takes that up, will he yield to me for a question?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. I should like to ask if those who had to do with the framing of this amendment sought legal advice as to the power of Congress to authorize the President to change the gold content of the dollar?

Mr. THOMAS of Oklahoma. In reply to the inquiry, I will say that the best legal advice available was consulted when the amendment was prepared; and let me say further, in reply to the Senator's question, that at this time the Attorney General and his associates are considering that question, and in the event the Attorney General finds that there should be some clarifying language or some restrictive language or any kind of language necessary to make this amendment comply with the Constitution, the suggestion will come to the Senate before we conclude our consideration of the amendment or will be submitted to the other branch for its consideration and for attachment as an amendment to our amendment to their bill. So the matter is not foreclosed.

Mr. BORAH. It seems to me that a formula could be drawn which might be constitutional, but it does not seem to me that we can confer unlimited discretion upon the President to do as he pleases with the gold dollar. In other words, we cannot delegate legislative power to the President. We may pass a law and make its operation depend upon the act of an agent, but we must ourselves complete the law.

Mr. THOMAS of Oklahoma. Mr. President, any act we may pass presumes that the President is a rational, reasonable, sane being, and that he will act with discretion for the best interests of the people of America; and that presumption would carry us to the conclusion that if he shall do anything under this amendment, it will be what is necessary and best for the people of the Nation.

Mr. BORAH. I am not now questioning the integrity or ability of the President or his desire to serve the people; that is not in my mind at all; but the Constitution provides that Congress shall have power to coin money and to regulate the value thereof. The question upon which I desire to have the Senator's opinion whether or not the Congress may delegate that power to the President of the United States, conceding that the President, whatever power he might be given, would use it, in his judgment, for the best interests of the people. It is purely a constitutional question, and in no sense a question of the President's ability or high purpose.

Mr. THOMAS of Oklahoma. The amendment as prepared by myself and originally introduced gave the President unlimited power. It was hurriedly drawn, and it was withdrawn later and submitted to those who were interested in the proposition and the best advice was had that was available. A limitation was placed in the amendment giving the President the power to devalue the dollar only to the extent of 50 percent.

Now, let me announce to the Senator an interpretation of the law which I think is good, although perhaps he will not agree with me. Under section 8 of article I of the Constitution the Congress has power to coin money and regulate the value thereof. That is a positive, express grant of power to the Congress. I assert this proposition, that when the Congress has a power of that kind and exercises it and selects machinery for carrying into effect the power conferred upon it further than the Congress itself wants to go, the courts, then, will not disturb the operation of that special machinery.

Mr. BORAH. I am inclined to agree with the Senator that if Congress will announce the formula or the rule which is to govern its agent, to wit, the President, it can confer upon its agent, the President, the powers proposed; but the Supreme Court has said that we cannot delegate legislative powers, though we may lay down a formula and select an agent to carry it into effect. If the Senator has done that in his amendment, I think it would be constitutional; but it does not seem to me that the language is sufficient. That is the way it impresses me at this time.

Mr. THOMAS of Oklahoma. Let me say to the Senator from Idaho that the amendment was so drawn in conference as to comply exactly with the formula prescribed by the Senator from Idaho, in that certain conditions must exist and they must upon investigation be found to exist before the President can take any action. Then, having found that certain conditions exist which are detrimental to the welfare of America, and that in order to correct that detrimental tendency or condition something must be done, the President, within his discretion, can exercise the power conferred by this amendment and devalue the dollar to the extent of 50 percent.

Mr. REED. Mr. President, at that point will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I shall be glad to yield.

Mr. REED. On reading the Senator's amendment I find that this delegated power is to be exercised in either one of two contingencies: First, if the President from his investigation finds it necessary to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, the power is delegated to him to reduce the gold content of the dollar in case his investigation shows such facts to exist; and, second, in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established. That is to say we delegate the legislative power which the Constitution gives us to the President in case he makes any agreement with a foreign government with regard to the exchange value of its currency and ours. In other words, no rule is laid down; Congress is not legislating in the event a particular thing shall happen or a particular set of facts shall occur, but is leaving the door wide open; and we might just as well give the President the power to declare war in case he should make an agreement with a foreign government or governments, and then say that that was a proper delegation of legislative authority.

Mr. BORAH. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Idaho.

Mr. BORAH. I understood the Senator to say that the Attorney General is now investigating the legal aspects of the question.

Mr. THOMAS of Oklahoma. The Senator understood me correctly. I may state that I am expecting an amendment to be submitted at any moment, if one is thought to be necessary. It may not come if it is not thought necessary; but if it should be considered necessary after we conclude our deliberations, such an amendment may go to the House, and, under the parliamentary procedure, the House may agree to our amendment with an amendment which might be necessary to meet the point raised by the Senator from Idaho.

Mr. BORAH. Of course, there is no doubt that Congress can designate that, upon the happening of a certain state of facts, a certain law shall go into effect, and I presume the Attorney General when he tenders his opinion will deal with that feature of it.

Mr. BYRNES. Mr. President, will the Senator yield to me for a moment?

Mr. THOMAS of Oklahoma. I yield to the Senator from South Carolina.

Mr. BYRNES. I think the Senator will agree that insofar as the first declaration of the standard contained in section 34 is concerned, it is in the exact language of the Tariff Act which was construed by the Supreme Court in the *Field case* or the *Hampton case*. Certainly, the language follows the exact language of the act in which the Congress gave to the President the power, whenever the President determined that a foreign government was discriminating against this Government in levying tariff duties, upon his findings as a result of that investigation, either to raise or lower the tariff duties. The Court held that it is within the power of the Congress and that the President was merely the agent of the Congress to carry out the will of the Congress within the limitations set out in the act.

Mr. BORAH. I am not sure that the amendment comes within the case of Field against Clark or the flexible tariff case. So far as the flexible tariff is concerned, I opposed it to the extent of my limited ability, because I thought it was unconstitutional. I am aware the Supreme Court has decided otherwise, but with great respect to that tribunal, it has not conviced me. I think under the decision announced by the Supreme Court in the flexible tariff case the Congress could delegate away practically all its legislative power. It is in my judgment a most dangerous rule there announced. It occurs to me that regardless of the decision of the Supreme Court in that particular case, the Congress should adhere as strictly as it can to the rule that if it undertakes to delegate power, it must do it under a specified formula so the agent will do nothing more than find the facts, and upon the finding thereof the law will go into effect. I think an amendment could be drawn perhaps along that line, but I do not think this amendment comes within the rule. At a later time I may say something further upon the subject. This is a most important measure, and we should bring it within the

Constitution, for rest assured it will be tested in the courts, and the courts may conclude that after all, there is a limit to this granting of legislative power.

Mr. THOMAS of Oklahoma. Mr. President, I appreciate the suggestions made by the Senator from Idaho, the Senator from Pennsylvania, and the Senator from South Carolina. I am sure that before the debate is concluded this matter will have every attention that those interested in it can give it, and we will welcome suggestions to make the amendment comply with the Constitution and the best interests of the people of the country.

Mr. President, for 3 years the Congress has been trying to bring about some relief for the people of the country. We have not succeeded very well. Even though the proposal is not yet enacted into law, but is only being discussed, I now desire to call the attention of the Congress and of the Senate to what it has already done. Before I do that, I want to have the attention of those who are sponsoring and supporting the proposal. I have just read support from Dr. Fisher, Roger W. Babson, and Mr. Lippman. I have here the financial section of one of the leading papers of the country. In the first column I find headlines as follows:

Trade increase seen resulting from inflation. Economic deadlock will be broken by cheaper money.

The next column I find this:

Retail trade climbing. Car loadings show 6,919 increase in week. Steel up. Wheat active. Automobiles improving.

In the next column I find this headline:

United States has quit being boob in world deals.

That is at the top of an article by Mr. B. C. Forbes, financial writer of note.

Then in the next column I find these headlines:

Stock market buoyant as week closes. Industrial shares are leaders in spectacular advance caused by inflation news.

Are these headlines displeasing to the distinguished senior Senator from Pennsylvania, hailing as he does from the great industrial State? I pause for a reply.

Mr. REED. Mr. President, if the Senator will indulge me for a moment or two I shall be glad to give him a reply.

Mr. THOMAS of Oklahoma. I shall be glad to have the Senator from Pennsylvania interrupt me at any time he sees proper.

I now call attention of the Senate to another page from a great publication, perhaps the greatest in America, and that means the greatest in the world. I refer to the New York Times of Sunday, April 23, 1933, a rather recent publication. I want to show the effect the talk about this proposal, even the serious consideration of a proposal which has for its purpose the checking of deflation, has had upon business throughout the country. Then I want the opinion of the distinguished Senator from Pennsylvania, who stands in the Senate speaking in and out of season for industry, industrial life, those engaged in industry, both the employer and the employee. I shall read only the headlines:

Business buoyed by action on gold.

There is little doubt but that this step, following closely on increased inflationary force in Congress, was confusing to the average business man, who in many cases found his stocks of raw material suddenly increased in value, but with the cost of necessary new stocks equally higher.

Under that I find another story:

Local trade strong. Stores report gains in sales over year ago.

That is in New York City, the barometer of the business life of America. Again:

Philadelphia more active. Building and industrial progress noted in the district.

That is from Philadelphia, April 21. If anyone knows where Philadelphia is, if anyone who knows who represents that great city in this body, he may wonder what that distinguished representative thinks of such headlines when he is protesting against the action being taken with those headlines in black print in Sunday's papers.

Again I read:

Chicago turns to selling. Inflation prospect ends buyers' market. Business is brisk.

From the second column I read:

CHICAGO, April 22.—Rise in grain prices prompts order for 700 freight cars.

I wonder if the railroads are offended by the decision of the President to give them an increased business which justifies an order for 700 additional freight cars to handle wheat alone?

I read further:

Many lines increase activity beyond seasonal levels.

That is from Cleveland, April 20. Underneath that is the following:

Northwest is cheered. Grain prices are rising, and retail trade is good.

That is from Minneapolis, April 22. Here is one from the Southwest—St. Louis:

Eighth district quickened. Commodity price rise spurs mining, farming, and trade.

We have not had such news in 13 long years. Three years the Congress has been in session, daytime and nighttime, passing bill after bill, and never has the New York Times covered one of its important pages with notice after notice from all over the Nation, North and South, East and West, that even the proposal of a plan is bringing an upturn in trade prospect and confidence.

From Kansas City:

Trade rises. New year's highest levels. Grain trend encouraging.

That is from Kansas City, April 21.

Again, from nearer Washington:

Southeast shows gain. Coal production rises. Retail trade firm. Optimism increases.

Whence does that headline come? It comes from the Old Dominion State. It is from Richmond, Va., April 21. Who represents that State in this body?

For 3 years we have been enacting legislation, passing financial bill after financial bill, but it produced nothing like this.

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

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

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

Mr. REED. If the Senator regards the increase of prices in debased money as an evidence of prosperity, he ought to regard it, I suppose, as an evidence of great prosperity in Germany that in 1924 it took 1,000,000 times 1,000,000 marks to buy an orange. That was a rise in commodity prices. Does the Senator think that is prosperity?

Mr. THOMAS of Oklahoma. I expect the Senator from Pennsylvania to go to the German situation. He cannot argue from the standpoint of America. There is no comparison between the German situation and the American situation. When the German mark began to advance Germany was a defeated nation. We are almost defeated. In a few months more we will be in the same condition as was Germany if this trend is not changed. When the war was over the mark was only two and a half times less than its normal value. The inflation in Germany took place after the war closed. They had only 28,000,000,000 marks in circulation when the war was closed. Germany did not need to go to the extent of inflating her mark the way she did. In my judgment it was done for a purpose. The Senator and I will not discuss that. But Germany after the war had no gold. The United States has almost five elevenths of the monetary gold of the world. Four billion four hundred million dollars of gold rest securely in the bank vaults of America. Then the Senator from Pennsylvania, with all his knowledge and ability to analyze, continues to make statements upon this floor comparing America to Germany.

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

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

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. Does the Senator know of anybody who is advocating inflation that would go to the extreme to which Germany went?

Mr. THOMAS of Oklahoma. The man in America who would advocate going to that extreme or would seriously state upon this floor that America will perchance go to that extreme would be or should be confined before night in a padded cell in St. Elizabeths.

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

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

Mr. REED. Does the Senator know whether there is a vacant cell in St. Elizabeths? [Laughter.] I should like to invite his attention to the fact that the present Speaker of the House of Representatives, the distinguished Mr. RAINEY, leader of the Democratic Party in the House, said last May in opposing one of the particular unsound money measures in Congress:

> A government once embarked on the practice of issuing fiat money finds it difficult always to stop.

Then, apparently qualifying for St. Elizabeths, he said:

> In the recent past we have seen European governments resort to fiat money, until it took in Germany millions of marks to buy a small loaf of bread. Finally the German issue of fiat money based on the promise of the German Government to pay was stabilized on the basis of 1,000,000,000,000 marks, based on the promise of the Government to pay for 1 gold mark.

If using the German situation as a parallel and a warning of the danger that inflation always gets out of control is qualification for St. Elizabeths, I nominate the distinguished leader of the Senator's party in the House of Representatives for cell no. 1 and I should like to go to cell no. 2. [Laughter.]

Mr. THOMAS of Oklahoma. I suggest that the Senator from Pennsylvania confer with the distinguished Speaker of the House and arrange that trip so that they can both go together, because if the Speaker of the House was correct in his statement that it would lead to chaos, the statement made by the Senator from Pennsylvania favoring deflation, if carried to its last analysis, leads to chaos exactly similar to uncontrolled inflation.

Mr. President, we had inflation in the sixties. Did that go to an unnatural, abnormal extent? Let me ask the Senator from Pennsylvania what would have happened to Pennsylvania if the Northern States had not passed the act of 1862 and authorized first $300,000,000 of greenbacks, later increased to $400,000,000 of greenbacks, to pay the expenses of protecting his State and his citizens and his cities in Pennsylvania? The North had no money. The North had no gold. They had no credit. They were stopped. I pause for a reply. What would have happened to the North if the Congress at that time had not passed those acts, and given Mr. Lincoln these so-called now-hated "greenbacks" with which to carry on that now-historic conflict?

Mr. REED. Mr. President, it was a desperate expedient resorted to in a desperate time, I grant you. If the war had not ended, it probably would have resulted in the total disappearance of the American dollar from having any value at all. As it was, it took nearly two decades of toil and distress on the part of all the American people to bring their money back to a sound basis; and now the Senator wants to throw us off it in time of peace, when we have half the gold in the world!

Mr. THOMAS of Oklahoma. Why, Mr. President, take the CONGRESSIONAL RECORD. Turn to the speech made by the distinguished Senator only 3 days ago, and read there that 17,000,000 American citizens today are living on charity. Read his speech. We saw no times like those during the historic days of the recent world-wide war. That war, Mr. President, was not a circumstance in the point of effect to the cost and misery already and now being sustained and experienced by the people of this Nation.

War? The Senator from Pennsylvania is the only man I know of in America who does not agree that today we are in a worse war than we ever were in during the years 1916, 1917, and 1918.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. I have already made it plain, in what I have said about this subject, that I am just as fully conscious of the amount of distress in America as is the Senator from Oklahoma; and because there is more distress in Pennsylvania than there is in Oklahoma, I venture to think I am at least as anxious to relieve it. That, however, is no reason why we should adopt schemes which have been proven by the universal experience of mankind to cause more distress than they relieve. I do not want to take poison because the Nation is ill; and the Senator is offering financial poison to the people of America.

Mr. THOMAS of Oklahoma. Mr. President, I will come to that in just a moment. I want to complete the record that I am trying to make.

I last referred to the change in the trend of the times, and I quoted from Richmond, Va., that even the section here south of the Potomac is responding to the changed psychology and the changed hope that finds lodgment in the breasts and minds of the people of the Nation.

I read further:

> Sixth district trade brisk.
> Atlanta also reports gains in employment and wage rises.

That is from Atlanta, Ga., of date April 21.

The next news story:

> Prices spur on coast.

That is away out yonder on the Pacific.

Reading further:

> Numerous lines of business quickened. Gold search increases.

