4534. Also, letter from the James J. Thompson & Son, Inc., New York City, favoring the Cartwright bill appropriating money for roads, etc.; to the Committee on Appropriations.

4535. By Mr. CONNERY: Petition of the United Veterans Political League of America, Revere Branch 101, Revere, Mass., condemning the spread of Naziism through an organized body with headquarters in Boston, Mass.; to the Committee on Foreign Affairs.

4536. By Mr. GOODWIN: Petition of the Daughters of the American Revolution, Schoharie, Schoharie County, N.Y., respectfully petitioning Congress for favorable action on the Patman motion-picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

4537. By Mr. KELLY of Pennsylvania: Petition of the members of Ladies Auxiliary, One Hundred and Seventh Field Artillery, American Expeditionary Force Veterans Association of Pittsburgh, Pa., favoring the Patman bill (H.R. 1); to the Committee on World War Veterans' Legislation.

4538. Also, petition of the citizens of Allegheny County, Pa., protesting against curtailment of service by the Post Office Department; to the Committee on the Post Office and Post Roads.

4539. Also, petition of the citizens of McKeesport, Pa., protesting against curtailment of service of the Post Office Department; to the Committee on the Post Office and Post Roads.

4540. Also, petition of the citizens of Wilkinsburg, Pa., protesting against legalization of race-track gambling and lotteries; to the Committee on the District of Columbia.

4541. Also, petition of the residents of Pitcairn, Pa., favoring the McLeod bill; to the Committee on Banking and Currency.

4542. By Mr. LINDSAY: Petition of the Chamber of Commerce of the State of New York, New York City, opposing the passage of House bill 9363; to the Committee on Immigration and Naturalization.

4543. Also, petition of the Railroad Employees' National Pension Association, Chicago, favoring the passage of the Hatfield-Wagner railroad retirement pension bill (S. 3231); to the Committee on Labor.

4544. Also, petition of the American Farm Bureau Federation, Washington, D.C., opposing Senate bill 3025; to the Committee on Banking and Currency.

4545. Also, petition of the Ladies Auxiliary of Branch 2, United National Association of Post Office Clerks, Brooklyn, N.Y., opposing further payless furloughs for postal employees; to the Committee on the Post Office and Post Roads.

4546. Also, petition of the Pattern Makers' League of North America, New York City, urging the passage of the original Wagner-Connery bill; to the Committee on Labor.

4547. By Mr. REID of Illinois: Petition of 102 citizens of Joliet, Will County, Ill., urging the passage of House bill 6836, providing for the regulation of trucks and busses, and House bill 8100, repealing the long-and-short-haul provision of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

4548. By Mr. RUDD: Petition of the Pattern Makers' League of North America, New York City, favoring the passage of the Wagner-Connery disputes bill; to the Committee on Labor.

4549. By Mr. SADOWSKI: Petition of the Taxpayers' Association of Hamtramck, Mich., endorsing Brown pay-off bill; to the Committee on Banking and Currency.

4550. By Mr. SMITH of Washington: Petition containing approximately 800 signatures of residents in the southwestern section of the State of Washington, in behalf of the Townsend old-age revolving pension plan; to the Committee on Labor.

4551. By Mr. WOLCOTT: Memorial of the City Council of New Baltimore, Mich., urging the enactment of the McLeod bill (H.R. 7908); to the Committee on Banking and Currency.

4552. Also, memorial of the Township Board of Bruce Township, Macomb County, Mich., urging the enactment of the McLeod bill (H.R. 7908); to the Committee on Banking and Currency.

4553. By the SPEAKER: Petition of the municipal government of Zaragoza, Province of Nueva Ecija, P.I.; to the Committee on Insular Affairs.

4554. Also, petition of Gobierno Muncipal De Calapan Provincia De Mindoro, I.F.; to the Committee on Insular Affairs.

4555. Also, petition of Gobierno Municipal De Badajoz Provincia De Romblon, I.F., to the Committee on Ways and Means.

SENATE

TUESDAY, MAY 8, 1934

(Legislative day of Thursday, Apr. 26, 1934)

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

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Monday, May 7, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	
Costigan	Johnson	Pope	

Mr. LEWIS. I announce the absence of the Senator from California [Mr. MCADOO] caused by illness, and the absence of the Senator from North Carolina [Mr. BAILEY] and the Senator from Florida [Mr. TRAMMELL] made necessary by public business.

Mr. HEBERT. I announce that the Senator from Pennsylvania [Mr. REED], the Senator from Indiana [Mr. ROBINSON], and the Senator from West Virginia [Mr. HATFIELD] are unavoidably absent. I ask that this announcement may stand for the day.

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

PREVENTION OF CRIME

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the following bills of the Senate:

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal

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penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

Mr. ASHURST. I move that the Senate disagree to the amendments of the House to each of the bills, respectively, ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate. I make this request to include all the bills, which are seven in number.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

The motion was agreed to; and the Vice President appointed Mr. ASHURST, Mr. KING, and Mr. BORAH conferees on the part of the Senate.

REPORTS OF THE TARIFF COMMISSION

The VICE PRESIDENT laid before the Senate three letters from the Chairman of the United States Tariff Commission, transmitting copies of reports sent to the President by the Commission in investigations for the purposes of section 336 of the Tariff Act of 1930 with regard to report numbered 1 (indicated below), and for the purposes of section 3 (e) of the National Industrial Recovery Act with regard to reports numbered 2 and 3 (indicated below), with the action of the President thereon, which, with the accompanying papers, were referred to the Committee on Finance, as follows:

1. Report of an investigation, instituted upon applications from interested parties, with respect to canned clams;

2. Report of an investigation, instituted upon request of the President, with respect to wool-felt hat bodies; and

3. Report of an investigation, instituted upon request of the President, with respect to quicksilver.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Ohio, which was referred to the Committee on Agriculture and Forestry:

Joint resolution memorializing Congress, relative to the passage of the Frazier bill, providing for the liquidating and refinancing of agricultural indebtedness

Whereas it is the sense of the members of the Ohio General Assembly that the Government of the United States should perform its solemn promise and place American agriculture on the basis of equality with other industries by providing an adequate system of credit, and that adequate legislation to that end should be adopted at the earliest possible date; and

Whereas, unless immediate relief is given, hundreds of thousands of farmers will lose their farms and their homes and millions more will be forced into our cities and villages, and the army of unemployed will necessarily increase to alarming proportions; and

Whereas the price of agricultural products during recent years has in fact been far below the cost of production; and

Whereas there is no adequate way of refinancing existing agricultural indebtedness and the farmers are at the mercy of their mortgagees and creditors throughout this State and Nation; and

Whereas Senate bill no. 457, introduced in the Senate of the United States by Senator LYNN J. FRAZIER, of North Dakota, provides for the liquidating and refinancing of agricultural indebtedness and provides for a reduced rate of interest for the same through the Federal farm-loan system and the Federal Reserve Bank System; and

Whereas the provisions of this bill will have a vital effect upon the agricultural industry of the State of Ohio; and

Whereas at the present time many loans relating to the agricultural industry should bear a reduced rate of interest; and

Whereas agriculture is the basic industry of this country and there can be no sound business prosperity until agriculture is put on an equality with other industries: Now, therefore, be it

Resolved, That it is the sense of your memoralists, the members of the Ohio General Assembly, that the Congress of the United States should enact the provisions of the said Senate bill no. 457; and be it further

Resolved, That a copy of this memorial, duly authenticated, be sent by the clerk of the house of representatives tc the Senate and House of Representatives of the United States and to each of the Senators and Representatives of Ohio in Congress, and to United States Senator LYNN J. FRAZIER, the Senator who introduced the bill.