That is from San Francisco, Mr. President.

Then we find in the next headline:

> Wheat is jumped by inflation talk.

In the next headline:

> Cotton up again on heavy buying.

Is it possible that these news stories are unpleasant reading to the distinguished Senator from Pennsylvania? Is that possible?

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

Mr. THOMAS of Oklahoma. I yield to the Senator from South Carolina.

Mr. BYRNES. Since the Senator referred to the matter in the last few minutes I took the trouble to telephone, and I find that cotton and wheat have retained their spurt, and cotton is up a few points from the closing on Saturday.

Mr. THOMAS of Oklahoma. Mr. President, here is an important, interesting news item—and I want to assure the Senator from Pennsylvania that there could be nothing personal in my referring to him in the second person. I have stated frequently upon this floor that no Member of the Senate has more courage, is more able, more energetic, more efficient than is the distinguished senior Senator from Pennsylvania. I only regret that he is at the head of the army of which he finds himself the general. He is now a full general in this army. It is a rather disorganized army, although it is not a ragged army. It is well uniformed. The army that the Senator leads as a general has money with which to send telegrams to him. The folks that I am privileged to represent do not have that money. They cannot send me telegrams. They cannot even send letters by air mail. Three cents is almost too much for them. The wires that I get are mostly sent collect. Many of them I have to pay for myself.

There is the difference, Mr. President.

On January 28 the distinguished senior Senator from Pennsylvania made a speech in Philadelphia. This is a special article from Philadelphia to the New York Times, and I take it to be correctly reporting what happened in Philadelphia. I read the first few lines:

> Philadelphia, Pa., January 29.—

This is just this year, 1933—

Terming the inflation of currency "the road to ruin for America", Senator DAVID A. REED, in an address before the Northeast Philadelphia Chamber of Commerce last night, said that the "vast body of common sense" in Washington would resist the importunities to take that "foolish" step.

Then the article goes on, but that gives the gist of the article.

Reflation, expansion of money, putting back, where people get them, some of these dollars that now are ancient history to many of them—that is inflation? That is a "foolish step"? Yet even the suggestion of the Congress and the administration taking that "foolish step" has done more to help the people of America and the interests of America than has all the legislation sponsored and passed by the party of which the distinguished Senator is an influential leader from October 1929 to March 4, 1933.

Mr. President, when the distinguished Senator made this speech in Philadelphia, Mr. Hoover was President, his President as well as ours; Mr. Mills was Secretary of the Treasury; Mr. Mellon was at the Court of St. James's; Mr. Mitchell was the dictator of the financial policies of New York City, Wall Street—if not the dictator, a most influential associate among the few that do dictate those policies—and all this time, Mr. President, the distinguished Senator from Pennsylvania was here in the Senate seeing to it that nothing was done to check the deflation and permit reflation. In other words, until the 4th of March the distinguished Senator from Pennsylvania, the leader and full general of that army, prevented America from even entering upon the "road to ruin."

Now, let me call attention to what happened during the closing days of that historic and never-to-be-forgotten administration.

I need not remind the Senator from Pennsylvania and the Senate of the United States that the reign of Mellon, Mills, Morgan, and Mitchell closed on March 4; that at that time every bank in America was closed; 13,000,000 men were unemployed, meaning, with their wives and children, perhaps 50,000,000; trade was stagnated; business was paralyzed; smokestacks were smokeless; dinner pails were empty; taxes were unpaid; interest was in default; incipient revolutions were widespread; individuals, corporations, counties, cities, and most of the States were accepting doles from the Government, which in effect placed such individuals, corporations, and municipal subdivisions in the Federal bread line. Mr. President, the policy of deflation sponsored by the distinguished Senator from Pennsylvania, and led by him in the Senate, not only entered America upon the road to ruin but led America to ruin.

There is the picture on March 4, 1933, at 12 o'clock; and I have just tried to portray to the Senate what has been accomplished in the past 6 weeks. Although no act on the subject has been passed, even the discussions here upon this floor and in the other body of Congress and in other halls and chambers of this city where policies are considered and made, even the discussion of a reversal of that policy has done more to bring back our lost prosperity than all the acts considered and passed by the administration that ended only a short time ago.

Mr. President, in conclusion—and I am almost through—I desire to place in the RECORD some facts, and I invite the attention of the Senator from Pennsylvania to the consideration of these facts. I alluded to these facts when I began my remarks shortly after 12 o'clock. I want to show, if I may, for whom the Senator speaks—and I make no charge. I do not think he knows that he speaks for the people to whom I shall allude; but in my opinion he does speak for them, even though he has not discovered it yet.

Mr. President, only recently we had 57 billions of resources in all the banks of America. If my knowledge is correct, each one of those dollars represented in buying power, in financial wealth, the sum of $2.44. If that is true, then that wealth, that power represented by $57,000,000,000 of resources, had added power—financial power, purchasing power, buying power so far as the farmer is concerned—in the sum of $139,365,000,000. In other words, the banks, to pay their depositors, would have to collect from their borrowers that much money in value. They never could collect it, because it is a physical impossibility for farmers and laborers and merchants and lumbermen and miners to get that much money at the high price at which the dollar is valued now to pay their obligations to the banks; and the banks, failing to collect from the borrowers, could not pay their depositors. So this is not only a farm-relief measure; it is a bank-relief measure. Without this amendment, or some similar amendment, not a single bank in America can ever pay its depositors—not a single bank. Either this amendment or some similar amendment must carry, or not a single bank—North, South, East, or West—within the confines of America has a chance to get enough of these $2.45 dollars to pay the depositors who have credit in that bank.

As a rule, the bankers are not against this amendment. In my State last year, when I was trying to get more money into circulation through another means, the bankers of my State, apparently not understanding what I was trying to do—and I could not make them see it, through my inability—were not for my proposal. But times are so changed in Oklahoma that I do not know of a single bank in that great State today that is not back of this proposal. The banks must have it or they will close.

Mr. President, that is not all. These bank resources, as I have said, are worth $139,000,000,000. That is their buying power, their purchasing power. It is necessary for the banks to obtain possession of that much wealth in order to pay the depositors. On the other hand, the borrowers must get that much wealth to put into the banks to enable the banks to pay their depositors. So this proposition neutralizes itself, and as a rule the banks of the country are not particularly interested in the proposal, save that if they know anything about it they are for it; but if they have been following the philosophy of the Senator from Pennsylvania and some of the papers, they do not think, they take what they hear as the gospel truth, and believing what the Senator from Pennsylvania says, and his interpretation, they believe they are to be ruined and that the country is to be ruined if we debase the dollar by a single penny.

Mr. President, there is a bunch of banks in New York which do not take that view about this matter—about 13 banks in New York City. Let me enumerate those banks, and then deduce my conclusions from the evidence. On December 31, 1931, the National City Bank of New York had resources in the sum of $1,857,000,000. On that date the other banks in New York City of this group to which I have referred had resources as follows:

The Chase National Bank	$1,988,000,000
The Guaranty Trust Co	1,494,000,000
The Bank of Manhattan Trust Co	461,000,000
The Bankers Trust Co	745,000,000
The Central Hanover Bank & Trust Co	756,000,000
The Irving Trust Co	621,000,000
The Manufacturers Trust Co	502,000,000
The New York Trust Co	323,000,000
The Public National Bank & Trust Co	120,000,000
The Empire Trust Co	170,000,000
The Marine Midland Trust Co	86,000,000
The City Bank Farmers Trust Co	70,000,000

Those 13 banks had total resources in the sum of $9,193,000,000. That was the face value of those resources. That was only 13 banks in New York City. I did not mention the smaller banks. It is safe to say that, taking the joint resources of the smaller banks, not mentioned, and adding them to the resources of the banks I have mentioned, in that one city alone the banks have total resources with a face value in excess of $10,000,000,000.

Mr. President, are these banks limited to the $10,000,000,000 when it comes to buying power, to purchasing power, to financial power? No; these banks have the resources, the buying power, the purchasing power, of $10,000,000,000, but that is not all. They have this enhanced buying power. As measured by the farmers' dollar, each dollar of their resources means $2.44. As measured by the entire list of commodities, each dollar of their resources amounts to $1.70.

I am pitching this discussion on the basis of the agricultural States, and I make my computations on the basis of the farm. These banks in New York City, having $10,000,000,000 of resources, have buying power, have purchasing power, have financial power, have political power, in the sum of $24,450,000,000.

It is a simple calculation. Ten billion equals 100 percent; 1 percent equals $100,000,000; 244½ percent, which is the number of cents to the dollar, times 1 percent gives us the result. Twenty-four billion four hundred and fifty million dollars is the total buying, financial, political power of those banks in New York City.

If this amendment carries and the dollar should be reduced in buying power, to the extent of the reduction these resources will be taken away from those banks and placed back on the farm, placed back in the mine, placed back in the lumber camps, placed back in the fisheries, placed back with those who are in debt.

Mr. President, if we cut the dollar half in two and make it worth only $1.22¼, these banks then will still have more than $2,000,000,000 of buying power, financial power, political power, which they did not earn, which they did not buy, a gift through the policy of the administration at Washington.

Mr. President, that is not all. There are $21,000,000,000 of United States bonds in the United States. Those bonds are held by men and women of wealth. The United States owes $21,000,000,000 of bonds, so far as figures are concerned, but the United States owes more value than that. The United States owes more buying power than twenty-one billion. It owes more financial power than twenty-one billion. If the farmer had to pay those bonds, the farmers would have to raise $2.44½ to liquidate each dollar of that twenty-one billions of bonds. How much would that $21,000,000,000 take? The farmers of the United States must toil and sweat and produce commodities and sell them to the extent of $51,345,000,000 to retire that bonded obligation.

Do these misguided, deluded bondholders believe they are going to collect $51,000,000,000 of wealth, of sweat and toil, of wheat and cotton and oats and meat, from the farmers of the United States to pay that obligation of $21,000,000,000?

Those bondholders did not pay $21,000,000,000 for the bonds. Many of those bonds were purchased with a 50-cent dollar, on the basis of an 85-cent bond. I will not go into that detail. I am presuming that the standard level of 1926 was the point at which all those bonds were purchased, and, taking that as the basis, those bonds today, to be liquidated by the farmers, would cost them $51,345,000,000.

Mr. President, that is not all. The States have bonds outstanding, the counties have bonds outstanding, the cities have bonds outstanding, the districts have bonds outstanding, corporations have bonds outstanding, and it is estimated that there are bonds of those classes outstanding to the extent of $50,000,000,000. Is that all the wealth that is represented by those bonds? No. If the farmers have to pay those bonds—and they must pay their share—they cannot liquidate $50,000,000,000 of State, county, city, district, and corporate bonds with $50,000,000,000 of wealth. They must produce dollars worth $2.44 to liquidate each dollar of those bonds. That being true, how much wealth must they produce in order to liquidate $50,000,000,000 of State, county, city, district, and corporate bonds? The computation is easy. Make the computation and you will find that they must raise, produce, and sell to the extent of $122,251,000,000 of buying power and of wealth in order to liquidate the corporate bonds and the city bonds and the State bonds and the county bonds and the district bonds of this Republic.

Mr. President, let us add those figures. The bank resources, based upon the present value of the dollar, are worth today $139,000,000,000. United States bonds, based upon the present buying power of the dollar, are worth $51,000,000,000. The bonds issued by cities, counties, States, and corporations, based upon the present buying power, are worth, in the products of the sons of toil, $122,000,000,000. So that in order that the people of the United States may get rid of their national bonds, their State bonds, their county bonds, and the other bonds they must produce and sell products in the sum of $312,000,000,000. The face value is only $128,000,000,000. There are almost $200,000,000,000 of wealth—of corn, of wheat, of cotton, of hogs and cattle, human sweat and toil—which must be produced and expended to pay money to a class of bondholders who did not earn the money, who did not buy the money, who do not deserve to keep the money, and that is the reason why I stated a while ago that this single amendment has more possible significance than any proposal that has ever come before the American Congress or any parliament in the history of the world.

If this amendment should be enacted, and if it should be exercised to the extent of 50 percent, and the dollar cut half in two, it would transfer that wealth from those who do not own it to the other side of the ledger, and still the bondholding class would have billions they did not buy and did not earn, and the producing class would not have as many billions as they deserve.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. Can the Senator give us any assurance that this power to cut the dollar half in two, as he states it, would be used by the President if Congress were to give the power to the President?

Mr. THOMAS of Oklahoma. Mr. President, the Senator knew in advance of asking that question, or he should have known, that, in the first place, I could not answer the question, because I do not have the facts now which the President would have when he proceeded to exercise the power; and, secondly, if I know, I doubt whether I would tell the Senator from Pennsylvania upon the floor of the Senate.

Mr. REED. The Senator implied that he knew, when he said that $200,000,000,000 of property are to be taken from one class and given to another, and that that is why this amendment is the most important thing since Adam and Eve.

Mr. THOMAS of Oklahoma. No, Mr. President; I said that if that were done, it would not be enough, that people would still have property and wealth in the United States which they did not buy and did not earn, and that, on the other hand, another class—the debtor class, the farming class, the city class, the working class, the middle class—would not have as much transferred to them as they would have if the Government did exact justice by them.

Mr. REED. I understood. The Senator would take all this wealth from Mr. J. P. Morgan and give it to the voters. Perhaps there would not be enough left for the voters to get.

Mr. THOMAS of Oklahoma. I am not going to prophesy from whom it is to be taken. I think I know of some from whom it will be taken. If there is a bunch of hogs in a lot, and if we throw a rock over there and hit one of them, he will squeal. When we hear a man squeal in this contest we may just put it down as a safe proposition that he either has been hit or is likely to be hit.

Mr. President, the other day the Senator from Pennsylvania, within his prerogative, asked the Nation to advise him and the other Senators and Representatives whether or not they wanted this amendment to be agreed to; in other words, whether or not the people of the Nation wanted the United States to enter upon the road to ruin.

I did not receive any telegrams from my State in response to that appeal. It really was not necessary for anybody in my State to send me a telegram, and, on examining my file, I find I received none from my State. But I find that there are some people in the United States with enough money to send telegrams who do not agree with the distinguished Senator from Pennsylvania. The first one I received was from Hutchinson, Kans. This is in direct response to the appeal made by the Senator from Pennsylvania, and I want to read these telegrams, because they are interesting. This telegram from Hutchinson is addressed to me and reads:

A former Kansas Republican county chairman extends congratulations on your courageous fight for equitable debt adjustment and dollar revaluation. New hope inspired in all classes here. Mills says poor people with insurance and savings to be hurt under his policy of deflation. This class cashed their insurance and spent their savings.

C. E. KING,
Former Republican County Chairman,
Reno County, Kans.

Mr. President, I have another telegram from Atlantic City, N.J., in response to the request of the Senator from Pennsylvania. It is dated April 23, is addressed to me, and reads as follows:

ATLANTIC CITY, N.J., *April 23, 1933.*

Senator ELMER THOMAS,
Washington, D.C.:

Answering Senator REED's request for telegrams, we urge that your currency bill be passed as written, but as a separate measure. This bill seems well designed to carry out several sound recommendations of committee of the Nation. Imperative for business recovery that destructive opposition of REED not be allowed to change any essential part of program. We were Hoover supporters, but repudiate present Republican attitude.

KENTS RESTAURANT & BAKING CO.,
By KENNETH B. WALTON, *President.*

The next message, Mr. President, comes from New York City. This gentleman must have a little money because he sends a telegram of about three pages. He could not say as much as he desired in support of this proposition on one page, so evidently he took as much as necessary. Here is the message addressed to me:

NEW YORK, N.Y., *April 22, 1933.*

Senator ELMER THOMAS,
Senate Office Building:

For your information I have sent Senators REED, WALCOTT, Representatives LUCE, SNELL following telegram: "The overwhelming majority of Americans are astounded at your statement criticizing President Roosevelt's most constructive and essentially necessary currency-expansion program to restore an honest dollar and prosperity. Do you wish President Roosevelt to follow the past administrations' deflationary policy of maintaining an unfair, if not dishonest, dollar which was destroying agriculture, commerce, and industry? Do you want our financial and economic policy to be directed from London for the advantage of Great Britain and to our economic destruction? My firm does one of the largest commodity brokerage businesses in the world, and, for your information, during the past few days due to the belief that controlled inflation would be accomplished, America's greatest industry, the cotton industry, has been transformed from gloom and depression to optimism and is actually doing the best business in years, and our mills are putting tens of thousands back to work."

Is it displeasing to the distinguished senior Senator from Pennsylvania to learn that the mills are reopening and tens of thousands of people are being placed back to work?

Reading further:

"You will find this true of other businesses. I am a member of the Committee for the Nation, composed of approximately 500 presidents or chairmen of the board of America's largest industrial corporations, also having representatives of more than 5,000,000 of farmers; our committee is not only advocating but urging the nationalization of our gold and revaluation of the gold ounce, so as to permit the direct issuance of 75 percent more currency. This would permit recalling billions of tax-exempt bonds, which are destroying our country economically. Your reference in comparing our currency-expansion program to Germany is so ridiculous that it is not worthy of answering, except that it comes from what should be a responsible source. If you will look in the records 14 years back, you will find that Germany was a bankrupt, defeated nation, without gold reserve, without national resources of commodities and raw materials, and owing untold billions of dollars to other nations, and having absolutely nothing on which to expand or inflate her currency. Germany was even then without a stable government, whereas the United States has approximately half the monetary gold supply of the world, unlimited national resources of wealth, commodities, and raw materials, and is not a debtor nation, but the world's greatest creditor nation; therefore the United States has the strongest foundation on which to expand her currency and thus restore an honest dollar. After consideration, I hope that in the interest of our country you will cooperate in eliminating the existing unfair, if not dishonest and thieving, dollar which is destroying our country, and use your best efforts for currency expansion, so as to restore an honest dollar, which is so vital for the recovery of agriculture, commerce, industry, and our national existence and happiness."

You are at liberty to place same in the CONGRESSIONAL RECORD. Best regards.

ROBERT HARRISS.

Mr. President, then I have here a telegram from Greeley, Colo., addressed to myself, as follows:

GREELEY, COLO., *April 21, 1933.*

Hon. ELMER THOMAS,
Senate Office Building, Washington, D.C.:

We extend our congratulations. Majority of western people are very anxious for success of your proposed inflation measures. Our opinion that they are the greatest and only practical relief measures offered that can relieve us from this depression. Let us know if we can assist you.

WELD COUNTY BIMETALLIC ASSOCIATION.

The last message that I will call to the attention of the Senate is from South Bend, Ind., my native State—and, by the way, it is a great farming State and likewise a great industrial State. The message is as follows:

SOUTH BEND, IND., *April 21, 1933.*

Hon. ELMER THOMAS,
Senate Office Building, Washington, D.C.:

It is most significant that just the publicity about prospective inflation has brought such a tremendous improvement in prices and general psychology. It is therefore, I believe, most obvious that achievement of actual inflation through contemplated legislation will bring about a far greater advance in prices, and with the resultant buying power of the Nation the entire country would soon be on the road to complete recovery and prosperity.

That message is signed by Vincent Bendix, of Chicago, the head of one of the great industrial concerns of America.

Mr. President, I want to sum up just in a word to show what will happen, in my judgment, if this amendment shall be adopted and written into law and the powers conferred shall be exercised by the Chief Executive under the spirit and incentive and impulse of the preamble of the Constitution acting for the best welfare of America.

If this amendment should be adopted this, in my judgment, is what will happen:

First. Owners of bank deposits will immediately begin to convert such deposits into commodities, real estate, and property, to secure the benefits of the advance in price and value.

Second. Owners of collateral will begin immediately to negotiate loans in order to be able to take advantage of the rising prices.

Third. Merchants will begin to place orders for goods to restock their empty shelves.

Fourth. Wholesalers will begin to place orders for additional stocks to supply increasing demands.

Fifth. Manufacturers will take chances on opening their factories, thus making demands for raw materials.

Sixth. Such activities will make business for the railroads, transportation companies, transmission companies, and the banks.

Seventh. Labor will be employed and additional demands will arise for the products of the farmers, hence stimulate and raise farm and commodity prices.

Eighth. Bank credit and bank deposits will be thawed out, and banks will become active once again.

Ninth. Value will be replaced in all kinds of collateral and securities.

Tenth. Credit will be in demand and will begin to expand and revolve.

Eleventh. The people will be able to secure money with which to pay taxes, interest, and debts.

Twelfth. The amendment, if adopted, will continue the advance now noted in all lines of public and private activity.

Mr. President, inasmuch as the gold clause is under discussion, and inasmuch as, if the power conferred by this amendment is finally exercised, the gold clause will probably reach the courts, I ask unanimous consent to attach as exhibit A to my remarks a portion of a syndicated article prepared by Mr. Mark Sullivan.

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

(See Exhibit A.)

Mr. THOMAS of Oklahoma. As a second exhibit, I ask to have printed a statement relative to the English case recently cited involving the identical point whether or not the Government has the power to evaluate or reduce the gold content of the unit value.

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

(See Exhibit B.)

Mr. THOMAS of Oklahoma. I ask permission to insert a news article appearing in yesterday's newspapers prepared by Mr. J. R. Brackett under the title "Inflation—What It Is."

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

(See Exhibit C.)

EXHIBIT A

THE COURTS AND THE GOLD CAUSE

By Mark Sullivan

* * * * * * *

Suppose, now, either that the United States go "off the gold basis" in the sense of printing or minting great quantities of paper or silver money, or that the size of the gold dollar be reduced.

The present gold dollar "of present standard of weight and fineness" contains 25.8 grains nine tenths fine, or 23.22 grains of pure gold. Let us assume now that Congress reduces the quantity of gold in the dollar to, let us say, 20 grains, or 15. Or let us assume that Congress, by one act or another, puts the country's currency "off the gold basis."

In that event what would be done about all these billions of dollars of bonds, mortgages, and other contracts containing the old "gold clause"?

The universal assumption has been that the creditor could continue to demand and insist on getting gold dollars of the old size, weighing 23.22 grains. Especially has that been assumed by the creditors.

The question, of course, would go into the courts, ultimately to the Supreme Court. What the Supreme Court would do is a thing about which there can be only surmise.

There is, in short, difference of opinion about what the courts would now do, under today's circumstances. In any event, there is a probability at least that the courts may now have occasion to pass on the "gold clause" again.

* * * * * * *

A recent and extremely important and interesting case arose last year in England. I suspect practically every lawyer in the United States will be looking this case up shortly—for a similar case, many similar cases, may arise at any time in any county court in Illinois or Iowa or Kansas or California.

In 1928, in England, a Belgian company, the "Société Intercommunale", borrowed £500,000. They gave in return bonds. In the bonds was a "gold clause", similar to the American one, stipulating that the company would pay "in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928."

Last year, when interest came due, a holder of a bond demanded gold. In the meantime Great Britain, on September 20, 1931, had "gone off the gold basis" and the paper pound had become worth approximately $3.20 as against the value of a gold pound, which was and is $4.86.

The debtor company tendered paper pounds. The holder of the bond refused that form of payment and the case went into the British High Court of Justice, Chancery Division. This court handed down its decision on October 27 last. In part the court said that the obligation was to pay "£100" and that if the sum were now paid in gold the payment would actually be more than a hundred pounds. "It is not a bullion contract. * * * The contract is a simple contract to secure payment of a sum of money, and if the defendants tender the sum in whatever might happen to be legal tender at the date the payment was due they have discharged their obligation. * * * In this country there are certain things—paper and metal—which are legal tender, and for the purpose of paying a debt a tender of the appropriate amount of any of those symbols is sufficient to discharge the obligation. * * * This is not a contract for the delivery of gold; it is a contract to pay a sum of money."

This decision was in the lower court. The case was carried to the British Court of Appeal and the decision was confirmed. The case is still subject to final appeal to the House of Lords.

EXHIBIT B

THE ENGLISH CASE

Mr. Justice Farwell's decision in the case of *Feist* v. *Société Intercommunale Belge d'électricite* must have come as something of a shock to all holders of foreign-issued bonds bearing a "gold" clause. The company had issued £500,000 of "gold" bonds, and in both the bonds and the coupons it undertook to make payment "in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928" (varying dates necessarily appeared on the coupons), and the plaintiff contended that the company was therefore obliged to make payment in gold coin or in its bullion equivalent.

Here, surely, was a "watertight" gold clause, if ever such a clause can be, for it not merely specified payment in gold coin, but actually defined its weight and fineness.

Mr. Justice Farwell ruled, however, that the document was inconsistent: that on the one hand it was an undertaking to pay a defined sum of money, namely, £100, and on the other it seemingly undertook to pay an unascertained sum; that the former was the true meaning, and the payment could therefore be satisfied in current legal tender.

EXHIBIT C

INFLATION—WHAT IT IS—ADVOCATES HOLD IT WOULD RAISE PRICES BY CHEAPENING VALUE OF DOLLAR

By J. R. Brackett

NEW YORK, April 22.—What is inflation?

Advocates define it as:

1. A means of raising prices, particularly those prices which have fallen most.

2. A plan to raise these prices by reducing the value of the dollar through regulation of the money system.

All of the many plans now being proposed in Congress are based on these two points, whether by use of silver, more currency, lessening of gold content of the dollar, or more credit.

The keynote is to cheapen money in order to raise prices. Money is, in a sense, a commodity, and the price of it is determined in part by supply and demand.

TODAY'S DOLLAR DEAR

Cheapening the dollar is the reverse way of saying raising prices. The dollar today is dear, prices are low. In 1929 the dollar was cheap, prices were high.

Suppose it were possible to combine a sample of all the commodities bought and sold in the United States. Suppose this sample was worth $1 in 1926. Today such a sample would be worth about 60 cents. Commodities include everything from food to cement.

COMMODITIES PAY COSTS

On the other hand, suppose it were possible to combine a sample of all the interest charges paid on debts, railroad rates, public-utility rates, long leases, and other items which change but little in cost. Such a sample would be about as expensive today as it was several years ago.

To get money to pay these fixed costs, the merchants, manufacturers, and farmers must sell commodities. They must sell nearly twice as many commodities today to meet those fixed costs as in 1929.

The purpose of the inflationist is to raise the price of the commodities so the costs may be easily met. The difficulty in meeting them in the depression has meant bankruptcy, foreclosure, and default—in a word, deflation.

WOULD MAKE MONEY CHEAP

Inflationists would meet this difficulty by raising prices with cheapened money.

Suppose dollars were for sale in the stores and could be purchased with the sample of all commodities described above. In 1929 the merchant asked one sample for $1; today he asks two samples for $1.

It costs about twice as much to buy a dollar. Money is expensive to buy. Inflationists would make it cheap.

INCREASING THE AMOUNT

In general, they would bring this about either by actually increasing the amount of all money in the country, or by devaluating the dollar by reducing its gold content.

The first plan makes money cheap by increasing the amount of it.

If the merchant above had a large supply of dollars he would sell them cheaper. If the whole Nation had more dollars it would willingly pay more of them for the sample of commodities.

REDUCING THE GOLD

The second plan would reduce the gold content of the dollar. If the gold content were cut in half, the gold would go twice as far in backing the currency, and would, the plan's proponents hold, have a lifting effect on commodity prices.

Many economists and financial observers believe a process of inflation started some time ago when the Government attempted to hasten the reopening of banks and planned the easing of mortgages, among other things.

These plans, they say, would bring money in closed banks back into use and would increase the liquidity of frozen funds in mortgages. Such an inflationary process is viewed as temperate and possible of control.

Mr. TYDINGS obtained the floor.

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

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

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Bratton	Copeland	Frazier
Ashurst	Brown	Costigan	George
Austin	Bulkley	Couzens	Glass
Bachman	Bulow	Cutting	Goldsborough
Bailey	Byrd	Dickinson	Gore
Bankhead	Byrnes	Dieterich	Hale
Barbour	Capper	Dill	Harrison
Black	Caraway	Duffy	Hastings
Bone	Connelly	Erickson	Hatfield
Borah	Coolidge	Fletcher	Hayden

Johnson	McKellar	Reynolds	Townsend
Kean	McNary	Robinson, Ind.	Trammell
Kendrick	Murphy	Russell	Tydings
Keyes	Norbeck	Schall	Vandenberg
King	Norris	Sheppard	Van Nuys
Logan	Nye	Shipstead	Wagner
Lonergan	Overton	Smith	Walcott
Long	Patterson	Steiwer	Wheeler
McAdoo	Pittman	Stephens	White
McCarran	Pope	Thomas, Okla.	
McGill	Reed	Thomas, Utah	

The PRESIDING OFFICER. Eighty-two Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President, I think we should approach consideration of the pending amendment by admitting that a very many, certainly most, of the facts adduced by the Senator from Oklahoma [Mr. THOMAS], if not all of his conclusions, are true. There is no doubt in the world that people have borrowed money which at the present prices they cannot repay. There is no doubt in the world that people bought stocks and bonds. A policy of inflation will cause those bonds and stocks to decrease from their present-day value. There is no doubt that the debtor in this respect would probably be benefited if it were rationally and equitably carried through as a policy.

There are certain factors, however, in connection with the subject matter which ought not to be overlooked and which it seems to me up to the present time at least have received no consideration. I want to start what I may say by calling attention of the Senate to a paradox. Everybody in this Chamber, in fact in all the parliaments of the world, daily make use of the utterance that "the depression is world-wide." Yet all the cures for that depression which are offered are internal and not international cures. We are in the position of a man who is covered from head to foot with a disease. Our cure for the disease is to make well one part of the man's body, assuming that the other parts will as a matter of consequence get well of their own weight. If the depression is world-wide the cure must be world-wide. If the depression is internal, then the cure must be internal. Any other premise upon which an argument is based must of necessity be fallacious.

I want to begin by reading the words of Woodrow Wilson sent to the Congress of the United States right after the World War, because while he did not picture the situation with great clarity or with great foresight, apparently he did visualize that at this time we would be in this situation by a pursuit of the policy which we have adopted for the past 18 years since the World War started. Here is what President Wilson then said. This was a message sent to the Congress on January 3, 1921, and I quote in part:

> Large Government credits were extended during the war to certain European governments associated with us in the struggle. These ceased several months after the armistice, except for commitments already made either directly or indirectly. The recent Brussels Conference—

Mark these words, Senators!—

> The recent Brussels Conference, composed of experts from many European countries and from other nations, itself expressed the opinion that further credits should not be accorded directly by governments. I do not believe that they should be accorded indirectly. Exports of domestic products have not declined since the armistice. On the contrary, they have greatly increased. From an aggregate value before the war of less than $2,500,000,000, and of about $6,000,000,000 the last year of hostilities, they rose in the calendar year of 1919 to more than $7,900,000,000, and this figure will probably be exceeded for the last calendar year. For the first 11 months of the last calendar year we exported more than $7,500,000,000 worth of domestic merchandise. These have been largely privately financed. The difficulty in the way of still larger exports does not seem to lie so much in the lack of financial ability here as in Europe's lack of means to make payment. Her productive energies and the services which she renders have not yet reached the point where they balance the value of commodities taken from this Nation, and her ability to furnish for additional exports securities which business men would feel justified in taking is restricted. The experts of the Brussels Conference reported that "one of the chief obstacles to the granting of credit is the absence in borrowing countries of securities for ultimate payment." Until this obstacle is removed it is difficult to see how materially larger exports to Europe are to be made, even if exporters, aided or unaided by Government finance, stand ready to do their part.

Listen to this statement:

> It is remarkable that Europe is able to make effective demand for as large a volume of our goods as she is making. It is gratifying evidence of her recovery and progress toward full production and sounder financial condition.

I could read more, but I shall not do so.

How many of us in this Chamber realize that the balance of trade of the United States with the remainder of the world has been in our favor each and every year since 1893? There has not been in that 39-year period one year when we did not sell to the world more of our products than the world sold of its products to us. Indeed, to be exactly accurate, during that period of time we have sold to the world $36,000,000,000 worth more of the products produced in this country than the world has sold to us—a $36,000,000,000 balance of trade in the 39-year period, almost $1,000,000,000 a year favorable trade balance.