FRANK CAVE,
Speaker of the House of Representatives.
CHARLES SAWYER,
President of the Senate.

Adopted May 4, 1934.

The VICE PRESIDENT also laid before the Senate a resolution adopted by Moving Picture Machine Operators Local, No. 249, International Alliance of Theatrical Stage Employees, of Dallas, Tex., favoring the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the second annual western district convention of the Cannery and Agricultural Workers' Industrial Union, Sacramento, Calif., opposing the passage of the so-called "Wagner relief bill", and favoring the passage of House bill 7598, providing unemployment insurance to workers, which was referred to the Committee on Finance.

Mr. CAPPER presented the petition of Local No. 19367, Federal Labor Union, of Hutchinson, Kans., praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens of Morrowville, Kans., praying for the passage of the bill (S. 3015) prohibiting the advertising of intoxicating liquors through the medium of radio broadcast, which was referred to the Committee on Interstate Commerce.

TARIFF ON LACES—MEMORIAL

Mr. HEBERT. Mr. President, I ask permission to have printed in the RECORD and appropriately referred a memorial addressed to me and signed by employees of the Valley Lace Co., a concern domiciled in the town where I make my home. The memorial protests against the passage of the pending reciprocal tariff bill.

There being no objection, the memorial was referred to the Committee on Finance and ordered to be printed in the RECORD, without the signatures, as follows:

VALLEY LACE CO., INC.,
Riverpoint, R.I., April 10, 1934.

Senator FELIX HEBERT,
Senate Office Building, Washington, D.C.

DEAR SIR: We, the undersigned employees of the Valley Lace Co., wish to voice our protest to the proposed cut in tariff on imported laces. The bill now before the Senate, if enacted into law, would deprive us of our employment. We urge you to do all in your power to defeat this bill.

——— ———.

PRODUCTION AND MARKETING OF COTTON

Mr. SMITH. Mr. President, I send to the desk a communication in the form of a resolution, which I ask to have read.

The VICE PRESIDENT. Without objection, the communication will be read.

The Chief Clerk read as follows:

AMERICAN COTTON SHIPPERS ASSOCIATION,
Memphis, Tenn., May 4, 1934.

Senator ELLISON D. SMITH, *Chairman,*
Senate Committee on Agriculture and Forestry,
Senate Office Building, Washington, D.C.

DEAR SIR: We take pleasure in quoting below a resolution adopted in the tenth annual meeting of the membership of the American Cotton Shippers Association, held in Memphis, Tenn., on April 27 and 28, and earnestly bespeak your consideration of same:

"*Resolved by the American Cotton Shippers Association*, That we approve the pending bill authorizing the President to negotiate reciprocal tariff agreements.

"That we commend the administration for its policy of promoting international trade.

"That we actively urge our Representatives in Congress from cotton-producing States to support the enactment of the bill in order:

"1. To permit the rapid disposal of our surplus cotton in foreign markets;

"2. To escape the necessity of severe restrictive crop and marketing control measures; and

"3. To restore the production of cotton for export and avoid the loss of important markets. And be it further

"*Resolved*, That this resolution be conveyed immediately to the President of the United States, the Secretaries of State and Commerce, the Chairmen of the Senate Finance and Agriculture Committees, and all Members of Congress from cotton-producing States."

Yours very truly,

R. C. DICKERSON,
Vice President and Secretary.

REPORTS OF COMMITTEES

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (H.R. 7306) to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended, reported it with an amendment and submitted a report (No. 924) thereon.

He also, from the same committee, to which was referred the bill (S. 8) to add certain lands to the Boise National Forest, reported it with amendments and submitted a report (No. 926) thereon.

Mr. BONE, from the Committee on Naval Affairs, to which was referred the bill (S. 3380) providing for the appointment of Richmond Pearson Hobson, formerly a captain in the United States Navy, as a rear admiral in the Navy, and his retirement in that grade, reported it without amendment and submitted a report (No. 925) thereon.

Mr. COSTIGAN, from the Committee on Banking and Currency, to which was referred the joint resolution (S.J.Res. 91) to supplement the authority of the Federal Trade Commission to obtain information relating to the salaries of officers and directors of certain corporations whose securities are listed on the New York stock exchanges, reported it with amendments.

LABOR CONDITIONS ON BUILDING PROJECTS IN THE DISTRICT

Mr. WALSH, from the Committee on Education and Labor, to which was referred the resolution (S.Res. 228) authorizing an investigation of the relationship existing between certain contractors and their employees in the District of Columbia, reported it with amendments, and moved that the resolution be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which motion was agreed to.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 7th instant that committee presented to the President of the United States the enrolled bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

BILLS INTRODUCED

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

By Mr. VANDENBERG:

A bill (S. 3559) for the relief of Leon Frederick Ruggles; to the Committee on Claims.

A bill (S. 3560) to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever", approved February 28, 1929; to the Committee on Pensions.

By Mr. POPE:

A bill (S. 3561) granting a pension to Earl J. Stark; to the Committee on Pensions.

A bill (S. 3562) for the relief of Robert Rayl; to the Committee on Public Lands and Surveys.

By Mr. PATTERSON:

A bill (S. 3563) granting a pension to Mattie Jarrett (with accompanying papers); to the Committee on Pensions.

By Mr. DILL:

A bill (S. 3564) for the relief of Joseph S. Johnson; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 3565) to authorize the leasing of unallotted Indian lands for mining purposes and to repeal section 26 of the act of June 30, 1919 (41 Stat. 31), as amended by the acts of March 3, 1921 (41 Stat. 1231) and December 16, 1929 (44 Stat. 922–923); to the Committee on Indian Affairs.

A bill (S. 3566) to provide for the erection of a public historical museum in the Custer Battlefield National Cemetery, Mont.; to the Committee on Military Affairs.

By Mr. BULOW:

A bill (S. 3567) to preserve the individual estates which have been allotted to individual Indians heretofore and which may hereafter be made by extending the trust periods and restrictions against alienation until further action by Congress; and providing that the only alienation that may be approved shall be to preserve the life or health of an allottee, for which purpose funds are necessary; to the Committee on Indian Affairs.

By Mr. KING:

A bill (S. 3568) to amend section 824 of the Code of Law for the District of Columbia; and

A bill (S. 3569) to provide for the acquisition of land in the District of Columbia in excess of that required for public projects and improvements, and for other purposes; to the Committee on the District of Columbia.

By Mr. HAYDEN and Mr. HATCH:

A bill (S. 3570) to protect the interests of the Federal Government in the San Carlos project and in the region comprising the watershed of the Gila River and its tributaries above the Coolidge dam; to the Committee on Public Lands and Surveys.

By Mr. HATCH:

A bill (S. 3571) for the relief of Harry T. Herring; to the Committee on Military Affairs.

By Mr. FRAZIER:

A bill (S. 3572) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928 (45 Stat.L. 602), by adding a new section thereto, to be known and designated as "section 8"; to the Committee on Indian Affairs.

By Mr. BONE:

A bill (S. 3573) granting an annuity to John O. Jones; to the Committee on Civil Service.

A bill (S. 3574) to provide for the construction of a bridge across the Portage Canal between Marrowstone Island and the mainland, Jefferson County, State of Washington; to the Committee on Commerce.

A bill (S. 3575) granting a pension to Eunice M. Durant; to the Committee on Pensions.

CHANGE OF REFERENCE

On motion of Mr. SHEPPARD, the Committee on Military Affairs was discharged from the further consideration of the following bills, and they were rereferred as indicated:

S. 2268. A bill to provide for the commemoration of the Battle of Helena, in the State of Arkansas; to the Committee on Public Lands and Surveys.

S. 3418. A bill to provide for the protection and preservation of domestic sources of tin; to the Committee on Finance.

AMENDMENT TO BILL RELATIVE TO PERMANENT APPROPRIATIONS

Mr. ROBINSON of Arkansas submitted an amendment intended to be proposed by him to the bill (H.R. 9410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed.

REGULATION OF SECURITIES EXCHANGES—AMENDMENTS

Mr. LOGAN submitted five amendments intended to be proposed by him to the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes, which were ordered to lie on the table and to be printed.

OPERATIONS OF FARM CREDIT ADMINISTRATION IN BALTIMORE

Mr. TYDINGS submitted the following resolution (S.Res. 237), which was ordered to lie on the table:

Resolved, That a special committee of five Senators, to be appointed by the President of the Senate, 3 from the majority political party and 2 from the minority political party, is authorized and directed to make a full and complete investigation of all the operations and activities of the Farm Credit Administration, and of the various agencies subject to its jurisdiction, in the Federal land-bank district of which the principal city is Baltimore, Md., and of the organization and personnel of such agencies. The committee shall report to the Senate as soon as practicable the results of its investigations, together with its recommendations, if any, for necessary legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress and succeeding Congresses, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

MESSAGE FROM THE HOUSE

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

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.;

S. 618. An act to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes";

S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon;

S. 1810. An act to amend the act authorizing the issuance of the Spanish War service medal;

S. 2671. An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians;

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport;*

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 3099. An act authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.;

S. 3355. An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone; and

S.J.Res. 36. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

The message also announced that the House had passed the bill (S. 2566) authorizing the conveyance of certain lands to the State of Nebraska, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; and

S. 2825. An act to provide for an appropriation of $50,000 with which to make a survey of the Old Indian Trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway."

The message also announced that the House had passed a joint resolution (H.J.Res. 325) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2460. An act to limit the operation of statutes of limitations in certain cases; and

H.R. 3900. An act authorizing the Secretary of the Treasury to pay subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.

SUSPENSION OF ANNUAL ASSESSMENT WORK ON MINING CLAIMS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2313) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, which were, on page 2, line 13, after "six", to insert "lode"; on page 2, line 14, after "twelve", to insert "lode"; and on page 2, line 15, after "corporation", to insert ": *And provided further*, That such suspension of assessment work shall not apply to more than 6 placer-mining claims not to exceed 120 acres (in all) held by the same person, nor to more than 12 placer-mining claims not to exceed 240 acres (in all held by the same partnership, association, or corporation".

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

The motion was agreed to.

CONVEYANCE OF LANDS TO NEBRASKA

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2566) authorizing the conveyance of certain lands to the State of Nebraska, which was, on page 2, line 7, after "races", to strike out the remainder of the bill and insert "except that tuition for Indian children in the public schools may be paid by the Federal Government: *Provided further*, That nothing herein contained shall be construed as affecting the right-of-way heretofore applied for by and agreed to be granted to the Loup River Public Power District of Nebraska across said school property and an easement over the lands falling within said right-of-way is hereby granted to said Loup River Public Power District of Nebraska upon proper identification thereof through survey."

Mr. THOMPSON. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

NATCHEZ TRACE PARKWAY

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2825) to provide for an appropriation of $50,000 with which to make a survey of the Old Indian Trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway", which were, on page 2, in the last whereas of the preamble, to strike out "'Office of National Parks, Buildings, and Reservations'" and insert "'National Park Service'"; and on page 3, lines 1 and 2, to strike out "Office of National Parks, Buildings, and Reservations" and insert "National Park Service."

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

The motion was agreed to.

PRICES OF FARM PRODUCTS—EDITORIAL BY WILLIAM HIRTH

Mr. CLARK. Mr. President, I ask unanimous consent to insert in the RECORD an editorial which appeared in the Missouri Farmer, written by William Hirth, president of the Missouri Farmers' Association. I may say in passing that the Missouri Farmers' Association is one of the largest farm cooperative associations in the United States and, incidentally, does the largest business in the State of Missouri in actual turn-over in dollars and cents. I ask to insert this editorial in the RECORD particularly because of the very illuminating reference made by Mr. Hirth to the effect of the Smoot-Hawley Tariff Act on American agriculture.

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

Last November, when a group of western governors went to Washington to petition President Roosevelt and Secretary Wallace for fixed farm prices in our home markets, they predicated this petition upon the fact that under the hundreds of N.R.A. codes our various industries are being assured of a profit above actual production cost, and thus in substance they asked that the Government quit making fish of one and fowl of the other—that it treat the farmer as it is treating everybody else from the big steel mills to clothes cleaners and bootblacks. And in order that the various farm surpluses be prevented from demoralizing the home-market prices that might be agreed upon, they suggested that all farmers and the handlers and processors of farm products be licensed in order that in this way the various surpluses might be segregated in a fool-proof manner, and then be disposed of in the world markets, if and when these markets can absorb them, and without loss to the Government. I had a good deal to do with helping these western Governors to formulate the above demand, and not only were they tremendously in earnest, but also there are those who think that I myself am not exactly a novice on the farm question; for 8 long, weary years I submitted the chief defense of the various McNary-Haugen bills before the committees of Congress.