Does inflation take account of that fact? Does inflation take account of the fact that since 1920, or, in other words, commencing with 1921 we have sold to Great Britain alone $6,000,000,000 worth of our products more than she has sold of her products to us—twice the present value of the war debt to this country—$6,000,000,000 worth of farm products principally, forsooth, that have left this country and found purchasers over in Great Britain. Does inflation take into consideration that fact involving a favorable trade balance with one nation of $6,000,000,000 in the last 10 years? How many of us are keeping in mind the fact that one third of our exports are the product of the farm? Does inflation take into account that fact? If it does, I fail to see where it is applied.

Nothing in the world will compel us to assume a policy of isolation more than does the pending proposition, in my judgment. It is a policy of America living unto herself. We are saying good-bye to the rest of the world in the face of the fact that during the last 39 years we have sold $36,000,000,000 more of our goods to the world than the world has sold of its goods to us. Are the farmers of the West and the farmers of the South ready to pay that price? Are they ready to say good-bye for all time to their export market? Remember, we are exporting nearly 20 percent of our total agricultural production. Are the farmers of America ready to say good-bye to that for all time? That is what is being said in this amendment, because it means isolation for America.

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

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Texas?

Mr. TYDINGS. I yield.

Mr. CONNALLY. The Senator says the adoption of the amendment means isolation. Is not the whole theory of the bill to use its provisions for the purpose not of bringing about isolation, but bringing about an international agreement as to a new standard of money and currency so as to make the standard fair and uniform and facilitate trade with the whole world, rather than to isolate ourselves by pursuing our own policy without regard to what foreign nations are doing?

Mr. TYDINGS. I am glad the Senator has asked that question. I had not intended to come to it for a little while, but I will come to it now.

When the World War was over our Allies said they could not pay the war debt in full. President Harding sent a recommendation to the Congress and as a result of that recommendation the Congress created the World War Foreign Debt Commission. Then we revised the debts that every nation owed us, scaling them down. We refunded the debts on a lower plane than that which formerly existed. In the case of Italy, she received an equivalent reduction of about 80 percent. In the case of France and Belgium the reduction was about 50 percent. In the case of Britain, it was about 30 percent, for while the British pay us 3 percent interest for the first period of years and then 3½ percent, the Italians pay only one eighth of 1 percent upon their bonded indebtedness. So that, figured on the basis of the price at which foreign bonds sell today, we have in reality made a reduction of Italy's debt of 80 percent and of the British debt of 30 percent.

How much gold was there in the world at that time? There was about 11½ billion dollars. In 1931 over one fourth of that was in this country, because at that time we had $4,000,000,000 worth of gold. That was more than one fourth of the total monetary gold stocks of the world; yet in the case of Great Britain alone we required that she pay us $500,000,000 annually in gold to settle her unfavorable balance of trade with this country, and an average of $180,000,000 a year as installments upon her war debt, making a total of $680,000,000 a year that must come in gold from Great Britain to the United States. Great Britain has only $715,000,000 worth of gold; she has only $250,000,000 worth of silver, or about $1,000,000,00 all told; and yet we have required Great Britain to pay us three quarters of her entire monetary stock each and every year since the debt settlement down to 1933.

Nobody can deny a single figure I have mentioned. If there is any dispute about it, let somebody rise now and say where the error lies.

Talk about making international currencies equal! Talk about stabilizing the monetary systems of the world! I believe the time has come to be truthful in this matter, and not to wave the American flag unless the American flag ought to be waved. I say that the policy of this Government ever since 1920 has been to drive Britain eventually off the gold standard, and there is no escape from it. It is the only way she could balance her budget and continue to exist. Every economic fact that enters into the matter is true; and yet we gave our best customer, which since the war has paid in unfavorable trade balances twice the amount of the debt, a reduction of only 30 percent in the settlement. We gave some other countries which were not as good customers of our products as was Great Britain an 80-percent reduction.

What happened? Talk about stabilizing the money values of the world! As soon as we demanded the payment of the war debts and the private debts and the trade balances in gold, every country that had silver money called in the silver money and melted it up into bullion and traded it for gold, selling it on the world silver market. To this hour 541,000,000 ounces of silver have been gathered in by the governments of the earth and melted up into silver bullion and thrown upon the world's silver market, glutting it and driving the price from $1 down to 25 cents an ounce. Sixty percent of all the countries of the world are on a silver basis, and they must translate their silver money into gold before they can come and buy the products of our farms and our factories and our mines.

Is it any wonder? We demanded payment in gold, did we not? Can we blame these governments that owed us money, whose trade balances with the United States were unfavorable, whose war debts had to be paid in gold, whose private debts had to be paid in gold, for getting all the gold they could lay their hands on with which to discharge their obligations?

The 541,000,000 ounces of silver money which has been demonetized and melted up and thrown on the world's silver market is one thirtieth of all the silver produced in the world since Columbus discovered America. I owe my summary of these figures to the industry of the Senator from Arizona [Mr. HAYDEN], who secured these facts from our commercial attachés throughout the world, and who gave them to me the other day, for which I am deeply obligated. That amount of silver, by a natural calculation, is one thirtieth of all the silver produced in the whole world since Columbus discovered America. Is it any wonder that the silver currencies have depreciated? But who compelled them to depreciate, if not the United States, which demanded payment only in gold? Then we want to blame England and France and Italy and Belgium and India and all these other countries for doing only what, by the sheer force and working of economic laws, was inevitable.

Now we come along, at this belated hour, when the horse is out of the stable, and try to lock the door. Now we come along, realizing that the price of silver has gone away down to nothing, and carry in this very bill a provision to accept $100,000,000 of silver in payment upon the war debts. What a pity we did not do that 4 or 5 or 6 or 8 years ago, and arrest the decline of silver, and keep our markets with the Orient and with South America and with Mexico!

The citizen of Bombay, India, has to take 5 of his silver pieces to buy 1 American gold dollar today, where he used to take 2 of his silver pieces to buy 1 only a few years ago. A Ford automobile in India today costs about $2,700; 5 or 6 or 7 or 8 or 10 years ago one could be bought there for about twelve or fourteen hundred dollars. Is it any wonder that we are not trading with the Orient? Is it any wonder that the nations which have to pay us with gold are depreciating their gold basis so that they can get down upon a plane where the international exchange will make trading with those countries favorable? Are we not forcing them to do it?

Notwithstanding the fact that our balance of trade with the world has been favorable for 39 years, in 1920 we passed the Fordney-McCumber Tariff Act. We had the idea in this country that we could keep on selling to every nation in the world and keep them from selling anything to us. We had the idea that there were no smart men in those other countries; that they would sit by and see us bar their goods and would not bar our goods in return. This depression was only postponed by the fact that during the last 12 years we have loaned $15,000,000,000 to foreign governments. Since 1920 the amount of the foreign governmental loans sold in the United States was around $15,000,000,000, and they were paying us the unfavorable balance of trade which they owed to the United States with the money that we were lending to them. They were paying off their unfavorable trade balance with the money that we were sending abroad and spending and circulating there. When we quit making these foreign loans the trade declined precipitately. The minute no more of our money went abroad, as I have shown by the total amount of gold stocks in Great Britain, there was not enough gold over there to keep the show going.

It is said that we ought to make England get back on the gold standard. It is said that we ought to make France get back on the gold standard. Then we ought not to put into operation the policies which, in the very nature of things, drive them off the gold standard. There is no escape from it—not the slightest bit.

This business of thinking that the United States is always right and the rest of the countries of the world are sitting around scheming how they can take advantage of us is more demagogic than actual. We have built up our prosperity not alone through the efforts of our own people but through the foreign money which poured into this great potential theater of endeavor and operations from abroad. Prior to the World War foreigners invested in our railroads and in our industrial establishments and in our banks and in our property and in our mines by the billions of dollars because they knew there was a great opportunity here for return, and that the money would be safer here than at any other place on earth. During the same time we sent back, every year, a great amount of gold to foreign countries in dividends upon those investments, or in amortization of the bond issues, or in interest on the bond issues. So, while they were sending their gold over to us to pay us for their unfavorable balance of trade, we were sending gold back to them to pay dividends on the investments they had made, and gold flowed back and forth and the world was in balance. We were a debtor and an exporting nation. Today we are a creditor and an exporting nation, and the gold is all coming this way; and there is only eleven and a half billion dollars' worth of it in the whole world. Imagine a pile of gold 35 feet long, 35 feet wide, and 35 feet high and you have all the gold under God's sun.

Does a policy of inflation take into account the fact that sooner or later the time will come when we cannot keep one foot on the international road and one on the road of isolation? We shall have to walk one road or the other. I am not rising, may I say to the Senator from Oklahoma, to direct opposition to his proposal. There is much justice in it. There is much sense in it. All I am attempting to point out is that we are at the parting of the ways. We shall have to go back on all our history, we shall have to go back on $36,000,000,000 of favorable trade balances in the last 40 years, we shall have to cut loose from all the world—and, incidentally, the war debts plus our private loans to governments, amount to $23,000,000,000, and we on top of that have loaned another $3,000,000,000 to foreign corporations. We have 26 billion invested throughout the world, only about 10 billion of which are war debts; and the interest on that, at 5 percent, brings in a billion and a quarter dollars in gold a year. Do we want to say good-bye to that?

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

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Maryland yield to the Senator from Pennsylvania?

Mr. TYDINGS. Yes; I yield.

Mr. REED. Is it not a fact that if we debase the dollar by cutting its gold content in half, we are thereby canceling half of the present debt due to this country from foreign nations?

Mr. TYDINGS. There is no question about it; and the next step will be, and I can hear the Senator from Pennsylvania now, "We need more tariffs", because this is the road of isolation, and who is going to refuse them? What are you going to do, Mr. Cotton Farmer who raised this pound of cotton for 5 cents a pound, when one half of your world market is gone? I will tell you what he will do. Let us translate that into terms of human beings.

The cotton crop is produced in 16 States—a fourth of all those in the Nation. As nearly as I could get the figures from the Bureau of Agricultural Economics down here, there are 6,288,000 farms in America, and 1,986,000 of them, about a third of the total, produce cotton. It is the major crop on most of them. If over half of our cotton crop goes abroad, then half of the farmers who are producing it are producing for the export market. We cannot get away from that. There are 1,655,000 cotton farmers in America; so, if we say good-bye to our export trade, 800,000 of them will have no means of livelihood; and they, with their dependents, constitute a nice little population of 2,000,000 people that we will have to feed, clothe, and shelter.

Does inflation take that step into account? Let us take the case of wheat. Wheat was produced on 940,000 farms. The total value of the crop was $514,000,000, and we shipped 18 percent of it abroad in 1929 or 1930, I have forgotten the year. Therefore, if 18 percent of it went abroad, then 18 percent of the farmers raising it were working to supply the foreign market. If 18 percent of all those engaged were working to supply the foreign market, then 286,870 wheat farmers were working to supply the foreign market. They and their dependents make another million who must be fed, clothed, and sheltered. They cannot go to raising oats, they cannot raise rye, they may raise a little more hops now, but even that market will not absorb their number, and I am wondering whether we are ready to have another million persons thrown on the market.

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

Mr. TYDINGS. I yield.

Mr. COUZENS. Is the Senator later on going to tell us just how we are to lose the foreign market by the adoption of this amendment?

Mr. TYDINGS. Yes; I am coming to that.

Mr. COUZENS. I think the Senator ought to tell us that first.

Mr. TYDINGS. The Senator wants me to tell him how that is to result. I want to build up to it. It is inescapable, as I have prepared these categories in all fields of endeavor, translated from bushels and tons and pounds to the human beings. I am going through and take the totals, although there are some observations I should like to pass on in between, but I shall skip over them.

In all lines of work there are 48,829,920 persons over 10 years of age gainfully employed in the United States. My authority is the United States Occupational Statistics, Department of Commerce. All those persons working together in 1929 produced $52,000,000,000 worth of goods, outside of gold and silver. Of this amount, and excluding re-exports, $5,170,000,000 worth were sold abroad. That is 10 percent of the total. Therefore the complete loss of our foreign market would mean that 10 percent of all persons normally and gainfully employed would immediately be thrown out of employment. That would be 4,882,000 people.

If we will study the occupational statistics, we will find that there are 10,000,000 agricultural workers in the United States, and 16,000,000 in the mechanical industries. Those figures lead to the conclusion that each farmer supports one and a half mechanical workers, and every one and a half mechanical workers support one farmer. In other words, employment, to a certain extent, is correlated, so that if 4,800,000 people were thrown out of employment, assuming we had no foreign trade whatsoever, that would automatically, before the repercussions cease to be heard, throw approximately a similar number out of work.

I can illustrate that best by the railroads. In 1929 the total freight receipts of the railroads were about $4,200,000,000. Therefore a loss of our export markets, which were one tenth of our total production, would have meant a loss of one tenth of the gross freight receipts, or about $450,000,000 a year. But railroad income and railroad fixed expenses are not the same. Taxes remain the same, interest on bonds remains the same, sinking-fund requirements remain the same, but railroad operating income does not remain the same. So pretty soon we are at the point where income will not pay stock dividends, and in time will not pay bond requirements. What happens then? Contracts for new orders are canceled, affecting steel mills, car foundries, locomotive works, Pullman-car works, cotton away back on the farm, and many other things. People on the inside, learning that railroad stocks are becoming insecure, begin to sell them. This communicates itself to car-foundry stock, locomotive stock, and the like, and soon the whole process of deflation is on its way.

In my judgment, the unemployment today is directly attributable to the loss of the foreign market, because the calculations work out exactly to an apex. For every dollar of foreign market we have lost that has made its proportionate contribution to the army of the unemployed, and when we get back $5,000,000,000 a year worth of new orders we will put back to work 10,000,000 people who are now out of employment. If America wants to abandon that whole policy permanently, let me call attention to the fact that the unemployed who would be directly thrown out of work through the loss of our foreign trade, plus those who would be indirectly thrown out of work by the same calculation, plus their dependents, would make an unemployed army of 22,000,000 men, women, and children. Are we ready, through Government taxes, to support 22,000,000 more people in idleness in the United States? That is what we are asked to approve.

Somebody says, "This is only internal. What relation has this to the monetary systems in the rest of the world?" To start with, I go back to my original conclusion. Everybody who speaks here says the depression is world-wide. If a man is sick all over, making his little toe or his thumb well will not make him well; and if this world remains sick all over, outside of the United States, mark my words, the United States will never get well. We are all going to die or we are all going to live together, and if there is anything left in the tenets of Christianity, that ought to be our course. We ought to want to live and to let live. This business of starving the people of these poor countries simply because we have the economic might to do it should make every man who advocates that never want to put his foot inside a church again. To leave economics for a minute and splurge over into the field of religion, which I very seldom do, even in debate, let me say that it is absolutely contrary to the teachings of Jesus Christ, and we will pay for it in the end.

We are asked to give up a billion dollars' worth of trade balances a year, to give up a billion and a half dollars of debts which are owing to us, either in private or Government debts, through a policy of isolation; and internal inflation is nothing more than a policy of isolation because it is a retaliation, as the press shows, against the money systems of England, France, and the other countries. I have already traced the history of silver, and God knows that picture should stop us from making gold go through the same downward spiral through which silver has gone.

It is said that we are not responsible for the unsettled condition of the world's gold monetary stock. Let me call attention to a few facts. The measure which became the Smoot-Hawley Tariff Act was introduced in 1929 and it was written into law in 1930. I want to tell the Senate what the rest of the world did in 1930, 1931, and 1932. Listen to this: Senators may think this world is not tied up together.

We passed the Smoot-Hawley Tariff Act to keep out the pauper goods of foreign countries so that our rich working men and women would not be jeopardized and hurt. Do Senators know what was said over in France? Those people over there said, "We will put tariffs on to protect our poor working men and working women and keep out the goods manufactured by the rich working men and women of the United States."