As the story goes, President Roosevelt listened to the governors with apparent interest, and thus they felt much encouraged until Secretary Wallace and Professor Tugwell were called in; not only did these two latter gentlemen listen to the governors impatiently, but on that occasion, and frequently since then, Secretary Wallace has talked gloomily of the regimentation which fixed home market farm prices would entail, and that this plan would make it necessary for the Department of Agriculture to "keep track of every plowed field", and that every farmer would have to carry a card which would have to be punched every time he sought to market a pig or a dozen eggs, etc., and thus deeply disappointed, if not disheartened, the Governors paid their hotel bills and left for home. Recently Governor Olsen, of Minnesota, Governor Schmedeman, of Wisconsin, and Governor Herring of Iowa repeated the foregoing demand, and in my opinion, we have by no means heard the last of it, for with Secretary Wallace's pink tea farm remedies on the one hand, and with the N.R.A. codes biting in deeper and deeper, the farmer's position is becoming increasingly precarious.

Just why Secretary Wallace should have such horror of what he calls "regimentation" of the farmer is no doubt puzzling to a good many close observers of public events; something like a year ago, when the new farm act was passed and the terms of which were largely dictated by Wallace, he referred to it as a "major social experiment", and this when the most of us thought that the farmer had already been experimented upon enough and then some; also, along with Professor Tugwell, Secretary Wallace is supposed to have a good deal of sympathy with the planned society we are hearing so much about, and, therefore, when he suddenly assumes the attitude of a conservative, is not the role rather new to him? Again, when during recent months thousands of Department of Agriculture employees have been telling some millions of cotton, wheat, and corn growers and hog producers to sign on the dotted line, and when at this very moment a new flock of employees are measuring wheat fields to see whether wheat growers are trying to put anything over, is not this "regimentation" in big doses; and likewise, "keeping track of the plowed fields"?

As I have already pointed out, in demanding fixed prices on farm products in our home markets, the western Governors and the farm leaders who are behind them are merely asking that the Government shall do for agriculture what it is doing for industry through the N.R.A.—nothing more and nothing less. And why, in addition, did the Governors ask that farmers and handlers and processors of farm commodities be licensed, and that the Government aid in so isolating the various farm surpluses (without loss to the Treasury) that the latter cannot be offered for sale in our home markets? Because unless this is done it would be impossible to maintain the home market prices agreed upon—for instance, a home market price of $1.50 per bushel on wheat could not be maintained if more wheat was offered than our home markets can consume, and the same is true of cotton, pork products, dairy products, etc.; and therefore the Governors requested this degree of regimentation, not because they are radicals or because they want to make the country over, but because this gigantic problem cannot be mastered in any other way.

And as I have suggested on previous occasions, there is nothing new nor strange about the principle that is involved in this proposal. When the steel mills obtain a higher protective tariff, what do they immediately proceed to do? They raise their prices in our home markets up even with the new tariff wall, and then they sell their surplus (which they can expand or reduce much easier than the farmer can expand or reduce his surpluses) for what they can get for it in the world markets; but while a few great steel mills can easily do teamwork of this kind, how can 2,000,000 wheat growers and 2,000,000 cotton growers and 2,000,000 hog producers, all of whom are unorganized, act with similar precision and certainty? It is utterly impossible for them to do so, and this is why the protective tariff has for years been a ghastly joke on any farm commodity of which we produce a surplus, and Secretary Wallace knows this, and thus when the western Governors made their demand they merely asked the Government to help our 6,500,000 farmers do what they cannot do by themselves.

And therefore when in the face of the existing tragic farm situation Secretary Wallace shouts "regimentation", he places himself in the position of a doctor who advises against an operation when a patient is desperately ill of appendicitis—to all intents and purposes he is saying to such a patient, "I know you are a mighty sick man. Your appendix may burst at any moment, and then there will be the added danger of peritonitis, but before we operate let's try a few more salves and liniments." And here is hoping that the President will soon take things into his own hands—and there isn't any time to lose—the American farmer is desperately sick, and he needs a doctor who knows what to do and who has the nerve to do it.

During the early part of the recent March, hogs sold at Buffalo, N.Y., for $5.25 per hundredweight, while at Toronto, Canada, the same grade of hogs sold for $10.40 per hundredweight, and, despite this tremendous disparity in price, pork chops sold for 26 cents per pound in Buffalo, and 16.6 cents per pound in Toronto, and thus would it not seem that our American packers have some tall explaining to do, and should not the Federal Trade Commission or Secretary Wallace compel them to do so? Certainly there is something wrong somewhere, and on the face of things both our farmers and consumers are getting the hot end of the poker. If our farmers could be assured of a price of $10.40 per hundredweight for the hogs that can be consumed in our home markets, they would gladly cut out their surplus pork production, and the price of pork chops in Canada shows that this would not necessarily mean hardship on our town and city consumers.

And talking of Canada, the passage of the Hawley-Smoot tariff during the Hoover administration was not only a gigantic blunder, but a crime, for it drove Canada to retaliatory tariffs against the products of our farms and factories, and thus our best and most friendly customer for many years was converted into an open enemy. One reason why our egg prices have been so low during the last several years is because the above act caused Canada to fix a prohibitive tariff against them, and this applies to many other American farm products. First and last I consider the Hawley-Smoot Act the most asinine political blunder since the Civil War, and it was dictated by the big tariff hogs of the country, and now we wonder why other nations have practically quit trading with us. Already it has cost us many hundred of millions of dollars in foreign trade, and the end is not yet in sight, for many of the bridges which have been burned will never be rebuilt. But coming back to hogs, if Secretary Wallace and Professor Tugwell are not too busy they ought to try to find out exactly why hogs bring $10.40 per hundredweight on the Canadian side and only $5.25 per hundredweight on this side.

To show what the various N.R.A. codes are doing to merchandise prices, recently, and just a few days before the lumber code went into effect, the Missouri Farmers' Association purchased 90 carloads of egg cases to supply its hundreds of elevators and exchanges, and if we had waited until after this code went into effect, these egg cases would have cost us approximately $15,000 more, and this is merely one of many similar advances. Because there are many towns in which harness is no longer for sale, in the winter of 1932 our association commenced its manufacture, and we were able to offer a chain harness made out of the best of leather for $17.50, while now we are compelled to ask $25 for a harness of similar quality. It is because of the low world price of farm commodities, and what the N.R.A. codes are doing to the farmer's production costs that certain western Governors and farm leaders have been demanding fixed farm prices on those farm commodities that are consumed in our home markets, meanwhile cutting down surplus production within reasonable limitations, and isolating these surpluses through Government aid, and letting them bring what they will in the world markets, and until this is done the future of agriculture will continue to remain perilous. Or to put it in the simplest way, when under the N.R.A. codes everything from steel to bootblacks is assured of a profit above production cost, how can the farmer continue to exist unless he is put on the same footing?

REXFORD G. TUGWELL—EDITORIAL FROM WASHINGTON HERALD

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD a very interesting editorial from the Washington Herald relative to Prof. Rexford G. Tugwell.

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

[From the Washington Herald of May 8, 1934]

TOO MUCH TUGWELLISM

An interesting situation has arisen from the President's nomination of Prof. Rexford G. Tugwell to the newly created post of Under Secretary of Agriculture.

According to a Washington dispatch, there is opposition to his confirmation within the committee of the Senate to which the nomination was referred, and doubt as to whether the committee will report it favorably.

It is said that only pressure from the President will force the nomination out of the committee.

But even then the nomination may find vigorous opposition on the floor of the Senate.

The pent-up distrust of the Tugwellian theories and the suspicion that he is using his influence with the administration and the powers of his present office to propagate views that are radically in conflict with American principles have long been looking for expression.

But the administration apparently is as desirous of averting such a scrutiny of its socialistic and communistic aims. Its unwillingness to permit such an investigation was clearly shown in the fake hearing accorded Dr. Wirt.

The "revolution" apparently will not be dropped, but it must not be discussed.

It is a part, it would seem, of the revolution's technique to push its unavowed but nevertheless real designs as far as possible before suffering them to be unmasked.

From this standpoint it would seem politic for the administration to allow the nomination to slumber in the committee, but here, according to the same dispatch, a new difficulty arises.

Dr. Tugwell, it is stated, would regard such action as a reflection equivalent to a vote of no confidence, and there is an intimation that he would resign from the Government's service and return to the more congenial activities of the classroom and the pedagogue.

Well, this wouldn't be bad at all.

The country is fed up on Tugwell and all the other apostles of Bedlam.

It doesn't want to hear much more from or about any of them—Jerome Frank, the general counsel of the Agricultural Adjustment Administration, or David E. Lilenthal, of the Tennessee Valley Authority, or Nathan R. Margold, solicitor of the Interior Department, or Thomas Corcoran, counsel, Reconstruction Finance Corporation, or Professor Landis, of the Federal Trade Commission, or Benjamin B. Cohen, counsel to the Public Works Housing Authority, or Paul Freund, attorney of the Reconstruction Finance Corporation, or Charles Edward Wyzanski, solicitor of the Labor Department.

And there are others.

The people are ready to rule the entire Frankfurter "stable" off the turf. They are heartily sick of the "brain trust." They perceive in its policies only folly and defect. The names of its members are vinegar to their eyes.

Not heroes, but quacks—the public says "away with them." And Tugwell may as well lead the procession.

"The scholar, when common sense is wanted", to quote Ralph Waldo Emerson, "is an encumbrance."

MUNICIPAL DEBT READJUSTMENTS

Mr. VANDENBERG. Mr. President, in the course of last week's debate on the municipal debt refunding bill, many fears, which I believe to be idle, were expressed lest the measure should encourage municipal defaults. Much argument was submitted which I sincerely believed to have been unfounded and without color of justification. I insisted, the Senate will recall, that the bill would be of great advantage to bond owners and to the general municipal bond market, as well as to many of our distraught cities which are bravely trying to perfect honorable refunding arrangements rather than to be driven to continuing defaults.

It is with the greatest satisfaction that I read a contemporary editorial in the well-known and standard trade financial paper called "The Bond Buyer" in its issue of May 5, 1934, unreservedly endorsing the action of the Senate and pointing out that the Senate's approval of the bill already has substantially strengthened the municipal bond market. That is the logical result. It is the result I anticipated. It reflects the true purposes and advantages of the legislation.

I ask unanimous consent that the editorial be printed in the RECORD.

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

THE SUMNERS-WILCOX BILL

With the passage by the United States Senate this week of the Sumners-Wilcox bill an effort which was initiated in February 1933, in the last weeks of the Hoover administration, finally reached a successful conclusion. This proposal, originally sponsored by Representative J. MARK WILCOX, of West Palm Beach, Fla., and Senator DUNCAN U. FLETCHER, Florida, has had an interesting career. Opposed throughout by such organizations as the United States Chamber of Commerce, the American Bar Association, and the American Bankers Association, it was supported consistently by the Investment Bankers Association, several of the most prominent life-insurance companies; and by the Roosevelt administration. The fraternal insurance companies originally gave it a hearty endorsement and later, led by the United Mutual Life Insurance Co., fought it bitterly.

There was from the start, and there is today, a wide-spread lack of understanding of the proposal. The debate on the bill in the Senate this week was nothing short of amazing as a disclosure of the confusion regarding it among those who have had the bill under consideration for months. The newspapers, generally speaking, have added greatly to the confusion.

The Sumners bill was originally sought by municipal bondholders, not municipal debtors. Its primary purpose was to provide legal machinery to put debt readjustment plans into effect notwithstanding the opposition of small minority creditor groups who for one reason or another would not accept the majority views.

Offered as an amendment to the Federal bankruptcy law, and therefore given the title "municipal bankruptcy bill", the bill made an unfavorable first impression upon almost everyone to whose notice it was brought. Failure to give it careful study usually meant continued opposition.

In its final form the Sumners bill is a temporary emergency measure which will cease to be a law at the expiration of 2 years unless Congress reenacts it. In the meantime its presence on the statute books will alter the fundamental legal status of municipal securities to just this extent: Whenever the holders of 51 percent in amount of the debts of a municipality agree that such municipality should have the benefit of some rearrangement of its outstanding debt obligations and if this group can work out a plan which proves acceptable to holders of 75 percent of the creditors, the municipality and a Federal district court, then the holders of the remaining 25 percent may be denied the remedies at law which have heretofore, in theory, at least, been available in enforcing payment of their claims strictly in accordance with the terms of the original contract.

That is the essence of the Sumners bill which has been attacked as a vicious measure on the ground that it invites wholesale repudiation of debts and, as Senator VAN NUYS said in opposing it in the Senate last Monday, "is the opening wedge in repudiation of State and Federal obligations."

Another popular objection to the bill was that it would ruin the credit of solvent municipalities, and yet the bill was endorsed by the mayors of more than 100 of the largest and most solvent cities and by thousands of smaller municipalities throughout the country. Furthermore, during the last few months when the bill was clearly on its way to a vote in the Senate and openly advocated by the White House and the majority leaders of the Senate, the municipal bond market has enjoyed the most sensational advance in its entire history. Within a day following Senate approval New York City 4¼s touched par for the first time in 3 years.

Immediately following its adoption by the Senate the Wall Street Journal said: "Municipal-bond experts generally were jubilant over passage by the Senate of the amendment to the Federal Bankruptcy Act providing for municipal-debt readjustment in necessary cases with approval of a substantial portion of creditors."