When we said we were going to pass a tariff act to keep out goods made by the poor people over there England went up to Ottawa and passed a tariff act to keep out goods made by our rich working men and women here. Who lost by that? We were selling to all of them more than they were selling to us, and we lost by it. If gentlemen believe in this policy of isolation, go out and argue it with the unemployed. There are 10,000,000 of them who will take on the argument. Go out and argue it with the farmer, whose farm values have gone down. Go out and argue it with the banker, go out and argue it with the workingman. We are already isolated, we are living in the greatest pool of isolation that has ever been created since the beginning of time, and we are stewing in our own juice; and, like people who have been wrong, we are trying to blame it on everybody else, and I will not join in doing that. I am going to take my share of the responsibility.

Mr. President, let me show what the rest of the world did after 1930 to keep out the products made by the rich working men and women of the United States from going into these countries which had only pauper labor. In 1930 the first thing we heard was that M. Briand, celebrated world statesman of France, seriously advocated before a European conference a European customs union against the products of the United States. By the end of 1930 Norway, Sweden, Belgium, and Holland entered into an agreement for reciprocal trade relations between themselves and against the rest of the world. In Latin America many countries adopted policies for the curtailment of imports. In 1930 there were six general or exclusive tariff revisions on the part of many European countries, with a general trend in rates upward. All but two of the governments of Europe made some changes in their tariff rates during that year, and Senators know which the two were. They could not do it under the Treaty of Versailles. Early in 1931, the rest of Europe having raised its schedules, Austria and Germany entered into a customs union in an effort to keep the trade with one another because the rest of the world was barred.

In the Far East, China increased her tariffs; in the Netherland East Indies, a 10-percent increase immediately became effective. I could read on ad libitum. I could quote from the Department histories, but I will not take the time now.

Mr. President, the movement could be traced. Yet we are talking about keeping out the products of these poor people. Who started the tariff war? The tariffs are working against our customers. Are there not smart men in those governments? Are they going to sit down and see us bar the importation of their products and not keep ours out when the balance of trade with us is already in our favor?

In France they not only adopted retaliatory tariffs against American imports—and, by the way, with the exception of 1 year we have sold France more every year than she has sold us since 1910—but the balance of trade was so heavily against France (her annual payments to us took gold, the payments on the private debts she owed to American investors took gold, her trade balances took gold) and in order to try to turn the balance of trade from against her to her favor she not only put on tariffs but she put on quota and embargo provisions.

May I remind my colleague from Maryland our State produces apples, and we export 88 per cent of them, principally to Europe. But we could send only so many apples into France, notwithstanding the fact that the merchants over there wanted to buy more. That was France's effort to turn an unfavorable balance of trade into a favorable one. Look at our apple orchards today. We could sell those apples everywhere, but the tariff and quota and embargo laws prevent us from selling the apples.

Mr. President, is that the way to make the United States prosperous? Take the markets away from the farmers; take the markets away from the people who used to supply them, and we have ten or twelve million people unemployed.

Mr. SHIPSTEAD. Mr. President——

Mr. TYDINGS. I will yield in just a moment. I want to say a word further along this line. "Oh, yes;" it is said, "look what France did; she stabilized her franc at less than 5 cents instead of 20 cents. Look what Great Britain did; she went off the gold standard." Who compelled her to go off the gold standard? I think with the depression existing all over the world the time to wave the foolish flag of a silly, stupid, short-sighted, ostrichlike nationalism has passed. The depression is world-wide, and if it is to be cured it will be cured in a world-wide manner or not at all. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. In reference to what the Senator says about tariff wars, I fully agree with him. Two years ago a member of the Liberal Party of Great Britain, who has always been a free-trader, told me he was going to vote for a protective tariff, "because", he said, "since this tariff war started and your people were a part of it, the balance of trade against Great Britain last year was a billion and a half, and", he said, "we cannot afford to let goods come in, because we cannot afford to pay for them when we cannot sell."

Mr. TYDINGS. Of course not.

Mr. SHIPSTEAD. "So", he said, "we have got to shut them out. We may have to eat less, but we cannot let the country go bankrupt in this tariff war."

A German statesman, when I called his attention to the fact that Germany had imported over $800,000,000 of agricultural products and yet had just then put a high tariff on agricultural products, and when I asked him how Germany could afford to do that, with the low wage level and high prices for food in Germany, said, "We cannot afford to let agricultural products come in, because we have no method of payment. Since you passed the Hawley-Smoot tariff bill you will not take our goods; we have not enough, and yet we cannot pay and we cannot afford to let them come in."

Mr. TYDINGS. Of course not. May I follow the Senator's suggestion by saying that if anyone will take the figures of our export trade with the world during the last 40 years and examine them he will find that during the very years when we imported the most goods from abroad we exported the most goods to foreign countries. In other words, we sold more to the world when the world was selling the most to us. Why? Because foreign countries took the money which they received from selling their goods in our market to pay for the goods which they bought from us. The farmer goes to town with 10 dozen eggs. He cannot buy a pair of shoes until he sells his eggs. So, Europe cannot buy our products unless we buy hers. A man cannot buy what he has not unless he parts with what he has. I think we have had enough of isolation. I certainly am sick of it; and if I have contributed to it, directly or indirectly, I am sorry; and I certainly am not going to contribute to any more of it than I have to.

There are some people who, even in spite of all the economic chaos in the United States, in spite of the fact that 12,000,000 workingmen and workingwomen are pounding the pavements and have been pounding the pavements for 3 years, still want more tariffs. Let me point out to them that the value of our imports has declined over two thirds since 1929. They represent a very small fraction of our normal production. If we need tariffs to make America prosperous, why, in the name of common sense, are we not prosperous. We have them, and every other country beneath God's sun has them; the whole world is locked up in watertight tariff compartments as I stand here speaking. No nation can trade with any other.

Mr. SHIPSTEAD rose.

Mr. TYDINGS. Before the Senator interrupts, let me say further along that line of thought, and then I will yield, that I used to hear the former Senator from Utah, Mr. Smoot, who was a devout and sincere protectionist, say that a great percentage of our imports were on the free list. I looked that free-list question up the other day and I found of the raw materials imported over half of them were silk and rubber. I know the Senator from Nebraska wants the rubber farmers of America to have a square deal.

Mr. SHIPSTEAD. And the coffee farmers.

Mr. TYDINGS. And the silk farmers. Then I looked up the figures as to foodstuffs, and I found that over one third of our food importations consisted of coffee—and God knows we do not want to put the American coffee raiser on a level with the coffee producer down in Brazil. But when it came to manufactured commodities, when it came to commodities which we ourselves produce, the desire was not to equalize the cost of production at home and abroad; oh, no; the desire was to put the tariff wall up so high that nothing of a similar nature could get over it.

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

Mr. TYDINGS. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. The Department of Labor report shows that the decline in industrial production and the increase in unemployment started in the United States within 30 days after the House voted for the Hawley tariff bill on the 28th day of May 1929, and that industrial production has decreased and unemployment has increased until this day.

Mr. TYDINGS. That is right, and if that is the trouble, what are we dealing with the gold dollar for? What are we trying to deal with the agricultural situation internally for? I firmly believe that that is the trouble; at least, I believe it is the trouble after I have examined all the facts which have come within my possession; and if it is the trouble, I am in favor of attacking the disease where it exists.

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

Mr. TYDINGS. Yes; I yield.

Mr. SHIPSTEAD. I do not want to interrupt the Senator any more than just to say that I believe the tariff war resulted in the currency war.

Mr. TYDINGS. I think that conclusion is inescapable. I will not take the time, unless the Senate would be interested in hearing it, but I examined the figures the other day as to the amount of gold in the world and who had it. I found that in 1931—I think that was the year for which I took the figures—we had $4,593,000,000 of gold; France had $2,100,000,000 of gold; Great Britain had $718,000,000 of gold; Germany had $543,000,000 of gold; Spain had $470,000,000 of gold; Argentina had $420,000,000 of gold; Japan had $411,000,000 of gold; Italy had $278,000,000; and Russia had $248,000,000 of gold. Thus 9 nations, between them, had $9,790,000,000 worth of gold, which is about nine tenths of all the gold in the world.

Mr. GORE. As of what date were the figures compiled?

Mr. TYDINGS. As of January 31, 1931.

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

Mr. TYDINGS. I do not want to get off on the money just yet, if the Senator will excuse me.

Mr. FLETCHER. I merely want to say a word which will not make the Senator digress from his line of thought at all. He laid down the proposition that the United States is about to lead in a direction and to establish a precedent that will be harmful to all the other nations of the world and will destroy our foreign trade. I merely wish to call the Senator's attention to the fact that 30 foreign nations are already off the gold standard and have been off that standard for nearly 2 years.

Mr. TYDINGS. And, while the Senator was absent, I showed how we drove them off the gold standard.

Mr. FLETCHER. I thought the Senator was claiming that we are now about to do it.

Mr. TYDINGS. No.

Mr. FLETCHER. And 16 foreign countries have depreciated their currencies, and that system has been in operation for nearly 2 years.

Mr. TYDINGS. And the way to get rid of pneumonia is to go where the germs are prevalent.

Mr. NORRIS. Mr. President——

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

Mr. NORRIS. As I understand the Senator, he is opposed to any legislation on the financial question?

Mr. TYDINGS. No; I am not.

Mr. NORRIS. Then, I did not get the right idea. Is the Senator opposed to the amendment which is pending?

Mr. TYDINGS. I am.

Mr. NORRIS. Is he opposed to all parts of it?

Mr. TYDINGS. Yes.

Mr. NORRIS. Does the Senator believe, then, that if instead of changing the financial laws of our country we would repeal the tariff law, we would relieve ourselves from the depression?

Mr. TYDINGS. The Senator has asked a very pertinent question, and I will try to inform him as to what, at least, I think should be done. First of all, if we depreciate the value of our money, in my humble judgment the same course will follow which followed the passage of the tariff act; England will be forced to devalue her money further; France likewise will do the same thing. In my judgment, the only reason why that is not being done now is because the statesmen of those countries are here, and they are hoping to forestall that very possibility by effecting some sort of an international agreement.

Mr. NORRIS. Mr. President——

Mr. TYDINGS. Let me finish, and then I will again yield. If we were now to devalue our money, in my judgment it would be foolish to have the international conference. I do not see any need of having it if we are going to pursue a policy of nationalism, of complete isolation. It strikes me that we ought to be consistent. If we hope to achieve a cure in the field of international difficulty, then let us lay aside these questions until after that field has been exploited and our efforts have failed.

If they shall fail, I can see that if other nations persist in a policy of trade and monetary isolation circumstances will leave us nothing more to do than to modify, to some extent at least, the existing disparity between debtor and creditor. But assuming, on the other hand, that we are to be successful in the international field, that tariffs are to be lowered through reciprocal agreements, that world trade is to be revived, that we are to regain our markets, that the world debts are to be settled in lump-sum payment of which I am strongly in favor for many reasons, and assuming that silver currencies are going to be stabilized and brought into some parity with gold, then I think that while a change for the better may not take place immediately, yet over a period of a few months there will be a decided improvement in the economic conditions of the country; and I submit that, in my opinion, such improvement will be sound and permanent.

What I am afraid of is that we are going into court having first called the man on the other side a bad name, which is not going to be conducive to the kind of litigation upon which we are about to enter. If we are going into the conference in a feeling of friendship, with a desire for honest fair dealing, then we had better leave out all controversial matters which we can and not proceed as if we are going to play a poker game.

My observation has been, humble though it be, in viewing past conferences, that their possibilities for good have to a large extent been destroyed by the assumption on the part of peoples who sent representatives to such conferences that they were not going to be fair, but that, as it were, there was going to be a poker game played and everybody had better watch his alley. That being the case, it could not help but affect the delegates, and they entered cautiously into the proceedings to find out what the other delegates were going to suggest. I think we have reached the Waterloo; I think we are at the Marne. We are standing at the Marne today with the army of depression coming on and attacking not only Paris but the capital of every other nation in the world. I believe the time has come for a counter attack, and I do not believe in making it on one front alone. I think that world trade can only be revived by all countries; that currencies can only be stabilized by all countries; that war debts can only be settled by all countries. I do not think they can be settled by any one country sitting back of the Atlantic Ocean on one side and the Pacific Ocean on the other.

Mr. NORRIS, Mr. SHIPSTEAD, and Mr. WHEELER addressed the Chair.

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

Mr. TYDINGS. I will yield after I make a further remark, because the Senator from Nebraska and I are both groping, I hope, toward the same objective—I know he is, and I hope I am—and that is relief for the American people. I may be wrong about it, as he often says; I hope I am wrong; but if this proposal shall be adopted, whatever I think about it I want the Senate now to know, for whatever my opinion may be worth.

Mr. NORRIS. Mr. President——

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

Mr. TYDINGS. I yield.

Mr. NORRIS. I have undertaken to ask these questions not from any argumentative viewpoint or spirit.

Mr. TYDINGS. I understand that.

Mr. NORRIS. I realize the Senator is acting in perfect good faith, of course. However, the Senator says that if we should adopt this particular amendment and act under it it would force Great Britain, for instance, to debase the pound still further, and would force France to debase the franc still further, and so on. Is the Senator satisfied now with the value of the dollar as compared with the value of the pound and the franc?

Mr. TYDINGS. Oh, no.

Mr. NORRIS. How are we going to remedy that situation?

Mr. TYDINGS. That is a very fair question.

Mr. NORRIS. What are we going to do about it?

Mr. TYDINGS. I believe, and I believe very sincerely, that we forced Great Britain to devalue the pound for the reasons I stated. First of all, she was sending to us \$500,000,000 of gold every year to pay her unfavorable balance of trade with the United States. She was sending to us \$175,000,000 of gold to pay her annual war-debt installments. In addition to that she owed us about three other billions of dollars in private loans we had made abroad. In other words, we had over \$700,000,000 of gold coming year after year from Great Britain to the United States. Now she only has \$714,000,000 of gold altogether, so that it would take her entire stock of monetary gold to make one annual payment.

What did England do? She tried desperately, like every individual debtor does who owes more than he can pay for the moment, to find avenues where she could get some more gold. Great Britain could not trade with us. Our tariff has taken care of that. She needed our cotton which she could not get any other place. It was going over there in abundance. There was no way she could turn the balance upon us. She looked to India, China, and South America. The Prince of Wales went to South America on a tour of friendship, and he went to China and to India, and tried to establish more friendly relations. That move did help Great Britain a little, but it was not enough to bring in sufficient money to supplement the gold monetary stock to the extent of the payments necessarily coming to America. So Great Britain, faced with that situation, had very little other alternative than to depreciate her money. It was the only way out, it seems to me. She had to get it in trade.

Mr. NORRIS. Does the Senator believe that it is probable that we can get an international agreement that will fix the value of the pound and the dollar? Does he think that can be accomplished?

Mr. TYDINGS. I am very glad the Senator asks that question, because I might have overlooked it and I think there would have been a gap in my remarks if I had not covered that point.

I am very much encouraged from several factors that we will get such an agreement. First of all we know the Secretary of State of our own country. Fortunately the Senator from Nebraska and myself have both been in the Chamber many times when he has spoken. We know that he is international-trade minded. We know he believes that America is better off when it sells more goods abroad, and the facts show that it is, every time we are importing the most goods from abroad. I believe Mr. Hull was selected not because he was a strong man politically, not because he was dominant in his State, not because he was wealthy, not because of many other reasons that might normally enter into the selection of a person of that kind; but it seems to me that in that appointment more than in any other the President had indicated what was his outlook. I may be wrong.

Mr. NORRIS. I think the Senator is right.

Mr. TYDINGS. I am coming now to the second fact. Mr. MacDonald is already here. I have read in the paper today that what he said is that we must all act together to stabilize the money value. Mr. Herriot has said the same thing. If they are going to meet to stabilize money values, had we not better leave ours alone for the meeting which is only 2 months away?

Mr. NORRIS. The adoption of the pending amendment, let me suggest to the Senator, does not necessarily mean that we will not wait. But let me ask the Senator this question: Suppose we fail to get an agreement, which we have tried a great many times, though sometimes I thought not in the best of faith; but for years we have been advocating an international agreement on financial questions. Suppose we fail; what shall we do then?