The following excerpt from the speech in support of the bill made by Senator VANDENBERG, of Michigan, briefly but effectively corrects the mistaken impression many people have of the proposal:

"If this bill could be labeled in reflection of its true purpose, and labeled in reflection of the net result which it is calculated to accomplish, instead of being labeled 'bankruptcy of municipalities', as is the phrase which appears upon the front page of the hearings, it would be labeled 'An act to restore municipal credit and protect municipal creditors.' I can see it in no other light. It is not a step toward the destruction of these important values. It is a long, vigorous, practical step toward the restoration of these values. It proposes, in respect to municipal debts, that orderly refunding is preferable to chaotic defaults.

"There is our choice, Mr. President; and that is the choice confronted not only by the municipalities and these other subordinate taxing units of the country, but also the choice confronted by the municipal bond owners of the country. It is a choice between orderly refunding upon the one hand and chaotic default upon the other; and I might add that chaotic default inevitably leads in the direction of repudiation and cancelation. I repeat that a truthful title for this bill would be, 'An act to restore municipal credit and protect municipal creditors.' Let it be viewed in that light."

And, it might be added, let every municipal-bond expert make it his business to see that municipal officials clearly understand that this legislation holds out no comfort nor relief for the community that is seeking to evade just debts within its ability to pay. The Federal court is not open to them under this bill until a majority of their creditors agree that they are entitled to a debt rearrangement and, even if creditors should prove overgenerous and agree to the filing of a petition, a Federal court must also be convinced of the equity of the plan, and, finally, the approval of creditors holding three quarters of the debts must be secured.

THE MELLON TAX CASE

Mr. SCHALL. Mr. President, the attempt of Roosevelt the Second to persecute citizens of the United States for political reasons is in keeping with Communistic policies. I refer to the failure of Roosevelt the Second to indict Andrew W. Mellon. This also shows that the people of the United States do not intend to be fooled much longer. Twenty-six men on a grand jury at Pittsburgh, Pa., yesterday, after hearing a bunch of "framed up" stories about Mr. Mellon, voted a "no bill", and the case was dismissed.

This case had been tried in the newspapers, which of itself would prejudice an unthinking jury, but despite this and all the grapevine methods of the Government to railroad those hostile to their dictatorship, the grand jury refused to be fooled into an indictment.

This case should be almost as big a boomerang as the unconstitutional cancelation of air-mail contracts, and is the beginning of the end of the attempt to sovietize the United States.

I ask leave to print a newspaper article in connection with the case against Mr. Mellon.

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

MELLON VICTOR IN TAX CASE

PITTSBURGH, PA., May 8, 1934.—Andrew W. Mellon, Secretary of the United States Treasury under three Presidents, was given a clean slate in his income-tax payments by a Federal grand jury which failed to return an indictment against him here today.

The grand jury, which heard five witnesses during its investigation of Mr. Mellon's income-tax payments for 1931, did not return a true bill against the wealthy industrialist and former representative of the United States at the Court of St. James.

The jurors ignored the Government's claim by returning no true bill on a charge that the former Secretary of the Treasury, by claiming two losses, attempted evasion of income-tax payments for the year 1931.

The first was a loss on the sale of stock of the Pittsburgh Coal Co. (an ordinary loss of $5,766.30 and a capital loss of $5,672,189.75) and the second a loss on the sale of stock of the Western Public Service Co. (an ordinary loss of $49,500 and a capital loss of $352,500).

Capital losses are taken on stock held over 2 years and ordinary losses on stock held less than 2 years.

WHERE IS OUR MONEY—EDITORIAL BY E. P. CHASE

Mr. DICKINSON. Mr. President, I ask to have printed in the RECORD the editorial which was awarded the Pulitzer prize for distinguished editorial writing. That prize was granted yesterday for an editorial written by a good friend of mine, E. P. Chase, of Atlantic, Iowa. The editorial was entitled "Where Is Our Money?" It has a philosophy in it which I believe is applicable to today's condition.

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

[From the New York Herald Tribune, May 8, 1934]

PRIZE EDITORIAL TELLS "WHERE IS OUR MONEY"—SMALL-TOWN EDITOR FROM IOWA CORN BELT ANALYZES FINANCIAL "MORNING AFTER"—"WE SPENT IT", HE THINKS—DECRIES WASHINGTON PLAN TO SPEND OUR WAY BACK

(The following editorial by E. P. Chase, published in the News Telegraph of Atlantic, Iowa, on Dec. 2, 1933, won the $500 Pulitzer prize for "distinguished editorial writing":)

WHERE IS OUR MONEY?

It is announced that at 10 o'clock tonight, Iowa time, William Randolph Hearst, well-known publisher, will broadcast an address on the subject which appears as the caption of this article.

The subject is a broad one and permits of many ramifications. Likewise the query is a live one and has been for several years with many people who formerly were in comparative affluence and have found themselves suddenly in a position where money is a scarce article. The whereabouts of the money of the individual is perhaps beside the point in this comment, if we stick to the text, as doubtless Mr. Hearst's broadcast will deal with the whereabouts of the money of the Nation as a whole rather than the financial plight of the individual citizen; but the subject intrigues one and suggests a line of thought relative to the part the individual has played in rendering himself particularly susceptible to the injuries inflicted by the period of economic stress.

Where is our money? Here in Iowa, if competent statistics are to be believed, during the ultra-prosperous years of the World War period, when money flowed like water into the coffers of the farmer and the business man and everyone else, some $200,000,000 of good Iowa money for stocks, shares in half-mythical concerns which were worth exactly their value as a piece of printed paper. During that period and shortly thereafter a good many hundreds of millions from the Middle West went into the first- and second-mortgage bonds of apartment hotels and the like, security issued on appraisals inflated to the *n*th degree. The most of these bonds are now worth just what the stocks we referred to are worth—the value of the paper and the printing contained therein. There is no way of estimating how many hundreds of millions of money the country over went up in smoke and vanished in thin air when it suddenly dawned on us that even the most productive land in a section like ours is not worth $300 or $400 an acre. It took only the simplest mathematics to arrive at that conclusion, for even at the prices brought by farm products at their peak the return on the land in this section would not pay interest on an investment of $300 or $400 an acre. It can easily be recalled that during that hectic period it was considered a mark of provincialism not to buy a new automobile every year. A lot of fur coats and a lot of diamonds and a lot of expensive clothes for both men and women were indulged by all classes. The wage earner suddenly awoke to the fact that by buying on the installment plan he could keep up with the Joneses, and he not only spent every cent he could get his hands on in many instances but he pledged the major portion of his wages or salary months ahead to pay for automobiles and other articles which were worn out by the time he had completed the payments.