Mr. TYDINGS. I hate to make this remark and I hope I do not take too dark a view of the picture, but if these world representatives fail as statesmen to meet the conditions which have been pyramiding year after year until they cannot be piled up any further, then I am frank to admit that I do not expect to pursue in my future votes in this body, unless there is a little glimmer of light still left, any policy such as I hope I have more or less adhered to up to this time. I say that because in my judgment then we will go into a period of what might be called the economic dark age. We will say good-bye to every other country, more or less. Nationalism will run rife. I have looked across the sea. I have seen it in Russia. I have seen it in Germany. I have seen it in Poland. I should like to preserve my country, if I could, with some of its liberties, with some of its individualisms which have perhaps been abused and need modification; but I should like to prevent its swinging to the other extreme of the pendulum by waiting—although it has been a long wait—until the statesman of these various countries, all of whom seem now more than at any other time anxious to do the things that ought to be done, have acted.

I am going to say to the Senator from Nebraska that one reason why I feel like supporting the bill and the amendment is my belief that the President would not use the powers therein granted until after the conference failed, and only in the event it failed. But I know the pressure will be terrific on him. I know that no sooner will he affix his name to the document than the wires will burn with "Do this immediately" by men who are depressed, by men who have lost their all, by men who are hungry and out of work—not by the man who is reasoning along a course which may bring us out, but by the man who is grasping for a straw, a straw that will not support him, a straw that has not enough cork and buoyancy in it to hold him afloat. I hope we can get into an economic condition that will make the present look perhaps a little bit more rosy than it does at this time.

Mr. REED. Mr. President, may I interrupt the Senator at that point?

Mr. TYDINGS. Certainly.

Mr. REED. If the Congress is unable to withstand the demands for inflation, what right would we have to assume that the President would be able to withstand them?

Mr. TYDINGS. The Senator's question is very apt and, I think, answers itself. I do not believe the President would, however, but I do not believe that it will help him or the country to put him into that position. The reason why I do not think the President will is because up to now he has not only appointed a Secretary of State whose policies, according to the way I see the future progress of the country, show that he is a good man, but he has now the heads of governments here—not the representatives of the conference but the heads of the governments—and lo and behold, the heads of the 3 leading governments of the world, 3 of the 4 or 5 leading governments of the world are here today. They are down at the White House. They are sitting there talking as we are talking.

The world's conference comes off in a very short while. Each of the statesmen who has come here from abroad says that this is not a national problem. Each one of them says we have got to live and let live, one with the other. Each one of them says that he, as well as we, has made mistakes, that his government perhaps has been to blame as has ours. It seems to me that when we have that feeling, when we have that desire to cooperate—the only kind of cooperation which in my judgment will be helpful—we had better keep out an element which might upset the possibility of these gentlemen's interlocking their various ideas into a concrete workable machine with which to dissipate the depression.

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

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Minnesota?

Mr. TYDINGS. I yield.

Mr. SHIPSTEAD. I want to ask the Senator a question, but before I do that may I invite the Senator's attention to another important step that Great Britain took in her defense or in her efforts to maintain the gold standard? In 1925 she forced India on the gold standard in order to force the gold out of India by putting a premium on gold.

Mr. TYDINGS. That is true.

Mr. SHIPSTEAD. No one can deny the importance of stabilizing foreign exchange. I do not think anyone can quarrel with the desirability of that point of view. But we have, it seems to me, a domestic problem here which, so far as I am able to learn, does not affect foreign countries. The Senator will agree that when the war was over our capital structure was topheavy. From 1920 to 1930 we had underwritten a total of more than 70 billions of new capital issues payable in dollars. Does the Senator think our production of wealth, our national income, will support that kind of capital structure without some alteration of the value of the dollar? Is not the alternative wholesale bankruptcy?

Mr. TYDINGS. Let me interrupt the Senator. I am not going to take direct issue with the Senator, but let us see if this is not what we are getting into: Let us suppose that the value of the dollar is altered so that it is only worth, for example, 50 percent of its present value. Let us suppose the bill passes tonight and the President affixes his signature tomorrow morning. By the time the stock exchange opens there is no doubt in my mind that the roof would blow off of the stock market. There is no doubt in my mind at all that stock would immediately shoot up to highs that would be at this day almost unbelievable. Wheat would go up, and all commodities would go up.

Let us suppose that in the world conference an agreement is entered into stabilizing the American dollar at 90 cents. What happens to the 40 cents intermediate inflation between now and the ratification of the treaty stabilizing the dollar at 90 cents on the dollar?

Mr. SHIPSTEAD. France stabilized her franc without consulting anybody, and Britain stabilized her pound the same way. What I am talking about is some agreement for stabilization of world currency.

Mr. TYDINGS. But the Senator leaves out one factor, one very great keystone in the arch of France's financial policy. France stabilized her franc over a period of years. The situation which I am calling to the attention of the Senator is a 3 or 4 months' period. We will have an unhealthy inflation, and then we stabilize the dollar, and what becomes of it? The minute the dollar is stabilized at 90 cents on the dollar, all the inflation the 50-cent dollar built up immediately collapses, and we have exactly the position which we are trying to get out of today, only compounded. That is the danger of this thing, and it is because of that reason that I cannot conceive that the President would put it into effect until after failure of the world conference.

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

Mr. TYDINGS. Certainly.

Mr. REED. If this power is given to the President and not exercised by him for a considerable time, is it not obvious that all business has to be on the hand-to-mouth basis while that unexercised power hangs over the community?

Mr. TYDINGS. The Senator has put his finger right on the quick nerve. Here, when the matter is only talked about, silver goes from 25 to 36 cents an ounce and stocks go from $1 to $9 or $10 a share, just on rumor. The ink will not be dry on that document before there will be men here who will immediately be yelling that what we need is a policy of deflation, that some other group of constituents have been mulcted in this process of inflation, and that here we have left those poor fellows along the wayside, bleeding and dying, and we had better adopt a policy of deflation in order that we can get them on firm ground again.

Mr. REED. I am wondering, if President Roosevelt had this power to debase the gold content of the dollar and did not exercise it, whether my friend the Senator from Oklahoma [Mr. THOMAS], who says I am working for J. P. Morgan and the rich bondholders of the country, might not be in some danger of saying that about President Roosevelt if he refuses to debase the dollar as my friend would like to see it done? That would be an unhappy state of affairs.

Mr. TYDINGS. As I see inflation, I see a great deal of the possibility of real deflation instead of inflation in it before its effects are fully felt.

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

Mr. TYDINGS. In a moment I will yield.

Mr. WHEELER. I want to make just one observation.

Mr. TYDINGS. All right; go ahead.

Mr. WHEELER. I assume the Senator thinks that the bill to remonetize silver which I introduced the other day is conservative compared with this proposition of giving the President of the United States the power to devaluate the dollar at his will down to 50 percent.

Mr. TYDINGS. The Senator has stated my position in exact words. The Senator from Montana was ultra conservative the other day in offering the proposition which the Senate then would not take, and now in adopting the one which they are about to take.

Mr. WHEELER. Of course.

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

Mr. TYDINGS. I will, if my colleague will let me make just one observation first.

Great Britain has been our very best customer. Since 1910 Great Britain has bought from us $16,000,000,000 more of our goods than we have bought of hers. Think of it—five times the amount of the war debt! If anybody challenges those figures, I have them here, year by year.

Mr. REED. Mr. President, I challenge them. If we take the British Empire as a whole, that is not true.

Mr. TYDINGS. But the British Empire is not paying this debt. We did not lend the money to the British Empire. We lent it to Great Britain, the United Kingdom; and we can collect it only from the United Kingdom. I have a few notes that I wish I could put somebody else on to help me discharge them; but, unfortunately, the man whose name is on the note is the one who has to pay it off.

Mr. SHIPSTEAD. Mr. President——

Mr. TYDINGS. Just a minute; then I will yield, because I refused to yield to my colleague until I bring out this fact:

We say, "Oh, those English over there"—and I do not want to get off on the war debts—"those English over there ought to pay this debt. Notwithstanding they have bought $16,000,000,000 more of our goods than we have of theirs during the last 20 years, notwithstanding they send us half a billion dollars a year in gold, and notwithstanding they send us $180,000,000 a year in war-debt payments, they ought to pay us." "Well", I said, "how are they going to pay us? Let us see if they can"; and I took the income-tax schedules for Great Britain and the United States.

A single man who makes $1,250 in America pays the Government $10 income tax. A man who makes $1,250 in Great Britain pays his Government $56—five times as much.

A man who makes $2,500 in Great Britain pays the Government $253, while our man pays his Government only $60.

A man who makes $5,000 in Great Britain pays his Government $815. In our country he pays $160.

A man who makes $10,000 in Great Britain pays his Government $1,940. In our country he pays $600.

A man who makes $20,000 in Great Britain pays his Government $5,500, while our Government charges only $1,960 on the same income.

With all the doles in England, with all her unemployed—not recent but scattered over years—with the fact that her gold stocks have been depleted down to $715,000,000, and she has only $250,000,000 in silver, in the very nature of things how could she stay on the gold standard? She could not sell us anything. We even barred her coal when we were selling $15,000,000 worth of coal a year, and importing but $800,000. We had a ratio of 20 to 1, but we put a tax of $2 a ton on coal, and then we expect the British Government to pay us in gold. It is the most ridiculous, paradoxical situation, and it cannot be done.

I think the English people have been splendid in this whole situation.

Mr. GOLDSBOROUGH. Mr. President——

Mr. TYDINGS. I am going to yield to my friend next. I want to say, first of all, that they did not come here and ask for a 50-percent reduction in their debt. They came here and kept the old principal, and all they asked was a reduction in their interest rate. All these other countries got off with 20 and 30 and 40 cents on the dollar. England is our best customer. I say that the facts show that she has tried to pay her debt 100 cents on the dollar.

I yield now to my colleague from Maryland.

Mr. GOLDSBOROUGH. Mr. President, I largely agree with much that has been said by the distinguished senior Senator from my own State, but I desire to go back a few moments. When he was speaking about the iniquities of the tariff, he directed my personal attention to the fact that the exportation of apples in Maryland had been very greatly hurt by the building up of the tariff wall in France.

Mr. TYDINGS. That is right.

Mr. GOLDSBOROUGH. I should like to ask the Senator if he is not conscious of the fact that Baltimore City is one of the greatest centers in this country for the manufacture of straw hats; and when we passed the tariff bill, did not the senior Senator from Maryland see fit to protect straw hats?

Mr. TYDINGS. I am very glad the Senator has brought that up, because I intended to bring it up myself; and I hope I shall have the attention of every man here.

What is the situation with straw hats?

I venture to say there is not one man on the floor of the Senate now who can tell me what percentage of the straw hats consumed in America are imported. If there is one, let him stand up. Do you mean to say that you are going to pass judgment upon a case about which you know nothing of the evidence? How many men here know how many straw hats are imported? [Laughter.] Well, I will tell you: Over one half the straw hats worn in America come from abroad; and if we revise the tariff, I shall not vote to reduce the tariff on straw hats for the simple reason that whenever the importations of an article which we are equipped to produce in abundance at home are over 50 per cent of the home production it cannot be contended that that tariff is either a prohibitory or an embargo tariff.

Mr. GOLDSBOROUGH. I am in sympathy with what the Senator says. I agree with him.

Mr. TYDINGS. Wait a minute. Does the Senator agree that that tariff is not a prohibitory or an embargo tariff, or does he say that it is?

Mr. GOLDSBOROUGH. I think it is a very proper tariff, as did the senior Senator from Maryland.

Mr. TYDINGS. I gave the Senator a fair answer to his question, and he is evading mine; but it needs no answer, because whenever the importations of an article which the American producer can produce to supply the entire home market exceed the local production the tariff cannot be called a prohibitory tariff.

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

Mr. TYDINGS. Must a Democrat vote for every low tariff, regardless of the factors that enter into it? Must a Democrat vote for free trade? I advocate no such policy. I will say that if you will show me in the entire tariff schedule any other article but straw hats—any other one—where the importations are more than half of the local consumption of that article, I will show you a case for a new duty; but you cannot show me another one.

Mr. REED. Mr. President, will the Senator tell us how he voted on the manganese tariff?

Mr. TYDINGS. I do not recall.

Mr. REED. The imports of manganese are more than 90 percent of the domestic consumption.

Mr. TYDINGS. I might have voted for a small tariff for revenue on that product. I do not have to vote against every tariff; but I will venture to say this, and the Senator knows this is logic, it is not politics: Whenever the importations of any article exceed the local production of that article, and we are in a position to produce it, it cannot be maintained that that is a prohibitory or an embargo tariff.

Mr. COUZENS. Mr. President——

Mr. TYDINGS. I am going to ask if there is any man who does say that that is a prohibitory tariff, because I do not want my position equivocated. Is there any man here who claims, under that state of facts, that such a tariff is an embargo or a prohibitory tariff? Is there any man here who now claims that a Democrat who believes in equalizing the cost of production at home and abroad could not support that tariff without going back on his principles? Is there any man here who will contend that?

There seems to be none. At last I have convinced the Senate of the justice of my position. [Laughter.]

Mr. BARBOUR. Mr. President——

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

Mr. TYDINGS. I yield.

Mr. COUZENS. The Senator has by no means convinced the Senate of his logic, because a while ago the Senator was emphasizing in general terms the Tariff Act of 1930 and condemning that as the reason for Maryland's losing 80 percent of its export of apples.

Mr. TYDINGS. That is right.

Mr. COUZENS. The Senator ought to have been specific as to the tariff on straw hats.

Mr. TYDINGS. I was. The Senator from Michigan was sitting there dreaming about the bank situation in his own State.

Mr. COUZENS. Oh, no, no; the Senator cannot divert me in that way.

Mr. TYDINGS. If the Senator will recall, I pointed out the number of articles that were on the free list, the percentage that came in, how the Smoot-Hawley Act in most cases applied only to articles which we produced at home, and in those cases it was not applied with an idea of equalizing the cost of production at home and abroad but as an embargo; and the Senator knows by the facts now that the case of straw hats does not come within the embargo category.

Mr. COUZENS. I also contend that the other rates do not come within the embargo category, but the Senator condemned the whole tariff act as a reason for preventing the export of Maryland apples.

Mr. TYDINGS. I will read the Senator some of the items, then, to convince him that the other rates are not of the same kind as in the case of straw hats.

I venture to say that there is not a man in the Chamber who has ever made a study of the straw-hat situation. I venture to say that up to this afternoon there was not one Member in the Chamber who knew that over half the straw hats worn in America came from abroad. I venture to make the statement that there is not a man in the Chamber who knew that 5 or 10 years ago only 30 percent of the straw hats we wore came from abroad, and that during the past—well, to be on the safe side, I will say 10 years—the amount of straw-hat importations has grown each year, and it was only when they reached the halfway mark that the Senator from Maryland supported any increase in tariff; and wherever that condition can be shown with any other article, I am inclined to do the same thing, all things considered.

There is no violation of policy there, and I am not equivocating. I am going to talk about the Smoot-Hawley Tariff Act now, since the Senator from Michigan wants me to.

Mr. REED. Mr. President, is not the straw-hat season opening rather early this year? [Laughter.]

Mr. TYDINGS. Yes; for the Senator from Pennsylvania. Of crude materials, 83 percent came in free; but raw silk and rubber—which, of course, we do not produce in the United States—between them accounted for one half of these importations. However, only 40 percent of finished manufactures and only 19 percent of manufactured foodstuffs were imported. Those who were seeking prohibitory tariffs were careful to see that there would be as little competition as possible in the American market for the products that they themselves produced.

I did not try to keep out any competition in the American market. I was ready to put the foreigner on a comparative parity with our own producers. All I asked for my people was the same right that I was giving to the other man. If the Senator had followed that policy, he could have taken me to task with a great deal more assurance.

Now, Mr. President, let us get back to inflation. We have a world conference coming on. We are going into that conference to chart the course of the United States for the future. This administration for the first 6 weeks seemed headed toward a solution of the world problem, and I hope it is still headed in that direction. I am inclined to believe that these grants of power which the administration hopes to secure are only to be used in the event the world conference is not successful. But I cannot see the sense of anticipating that lack of success, of injecting into this already chaotic condition factors which will but complicate and not simplify the solution of the grave matters ahead.