These are but a few instances, cases in point. One might go on indefinitely telling of the wild orgy of spending and of contracting obligations without thought of the pay day and with little or no thought of the economic soundness of such spending. Then came deflation. We got down to cases. We danced and are still paying the fiddler. Like children, we have sought someone to blame for our plight and, also like children, we now seek some magic way to cure our ills and expect the Government to supply the cure. The man who contracted debts does not want to pay them just now, because in most instances he cannot pay them. In every way we have met the crisis which was thrust upon us as though we had nothing to do with producing it. As a matter of fact, we had all to do with producing it. In the proportion that the individual citizen went "haywire" with extravagance and reckless spending, governmental units went on with the same kind of an orgy and whooped our taxes 100 percent in 10 years.

Bond issues were pyramided by communities with the same disregard of the coming of the pay day which characterized the individual. We built great cathedrals of education, with motion pictures and swimming pools and all sorts of gewgaws and frills. We erected public buildings in many cases entirely beyond possible needs of communities for a hundred years. Just as private enterprise overbuilt in every direction, governmental building activities got out of bounds. The people have to pay the bill. The saturnalia of expenditure created fixed taxes, and taxes have a habit of certainty in good times and bad times alike. With our incomes and our business revenues depleted, our tax bill in the main has remained the same. All an echo of the period of extravagance and wild-eyed inflation which brought about our troubles. We were talking about "two cars in every garage and a chicken in every pot" and we made much about the so-called "American standard of living", whatever that meant. We insisted that all the various elements of our population should attain that standard, and we instilled into the minds of many people who could not afford it a desire for the things had by others more fortunate in life. Oodles of people who had no more business with an automobile than a wagon has with five wheels bought cars. Oodles of people learned to live beyond their means. It began to look as if it would not be long until there would be no one to do the work of the country, as all were seeking the same mythical standard to which we referred. And we still have the automobiles.

The bottom went out of things. Or it might be more appropriate to say that the top was blown off. Then the people of the United States commenced to take stock. Seeking someone to blame, they listened to the fulminations of the politicians who represented the "outs", and who told that the way to cure their ills was to convert the "outs" into the "ins" and the "ins" into the "outs." This they did with their usual disregard of essentials and fundamentals. It became a pleasing fiction to attribute our plight to the tariff, and later to our money standard. The people were told that all that was necessary was to reduce the tariff which protects American manufacture and agriculture, and all would be "Jake". Now they are being told that the way to put money into the hands of those who are penniless, and make it possible for the debtor to pay his obligations and start things moving on a normal basis, is to cheapen our money.

A lot of other experimental schemes are being worked out by an administration of which the people demand action. We are spending huge sums of money, borrowed for the purpose, in an endeavor to squander ourselves back to prosperity. In the face of the fact that debt is one of the basic causes of our troubles, we are following the theory that incurring more debt would cure us. And in the face of the fact that excessive taxation is another of the causes of our trouble, we are laying the groundwork for more of the same, under the delusion that the application of all of these methods will relieve us of the trouble which we brought on ourselves, aided and abetted by the world-wide economic upheaval.

We are a queer lot, we Americans. We expect whichever party happens to be in charge of the Government to so manipulate the

handling of public affairs as to afford us a cure for the results of own folly. We seem to assume that it is possible for us to get well economically by the waving of some magic wand. We think we can force prosperity, and to the majority of the people of the country prosperity means a return to the hectic days preceding the stock-market crash of 1929. This theory disregards the fact that those hectic days were created by a false and inflated philosophy. In the creating of this inflation we disregard all natural laws of economics, so it is but natural for us to expect to cure the trouble by the same process. But it cannot be done.

The only way back to solid ground and to a degree of prosperity and well-being commensurate with common sense and economic soundness will be by the application of thrift and hard work and the balancing of the budget of every individual. The old "haywire" days are gone forever. But a large percentage of our population still believe in Santa Claus and in good fairies. The cause of the present economic condition of the country in large measure can be ascertained by every citizen by looking in the mirror. Each one of us contributed his share. There is nothing new about all of this. It has been the history of things in the world since the earliest dawn of civilization. Particularly has it characterized every post-war period. Humanity never learns. We have not progressed so far in our thinking after all.

Where is our money? The answer is not difficult. It can be told in one short sentence: We spent it.

ADDRESS BY MRS. FRANKLIN D. ROOSEVELT

Mr. LONG. Mr. President and gentlemen of the Senate, our First Lady has distinguished herself as a philosopher far beyond the degree which we should ordinarily expect of one occupying that position. Recently she made a speech which is full of such sound logic and such good judgment and such potent facts that I ask the attention of the Senate to it.

I ask the clerk's careful and audible reading of the article which I send to the desk.

The VICE PRESIDENT. Without objection, the article will be read.

The Chief Clerk read as follows:

[From the New York Times of Tuesday, May 8, 1934]

"BLIND VOTING" HIT BY MRS. ROOSEVELT—"FIRST LADY," SPEAKING TO 1,000 WOMEN IN RYE, ALSO SCORES "BLIND PARTISANSHIP"—CONCERNED OVER YOUTH—MUST MAKE THEM FEEL THEY ARE "NECESSARY", SHE SAYS—NOT YET OUT OF DEPRESSION

RYE, N.Y., May 7.—"Blind partisanship" in public affairs was assailed this afternoon in talks by Mrs. Franklin D. Roosevelt to two large groups of Westchester women at meetings in this village.

Mrs. Roosevelt gave her first talk at a luncheon of the Westchester League of Women Voters at the Westchester Country Club. Later in the afternoon she spoke to members of the Rye Woman's Club at a meeting in the high school. More than 1,000 women heard her discuss government at the two meetings.

Mrs. Daniel O'Day, national Democratic committeewoman, a resident of this village, was Mrs. Roosevelt's hostess. On arriving, the guest was driven through the flag-bedecked streets, where hundreds lined the walks.

Mrs. Roosevelt, introduced at the Country Club gathering as one of the organizers of the New York State League of Women Voters, warned her audience against blind voting and blind partisanship, declaring that a certain woman Member of Congress had caused the eyebrows of the older male Members to raise by reason of her failure to "always vote the way she should."

REFUSED TO GIVE ADVICE

"They asked me to tell her how to vote," said Mrs. Roosevelt, "but I could not do that. She will vote the way she thinks is right. She would be a much less valuable public servant if she did not. It was something entirely new to those old leaders. They just could not understand it. The thing we will really need in our public servants of the future is not to be blindly partisan, but to vote with the party only after analyzing the party's measures."

Mrs. Roosevelt said she counted on the women of the country to do a large part of the work which will make this Nation a better place in which to live. She said she did not mean the women of any particular party, but women workers as a whole. In giving their time and energy to public matters, she said, women should "learn what it is in government that enables it to make life better for human beings." This, she said, was the only excuse for government.

Mrs. Roosevelt showed deep concern over the young people of the country, particularly for those who have finished their education and are unable to get work. She ridiculed a recent public statement that "we have turned the corner out of the depression", pointing out that there are still about 10,000,000 unemployed in the country.