Mr. President, I believe that the depression is caused by international factors, principally a stoppage of international trade and commerce; secondly, by a debasement of silver money which has been debased to the extent of 541,000,000 ounces since 1920. I believe we will have to stabilize silver through a reverse of that process.

I think that in the international conference we ought to accept a lump-sum settlement of a fair amount in settlement of the war debt and get rid of it, and if we do that, I believe that a lot of these panaceas will be unnecessary.

Mr. President, I think the American people are sick and tired of expedients. I think they have had enough of unguents. I think they have had enough of palliatives. I think they have had enough of equivocation and evasion. They want an attack on the fundamentals, the underlying things which have brought on the depression. I think the Congress can support the President by waiting until an attack on the fundamentals has failed, before we inject into the conflict, already complicated, other and unrelated matters.

Therefore, I do not feel that I can bring my support to this matter at this time. If we do have inflation in the meantime, and subsequently stabilize the dollar, we will have the problem of more deflation brought on our doorstep. If, on the other hand, nothing is to be done about this matter, if the President is simply to be a reservoir for power, and wait until the world conference fails, then it might be passed on to him with some degree of soundness.

I am not going to vote to complicate what seems to be the one sound solution and forever condemn the United States to a policy of isolation, which means nothing more nor less than the regulation of industry, the 30-hour week, the regulation of agriculture, unemployment relief on a permanent scale, high income taxes, the loss of world trade, the loss of our war debts, and the loss of our private debts; and that in a country whose prosperity has been built up by selling more to the world than the world has sold to it. I am not going to turn my back upon our good customers unless our good customers force us to do it.

Mr. VANDENBERG. Mr. President, if I may have the attention of the Senator from Oklahoma, I want to ask for one or two interpretations of the language of the bill concerning which there seems to be some misunderstanding and controversy.

I first call his attention to the language on page 2. Under subsection (a) there are two different permissions granted—first, respecting open-market operations; second, respecting the direct purchases of Treasury bills or other obligations of the Government.

Some have interpreted the language under subsection (a) as applying the $3,000,000,000 limitation only to the second one of these permissions. Will the Senator state whether, in his judgment, the $3,000,000,000 applies to the entire subsection (a)?

Mr. THOMAS of Oklahoma. Mr. President, I would answer in the affirmative. Otherwise under subdivision (1) there would be no money to support the exercise of the power granted under that subsection. It is my understanding that the $3,000,000,000 is to be made available to do either or both of the things under subdivision (1) and subdivision (2).

Mr. VANDENBERG. Therefore, any interpretation that subdivision (1) is an unlimited permission would, in the Senator's judgment, be wrong?

Mr. THOMAS of Oklahoma. That is my judgment.

Mr. VANDENBERG. If there is any doubt about it, the Senator would be very glad to clarify the language to make the situation plain?

Mr. THOMAS of Oklahoma. Exactly so.

Mr. VANDENBERG. I should like to ask the Senator, in respect to the first of these privileges, what the language "corporations in which the United States is the majority stockholder" would embrace?

Mr. THOMAS of Oklahoma. I think that would embrace such corporations as the Reconstruction Finance Corporation.

Mr. VANDENBERG. Would it embrace Federal land banks, under the mortgage section of the bill?

Mr. THOMAS of Oklahoma. In the event the United States owns a majority of the stock, yes; but unless the United States does own a majority of the stock, no.

Mr. VANDENBERG. Will the Senator explain to me the result accomplished by the sentence injected at line 24, on page 2, reading as follows:

No suspension of reserve requirements of the Federal Reserve banks under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c).

Mr. THOMAS of Oklahoma. As I understand it, section 11 (c) of the Federal Reserve Act provides that when banks start to borrow, they can borrow a certain amount of money at a certain fixed rate. If they increase the borrowing, eventually the rate begins to increase likewise, and if the bank has to continue borrowing, the rate gets so high that they cannot borrow any more. It is the intention of this section to provide that banks can borrow without having the rate increased.

Mr. REED. Mr. President, will the Senator from Michigan permit an interruption?

Mr. VANDENBERG. I yield.

Mr. REED. My understanding of that is that where the reserve requirements are suspended, and less than 40 percent in gold is permitted to be kept as a reserve, this section of the Federal Reserve law puts a tax upon the deficiency under the 40 percent. The effect of the sentence referred to would be to suspend that provision of the law. It would allow a reserve to go below the 40 percent without any penalty and that is the whole purpose of it.

Mr. THOMAS of Oklahoma. That is exactly the intent of my answer, because banks could not borrow at all unless they had the 40-percent reserve. Later, if they borrowed so that they did not have the 40 percent, then there would be a tax imposed. This would not impose the tax, although they might borrow when they did not have the 40 percent in gold backing up their reserves.

Mr. REED. This is not a question of the bank borrowing at all. The Federal Reserve banks will not borrow. They buy these Treasury obligations directly from the Government and issue Federal Reserve notes in exchange for them. In taking in these Government obligations they are increasing their own liabilities by the issuance of the notes, and, under the existing law, 40 percent in gold must be kept as a reserve against those outstanding notes. Obviously they are not getting in any gold when they are putting out notes and their reserve is going to be impaired. Under the present law they would be taxed by the amount of that impairment. Under the pending measure there would be no such tax.

Mr. VANDENBERG. In other words, the net result would be permission to reduce the 40-percent coverage.

Mr. THOMAS of Oklahoma. Without being taxed. That is correct.

Mr. VANDENBERG. Now, I should like to ask the Senator a question as to page 4, referring to the second $3,000,000,000 limitation. May I ask whether the language commencing in line 6, which permits the issue of these notes for the purpose "of meeting maturing Federal obligations to repay sums borrowed by the United States" would include short-time notes to cover Budget deficits?

Mr. THOMAS of Oklahoma. Exactly so. It includes those, as well as maturing long-time obligations. For example, $640,000,000 of Federal bonds were due on the 15th of March. We had to refinance those by selling short-term obligations. If this measure had been in effect, it would have been possible to pay those obligations with these Treasury notes. There are now maturing from week to week large volumes of short-time obligations, Treasury certificates of indebtedness. If we cannot refinance those to our satisfaction, as an alternative we will have this fund to fall back on, and it would be used for that purpose. I doubt whether it will be used for that purpose, but it is possible.

Mr. VANDENBERG. That virtually would mean the use of this privilege to meet Budget deficits, would it not?

Mr. THOMAS of Oklahoma. In the event the Budget deficits have been converted into some sort of interest-bearing obligations.

Mr. VANDENBERG. The deficits could be translated into a 30-day obligation and then handled under this section?

Mr. THOMAS of Oklahoma. The purpose of it is to find some means of getting the money into circulation. It would not do any good to print billions of dollars and leave them in the Treasury. The Government has printed $2,000,000,000 of money since the 4th of March in Reserve bank notes, and about $20,000,000 went into circulation. The balance of that 2 billion has done neither the country nor its citizens any good. It kept the printing presses running for quite a while, three shifts a day, and, in addition to having the printing presses running to print $2,000,000,000 of that money, they have been running for months printing the refunding bonds, and they are running now and will continue to run, until such time as we get back on some sort of a stable financial basis.

Mr. VANDENBERG. Could not the Senator completely reach his objective—and by his objective I refer to the necessity of getting the money to work—by confining this privilege to the purchase of United States bonds, so that there would be at least a thoroughly bona fide bonding transaction underlying the use of this monetary privilege?

Mr. THOMAS of Oklahoma. I think I would agree with the principle stated by the Senator; but I may state the real reason why that provision was placed in the amendment. Suppose some of these weeks we cannot refinance some of these short-term obligations satisfactorily. If the President should have the power to use these Treasury notes to purchase outstanding Treasury obligations, he would thereby have a club which those who have money would understand he had, and he could thereby, in my judgment, secure the sale of additional obligations, even long-time obligations, at a lower rate than could be accomplished if that were eliminated.

Mr. VANDENBERG. The Senator thinks that the inclusion of that phrase is essential to the objective he has in mind?

Mr. THOMAS of Oklahoma. That is in harmony with the spirit of the entire measure.

Mr. VANDENBERG. I thank the Senator. I want to submit just one general inquiry to him further. If the philosophy of this amendment produces the result which the Senator has in mind, is there any sense in the price-fixing section of the farm relief bill?

Mr. THOMAS of Oklahoma. Let me say that when that bill was prepared this matter apparently was not in mind; and in the hearings before our committee every day, we would get on to the money question. We just could not keep off it. It became a conviction in our committee that the money question had to be adjusted before anything could be done to help the farmer. So, in the last analysis, we decided to incorporate a report to the Senate calling attention to that fact. At that time, as I have said, this particular feature of inflation, or reflation, or expansion was not contemplated.

Now, since this is before the Senate and before the country, it is my judgment that if this amendment goes through, it will be practically a waste of paper and ink to print the farm bill, because I doubt whether it would be used, since even the talk about this amendment has done more to raise commodity prices than the entire farm relief bill might have done if placed in operation at vast expense and with the employment of hundreds and perhaps thousands of agents in the country.

I agree with the viewpoint expressed by the Senator, that the last provision would, in my judgment, do more to raise commodity prices, the thing we all want done, than the farm bill could do if it did all its sponsors claimed and hoped for.

Mr. VANDENBERG. Then the Thomas amendment might fundamentally claim for itself that it will protect America against the need to use the Wallace-Tugwell-Ezekiel formula?

Mr. THOMAS of Oklahoma. I should not want to make any commitments on that proposition because I can see in the bill given this lengthy title this additional virtue, if I may have the attention of the Senator from Michigan. Let us assume that the amendment under consideration would do what I think it will do, raise commodity prices to a point even higher than that contemplated under the original bill. It was hoped that under that bill the price of wheat would be raised to about 90 cents a bushel, cotton to about 12 cents a pound, and other things in proportion. That provision was being made for the express purpose of raising the prices of those commodities to a parity with the wholesale prices of other commodities—steel, for example—and other things which the people have to buy. If the "inflation amendment", so-called, should raise the price of farm commodities and at the same time raise the price of other commodities and perhaps later on they should still be at a disparity, then this bill might be used to give the farmers' prices and commodity prices a still further boost and raise them to a general average along with wholesale commodity prices.

Mr. VANDENBERG. Just one more question. Is there any provision in the amendment which provides for inflation without definite boundaries, except that section of the bill which relates to the content of the gold dollar? Let me put the question differently. Is not the section relating to the content of the gold dollar the only entirely unbounded inflation provision in the amendment? I am not referring to the 50-percent limitation; I am referring to the fact that one cannot estimate what would happen under it, whereas one can estimate the rest of the situation.

Mr. THOMAS of Oklahoma. If this amendment should become law, the President could reduce the gold content of the dollar to any extent up to 50 percent. He could take out one half of the gold content of the dollar.

Mr. VANDENBERG. He could increase it 100 percent if he wanted to do so under the language of the amendment; but, of course, that is an absurd hypothesis.

Mr. THOMAS of Oklahoma. Yes. Just what will be done no one can tell. As I understand, the President's action will be based upon the best expert advice and opinion he can secure, not only locally but abroad, because the question of money has ceased to be local and has become international; but I am satisfied that nothing will be done in the future under the amendment unless and until the leading trading nations competing with America come to some kind of agreement. If they remain off the gold standard, we will remain off the gold standard. We do not dare to go back on the gold standard so long as they stay off it or any one of them stays off it, because if we do, the country that does not go back on the gold standard can immediately depreciate its currency below the standard fixed and can take the trade of the world from those that are on the gold standard. We have been "buncoed", I think, long enough about that; and I doubt if we will take that action unless we all go back together.

Mr. VANDENBERG. The only point in the general amendment with which I find myself in serious difficulty is in respect to the release of this virtually unlimited power to the President to deal with the gold dollar. Will the Senator be good enough to state to me whether he thinks the remainder of the amendment would have adequate advantage in it pending the outcome of international negotiations regarding gold and silver, which, in turn, might come in the ordinary constitutional way to Congress for ratification? Does the Senator get the purport of my question?

Mr. THOMAS of Oklahoma. Yes. Mr. President, it has never been my opinion that we should necessarily be forced off the gold standard. Had those in responsible position acted earlier, we would not today, in my judgment, be off the gold standard. We could have reduced the value of gold or its buying power through another process. By placing paper money in circulation or placing silver money in circulation we could have arbitrarily brought down the buying power of gold, and we might have had a vast sum—not too large—of real money in circulation. That fact of itself, in my judgment, would have brought down the buying power or the value of gold. We could have done that if we had commenced early enough, and it would not have been necessary to have gone off the gold standard. We could have been today operating under the gold standard with the value of gold away down below what it is now; but not having done that, and having adopted the policy of deflation, with the dollar mounting from month to month, now being at $2.44½ measured by farm commodities, we reached a point where we could not go any further, and when the people could not pay their debts, their interest, and the banks could not collect so as to pay their depositors, of course, the public knowing of these facts began to make runs upon the banks.

The banks cannot stand runs; sometimes it is difficult for them to stand the ordinary strain and drain upon their deposits; but when some unusual condition arises and the banks are called upon to pay currency or cash upon deposits to be hoarded, then they fail. That is what caused the bank holiday in March. So now we have reached the point where nothing can be done except to go off the gold standard. There are only $4,400,000,000 of monetary gold in America, but even so we have still nearly $40,000,000,000 of deposits; and when the people want their money, they want gold; paper is of no account.

I was handed a while ago a piece of Detroit scrip. Here it is [exhibiting]. It looks very much like money. That scrip circulates in Detroit and is good for $2, but it is not good anywhere else unless in the hands of someone who is going to Detroit. Paper money in itself is no better than that scrip. As I see it, we have gone off the gold standard, and we must remain off the gold standard until we get this matter stabilized.

Let me say again to the Senator from Michigan that it is my judgment that, although we are off the gold standard, this financial matter could be so handled that paper money would go to a premium above gold. If we should today make paper money so scarce that people could not get such money with which to pay their restaurant bills, their traveling and other bills, if they had to have it and could not get it, paper money would be at a premium over gold. That can happen if paper money is made sufficiently scarce. That is the explanation of my theory; that if we had started earlier and placed some additional money in circulation we would have brought down the buying power of gold, and all that is now proposed would have been unnecessary.

Mr. VANDENBERG. Let me bring the Senator back to my particular question. It is my understanding that the chief use intended to be made of the gold-dollar section of the bill is to arm the President in conducting international negotiations in respect to the international stabilization of gold.

Mr. THOMAS of Oklahoma. I would say that, in my judgment, it has two possible benefits for this country. What the Senator has mentioned is one of them, but it is not the only one. If the President finds that the other nations cannot go back upon the gold standard at the present value of gold, then in adjustment with them we will have to reduce the number of grains in our dollar; but if the other nations will not go back on the gold standard under an agreement, then we must remain off that standard or else voluntarily reduce the number of gold grains contained in the dollar in order to make it comparable to theirs, and try it alone, which I do not think will be done.

Mr. VANDENBERG. But the Senator does not expect that any such experiment will be undertaken, at least until an international effort has first been made?

Mr. THOMAS of Oklahoma. Absolutely not.

Mr. VANDENBERG. Very well. Now, does the Senator think that his amendment, without this advance authority to the President in it, but with a perfectly frank feeling on the part of Congress that it is ready to be receptive to an international agreement if, as, and when made, would cease to be useful if there were a present elimination of this warrant for the international agreement?

Mr. THOMAS of Oklahoma. Mr. President, let me answer that question in this way: If this section should be stricken out and the President should not be given the power vested in him arbitrarily to decrease the gold content of the dollar, and then he should participate in an international conference as President Wilson did at Versailles, in what position would he be placed? President Wilson no doubt thought that any agreement or treaty he made would be ratified by the Congress; but President Roosevelt, knowing of the experiences of former Presidents, will enter that conference with regard to money and say: "I cannot agree to anything; I must take any suggestions you may make back to the Congress; any treaty that I may propose will have to be passed upon by the Congress." Then he will get the best agreement he can. He comes back and submits it to Congress, and then what will be the result? Unending debate, because we never could agree upon the number of grains that should be in a gold dollar. Some want many grains in the dollar and others want few grains in the dollar, and we would never agree. Those interested in silver cannot agree as to that metal.

Mr. VANDENBERG. Let me use the precise example the Senator has submitted, because it is equally eloquent in illustrating, it seems to me, the menace of this section. Suppose President Wilson had been given this precise type of authority before he went to Versailles; the United States today would be a member of the League of Nations, which certainly would not be agreeable to a vast majority of the American people.

Mr. THOMAS of Oklahoma. I do not want to get into that discussion.

Mr. VANDENBERG. I am merely using the Senator's example.

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

Mr. VANDENBERG. I yield.

Mr. CONNALLY. Let me suggest to the Senator from Michigan a difficulty about deleting the provision with reference to the gold content of the dollar and undertaking to have the President negotiate on the assumption that Congress would later approve his action. Can the Senator understand with what timidity foreign nations would enter into any agreement as to the stabilization of their money without the assurance that when they make the agreement the United States is going to carry out its part of the contract?

Mr. VANDENBERG. I can fully understand that.

Mr. CONNALLY. Does not that suggest to the Senator's mind how desirable it is to invest the President with the power proposed, so that when he enters into an agreement as to fixing the gold standard throughout the world that the standard will be fixed in accordance with that agreement?

Mr. VANDENBERG. Yes; but offsetting that timidity, there is what seems to me to be a rightful timidity within our own confines respecting how this grant of power might be used. It seems to me a perfectly good argument may be made either way.

Mr. CONNALLY. If the Senator will permit me further, if our agreement as to fixing the number of grains in the gold dollar is on the same level with other nations' currencies with relation to their former standard, would there be any harm in the agreement?

Mr. VANDENBERG. I cannot answer the Senator until I see the agreement.

Mr. CONNALLY. How are we going to get the other nations of the world back on the gold standard when it is impossible for them to go back on the old standard unless we fix a standard somewhat comparable to their own and agree that that shall be an international standard?

Mr. VANDENBERG. I agree we must do precisely that thing, I will say to the Senator.

Mr. CONNALLY. How are we going to do it unless we give the President, who is going to do the negotiating, the power to do what we want him to do and what the Senator says we have got to do, rather than to go into a conference and say, "I hope Congress will ratify what I am going to do; I do not know whether it will or not, but I hope it will"? Would foreign nations make such an agreement?

Mr. VANDENBERG. Yes; I think they would.

Mr. CONNALLY. And then take the chance of the debate here, the logrolling, and so forth?

Mr. VANDENBERG. Yes; I think they would; because in 150 years there are only a few outstanding examples of failure on the part of the American Congress to sustain their negotiators in respect to international agreements.

If the Senator will permit me to say so, I think there is a very general feeling, so general that it is quite dependable, that there ought to be an international rearrangement in respect to both gold and silver. It would not trouble me in the slightest to vote in favor of a revaluation of the gold dollar on the proper basis of a firm international contract. The thing that disturbs me is to put a blank check in anybody's hand. It is no reflection on the integrity or the judgment of the President; I would feel precisely the same way in respect to any President. I do not think the good Lord ever made one man wise enough to use that much power. Since there is such a general meeting of minds in respect to the need for the international stabilization, both of gold and of silver, I think the President goes into the negotiation under far different circumstances than President Wilson went to Versailles in respect to the League of Nations.

Mr. CONNALLY. I do not care to discuss the League of Nations.

Mr. VANDENBERG. I only use that example, because the Senator from Oklahoma used it to illustrate the point the other way around.

Mr. CONNALLY. My objection to a discussion of the League of Nations is that I have found that whenever a Republican gets in the hole on any question, he tries to drag the League of Nations around the Senate Chamber a few times.

Mr. VANDENBERG. This is not merely a Republican Senator engaged in this debate at the moment, and he is in no hole——

Mr. CONNALLY. I am not charging the Senator with anything; I am stating what has been done here before, and I hope the Senator from Michigan will not follow that example.

Mr. VANDENBERG. This is a Senator of the United States endeavoring to determine what the truth of the situation is. If I could have an international contract laid down upon my desk that I could vote for definitely and specifically, I should have no horror about reducing the gold content of the dollar if our constitutional right to do so may be favorably resolved. The thing that is disturbing me is the grant of an unknown power to achieve an unknown objective. I do not think that is in keeping with the spirit of our democratic constitutional institutions.

Mr. WHEELER. The thing that bothers me is whether or not the Congress has a right to delegate its constitutional power in advance to ratify a treaty. In other words, every treaty has to be ratified by the Senate of the United States.

Mr. CONNALLY. It is not a treaty.

Mr. WHEELER. Of course it is a treaty. It cannot be otherwise.

Mr. CONNALLY. The authority granted the President is not to make a treaty.

Mr. WHEELER. What else is it?

Mr. CONNALLY. It is that when he enters into this agreement he does something with relation to our own currency, independent of any agreement, so far as a binding treaty is concerned.

Mr. VANDENBERG. He has to have an international contract or the thing is of no dependability.

Mr. CONNALLY. Suppose Great Britain and France do the thing, it would not be necessary to bring back a treaty.

Mr. VANDENBERG. I think though, in the very spirit of the Senator's own questions to me a little while ago, they would require us to sign on the dotted line before they believe us, precisely as we would require them to sign on the dotted line.

Mr. CONNALLY. The Senator said we should make an agreement to bring it back. What would happen with reference to international exchange in the meantime? Here we would be under an agreement to fix it at a certain ratio. We do not know whether that would be done or not until Congress approves or rejects it. In the meantime the fluctuation in our money and exchange would do the very thing that we are trying to avoid. It would destroy our foreign trade and throw the whole international picture into confusion and chaos.

Mr. VANDENBERG. That argument is a two-edged sword. I contend that when we create an unused Executive power of the extent here contemplated, which can be exercised at any time in any direction and in any way that the Chief Executive desires, we have thereby created the precise uncertainty to which the Senator from Texas adverts; and it is one more reason why I have a feeling that I prefer certainty to uncertainty in respect to the contract.

I will say to the Senator from Texas that if this unused but potential authority is to be left in suspense indefinitely in the hands of the President, to be used by him to move dollar values up or down when, as, and if he sees fit, I would ask for no better opportunity to get all the wealth that I could ever hope to spend than just one advance bit of information respecting his contemplated use of that power. I think it is an exceedingly dangerous thing for the most honest of men to be put in a position where even a remote leak respecting that information could lead to a scandal besides which Teapot Dome would be a tea party instead of teapot.

Does the Senator see the point to which I advert?

Mr. CONNALLY. I see the point, but I do not see that it relates to this matter any more than any other leak when the Executive or the Congress is about to take some fundamental action. Of course, leaks about what we are going to do here might occur. If anyone knew in advance about such action with respect to the stock market or anything else, that advance information could be turned to private advantage. That is inevitable. But if the procedure suggested by the Senator from Michigan were followed, we would not need this bill at all, because the President now has power under the Constitution to make treaties with foreign countries. If we are going to fall back on the treaty-making power, then there is no occasion for the legislation at all.

This is an extraordinary grant, but we are living in an extraordinary era. We are living under tremendous difficulties. This is a short cut, of course. We all know that. It never would be called for except for the exigencies of the existing situation. But how is the President going to deal effectively and aggressively and quickly with the foreign powers unless when he says, "We will reduce or raise the dollar", other governments dealing with him know that that will take place?

Under the European form of government and their parliamentary system, Prime Minister Ramsay MacDonald and his government tomorrow can make an agreement of that kind and it is permanent. It does not have to be ratified by anybody, because they are the government.

Mr. VANDENBERG. I am fully aware of that fact.

Mr. CONNALLY. Why should not we do the same thing?

Mr. VANDENBERG. Because we are not under the European system.

Mr. CONNALLY. We ought to be able to function in an emergency such as this just as the European system functions.

Mr. VANDENBERG. That is an age-old argument. The European form of government and our form of government are different. I hesitate to depart from our form of government and paraphrase the European form. The Senator's question illuminates the fundamental difference in philosophy of approach to the question. He has put his finger on one of the things that disturbs me. I cannot conceive that we can paraphrase the British system and graft that paraphrase upon our system and have a constitutional democracy left. I agree with him that except as this optional power is granted to the President, there would be no need to include the gold section in the bill. In fact, that is the base of my original inquiry which precipitated this entire debate. My question has been whether there is substantial utility in the bill for the present if the gold section were eliminated pending the outcome of some international agreement. Under such circumstances, I could go along with this program.

Mr. REED. Mr. President, I move to amend the pending amendment by striking out, on page 5, beginning in line 1, down to and including line 18.

Mr. WHEELER. Mr. President, will the Senator allow me to offer my amendment before that is done? I have an amendment affecting this section which has been printed and lying on the table several days.

Mr. REED. I am sure that what I am proposing will tend to perfect it. If the Senator prefers to have his amendment offered first, I have no objection.

Mr. WHEELER. Let me say to the Senator from Pennsylvania that it does not make very much difference. The Senator is moving to strike out the so-called "gold clause"?

Mr. REED. That is true.

Mr. WHEELER. I am proposing to amend it. My amendment has been submitted to the administration, and my understanding is that the Executive is favorable to it. It gives him the power to remonetize silver at some fixed definite ratio in the event he may see fit to do so.

Mr. REED. Is the Senator proposing to amend that part which I am proposing to strike out?

Mr. WHEELER. Yes; that very part.

Mr. REED. Then I think the Senator's amendment ought to come first.

Mr. WHEELER. That is the way I thought about it.

Mr. SMITH. Mr. President, I understand the Senator from Montana is offering an amendment to have it printed and lie on the table?

Mr. WHEELER. No; it has been printed and is on the table. I should like to have it adopted.

Mr. REED. Oh, no; it will lead to considerable debate.

Mr. WHEELER. Then I will offer the amendment and let it be pending.

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

The LEGISLATIVE CLERK. The Senator from Montana proposes to amend the amendment of the Senator from Oklahoma, on page 5, by striking out the words beginning with "by proclamation" in line 1 down to and including the words "foreign currencies" in line 5, and insert in lieu thereof the following:

By proclamation to fix the weight of the gold dollar in grains nine tenths fine and also to fix the weight of the silver dollar in grains nine tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The Senator will state it.

Mr. McNARY. Is the pending amendment the one offered by the Senator from Pennsylvania [Mr. REED] or the one offered by the Senator from Montana [Mr. WHEELER]?

The PRESIDING OFFICER. The understanding of the Chair is that the Senator from Pennsylvania withholds his amendment until the amendment of the Senator from Montana shall have been acted upon.

Mr. REED. That is true, but I desire to be recognized to speak on the amendment of the Senator from Montana. I should like to be recognized for some remarks upon the amendment, but if I am recognized, I should be perfectly willing to let the remarks wait until tomorrow.

Mr. SMITH. Mr. President, as soon as the Senator from Pennsylvania [Mr. REED] is recognized and makes his request I desire to move a recess.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. CONNALLY. Mr. President, I want to ask the Senator from Pennsylvania if, when he proceeds in the morning, it will be to discuss the Wheeler amendment or the gold-content question?

Mr. REED. Partly the Wheeler amendment but chiefly the gold content.

Mr. McNARY. The Senator from Pennsylvania desires to be recognized for the purpose of speaking first in the morning?

Mr. REED. Yes.

The PRESIDING OFFICER. The Senator from Pennsylvania has been recognized for that purpose.

Mr. REED. I yield now to the Senator from Texas [Mr. CONNALLY].

CROP-PRODUCTION LOANS TO FARMERS

Mr. CONNALLY. Mr. President, I ask unanimous consent for the immediate consideration of the joint resolution (H.J.Res. 135) to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers and for crop production and harvesting during the year 1933, and for other purposes. I have consulted about it with the minority leader, the Senator from Oregon [Mr. McNARY]. This is an amendment of the Crop Loan Production Act, which makes it possible to loan to wheat farmers who grow winter wheat. It must be acted on quickly, because the loaning period expires the 1st of May.

Mr. McNARY. Mr. President, as I recall the statement of the Senator from Texas to me, this is a House joint resolution which was referred to the Committee on Agriculture and Forestry and by that committee reported favorably and is now on the calendar.

Mr. CONNALLY. That is correct.

Mr. McNARY. I have no objection.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That section 2 of the act of February 4, 1933 (Public, No. 327), be, and the same is hereby, amended by adding at the end of the first sentence thereof the words "and in the case of summer-fallowing or winter wheat, a first lien, or an agreement to give a first lien on crops to be harvested in 1934, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security."

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 11 o'clock tomorrow morning.

Mr. McNARY. Mr. President, a number of Senators have expresed to me the hope that, in view of committee meetings and pressing office work, we shall not meet tomorrow until 12 o'clock. I hope the Senator will agree to that. If we do not conclude consideration of the amendment tomorrow, I shall be very happy to cooperate with the Senator to recess until 11 o'clock on Wednesday morning.

Mr. SMITH. I think that all Senators recognize that, if possible, we must get this legislation passed. I have refrained from asking for a night session. I hope that we may go along in the ordinary course and get through with the bill. I do not want anyone denied an opportunity to express himself, but we are about to make a freight train out of this measure. Attached to the engine are numerous box cars carrying every kind of provision, and it is getting to the point where I am afraid the engineer and conductor cannot keep it on the track.

Mr. McNARY. I share that feeling, but I feel certain that if we meet at 12 o'clock tomorrow we can dispose of the pending amendment. If we do not dispose of the bill tomorrow, then I shall be glad to cooperate with the Senator to recess until 11 o'clock on Wednesday morning.

Mr. SMITH. Will the Senator join with me in an endeavor to hold a night session tomorrow?

Mr. McNARY. Let us compromise by taking a recess until 11:30 tomorrow morning. That will give us more time.

Mr. SMITH. Then I will modify my motion, and move that the Senate recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 25, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 24 (legislative day of Apr. 17), 1933

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARIES

Sumner Welles to be Ambassador Extraordinary and Plenipotentiary to Cuba.

Breckinridge Long to be Ambassador Extraordinary and Plenipotentiary to Italy.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 24, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O give thanks unto the Lord; for He is good, and His mercy endureth forever. We praise Thee; we thank Thee for Thy unfailing care. By the vision, by the passion of our patriotism, by the fervor of our industry, by the stern ideals of duty, may we prove ourselves worthy of the public trust. In every way, O Lord, make us instant to expose wrong, quick to detect evil, and ready to denounce the unjust. Almighty God, as the Ambassadors of disturbed lands gather in state in yonder executive chamber, O fill the unseen chair at the council table. By the ministry of brotherhood may they enter into cooperation with Thee and hasten the golden age of the world. Grant that their deliberations may be as coals of fire upon all rivalries and animosities that pall mankind. May they redeem all lands from their desperate condition. O welcome the day when they shall give back the song of the angels—"Peace on earth, good will to men." And may they never again keep step to the grim music of the hymn of hate. Through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of Saturday, April 22, 1933, was read and approved.

EXTENSION OF REMARKS

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a radio address delivered by Mr. Edward A. O'Neil, president of the Farm Bureau Federation, on April 21, 1933.

The SPEAKER. Is there objection?

Mr. CLARKE of New York. Mr. Speaker, I reserve the right to object. Is this a Member of the House who delivered this address?

Mr. GOLDSBOROUGH. No. It is Edward A. O'Neil, president of the Farm Bureau Federation.

Mr. CLARKE of New York. Oh, he is just one of these farm agitators. I object.

MUSCLE SHOALS

The SPEAKER. Pursuant to House Resolution 111 the next business in order will be the further consideration of House bill 5081, the Muscle Shoals bill. The gentleman from Michigan [Mr. JAMES] has 2 hours and 9 minutes left and the gentleman from South Carolina [Mr. McSWAIN] has 2 hours and 2 minutes left.

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Speaker, I rise to speak in favor of this bill, believing that it is one of the best bills that this session of Congress has considered. The question of the operation of Muscle Shoals has been before Congress for the past number of years, but for some reason or other it has been always sidetracked, and we have never been able to enact satisfactory legislation covering the project. This bill from every standpoint should be promptly enacted into law, so that the Tennessee Valley and the farmers of the Nation may have the benefit of it.