She said money for education should be spent for better teachers and variety of curricula rather than for elaborate buildings. The rehabilitation of the land, she said, has given rise to the need for a new type of education, and she added that the problem might as well be faced now. In Denmark, she added, farm youths between 18 and 25 years old are sent to school to learn "why their lives are worth while."

FEARS FOR THIS GENERATION

"I have moments of real terror," Mrs. Roosevelt declared, "when I think we may be losing this generation. We have got to bring these young people into the active life of the community and make them feel that they are necessary."

The First Lady referred to the recent "brain trust scandal" when she told of a dinner party at the White House at which one of the so-called "brain trusters" remarked about a certain relief proposal that it should be "tried out very slowly", to which Harry Hopkins, the Relief Administrator, replied: "Well, but I've got 10,000,000 unemployed to take care of."

The story showed, said Mrs. Roosevelt, that an experiment, or administrative proposal, takes on a different color when it affects some problem with which you as an individual are immediately concerned. In the same way, she added, a person would not let a child continue to starve once the starving infant was seen, but the same person might have a different attitude toward the matter if he "only heard of starving children."

Mr. LONG. Mr. President, in support of the claim that our First Lady understands the facts of the present situation, and has prescribed what I consider a practical philosophy, I send to the desk another short dispatch by the Associated Press, and ask that it may be read in connection with the statement just read.

The VICE PRESIDENT. Without objection, the article will be read.

The legislative clerk read as follows:

STARVING CHILD EATS POISONOUS HERBS AND DIES—FATHER, SOBBING, SAYS HE "DIDN'T KNOW HOW" TO GET RELIEF AID

SEATTLE, May 4.—Hunger drove 4-year-old Angeline D'Ambrose to eat poison weeds, causing her death, Mr. and Mrs. Angelo D'Ambrose, the parents, sobbingly told investigators today.

The parents said the baby had virtually nothing to eat for days and had been driven to eating plants and weeds in the yard.

Investigators found the D'Ambrose home a dismal place. There was only 4 cents in the house, and no food. The mother sat in a chair and stared at the wall. The father, heartbroken, said:

"The baby was the only thing we had in the world, and now she's gone.

"Oh, if it had only rained yesterday. Then our little girl wouldn't have been out in the grass."

Dr. W. H. Corson, chief deputy coroner, said one of the herbs in the stomach resembled bella-donna, also known as deadly nightshade, and another plant which the child had eaten was poison hemlock.

D'Ambrose was tramping the streets in search of work when the child was stricken suddenly. She died last night.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

Mr. FLETCHER. Mr. President, yesterday the Senator from Nebraska [Mr. NORRIS] asked as to the time of Mr. Whitney's statement from which I quoted. I was not then able to give him the date. I have since examined the record and find that the statement was made on February 29, 1934. It is found in full at page 6584 of part 15 of the hearings before the Committee on Banking and Currency.

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

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Connally	Gore	McNary
Ashurst	Coolidge	Hale	Metcalf
Austin	Copeland	Harrison	Murphy
Bachman	Costigan	Hastings	Neely
Bankhead	Couzens	Hatch	Norbeck
Barbour	Cutting	Hayden	Norris
Barkley	Davis	Hebert	Nye
Black	Dickinson	Johnson	O'Mahoney
Bone	Dieterich	Kean	Overton
Borah	Dill	Keyes	Patterson
Brown	Duffy	King	Pittman
Bulkley	Erickson	La Follette	Pope
Bulow	Fess	Lewis	Reynolds
Byrd	Fletcher	Logan	Robinson, Ark.
Byrnes	Frazier	Lonergan	Russell
Capper	George	Long	Schall
Caraway	Gibson	McCarran	Sheppard
Carey	Glass	McGill	Shipstead
Clark	Goldsborough	McKellar	Smith

Steiwer	Thompson	Van Nuys	Walsh
Stephens	Townsend	Wagner	Wheeler
Thomas, Okla.	Tydings	Walcott	White
Thomas, Utah	Vandenberg		

Mr. LEWIS. I beg to reannounce the absence of the Senators mentioned by me on the previous roll call.

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

Mr. STEIWER. Mr. President, this bill summarizes the long effort of the Senate, and its Committee on Banking and Currency, to evolve legislation designed to prevent the abuses which have grown up in stock-market operations in this country.

I regard this proposed legislation as one of the most important measures that Congress has had before it for a very long time.

Senators know that we are not dealing merely with a few brokers. We are not dealing exclusively with a few members of stock exchanges, nor with the stock exchanges themselves, nor with dealers who engage in transactions in securities. We are dealing in a very vital way with enormously large interests. It is said that the corporate wealth represented in securities in this country is more than one third of all the wealth of the people of the Nation. We are dealing with the sources of credit, and with the machinery by which credit is used and enjoyed by the business institutions of the country. We are dealing with the forces which relate directly to recovery and to the maintenance of employment of the people. We are dealing with the hopes and aspirations of institutions to enlarge and to carry on their affairs and expand to meet the new conditions which we believe may come when the day of betterment shall have arrived in the business of the Nation.

In the consideration of legislation so important we are entitled to a correct understanding of the theory and philosophy and purpose of the bill.

As I address the Senate today I am obliged to express some dissent from statements heretofore made in the debate. I express that dissent with some little reluctance. I think the members of the committee probably more than the other Members of the Senate realize what a patient, constructive, able, and persistent effort has been made by the chairman of the committee and by others who have cooperated with him in trying to bring to a close the important enactments involved in this bill. I wish, therefore, that I could agree with the chairman entirely in the statement which he made to the Senate upon yesterday; and in the main I do agree with him.

With some little exception so far as the bill relates to brokers and to dealers, to members of exchanges, and to the exchanges themselves, I am in accord with the work which the committee has done; and yet, in spite of my deep interest in the subject and of the fact that I cooperated with the majority of the committee in most of the important issues that came up in the extended hearings during the last 2 years and supported the employees of the committee in the great effort which they made in order to develop the facts essential to this subject, in spite of my continuing interest when the bill was presented for final consideration before the Committee on Banking and Currency, I was one of the members of the committee who voted against reporting the bill out to the floor of the Senate.

I wish now that the bill could have been retained in the committee. I think a week or two weeks more spent in its consideration would have been of great help in arriving at a proper solution of the many problems involved, and that it would have resulted in a very constructive service to the country. In that my view did not prevail. I make no complaint about it now; and I refer to it merely because I want Senators to know that I am not approaching this subject at this time in a spirit of antagonism toward the legislation, but I do so in the hope that even yet some helpful amendments may be made.

I realize how difficult it is to invite and to command attention to amendments proposed upon the floor of the Senate after one of the great committees has given full and careful consideration to a measure; but I implore Senators to bear with us just a little longer, that we may reveal all the things that are hidden in the bill.

The bill is not alonge a stock exchange bill. It is not alone a bill to restrain and regulate brokers and dealers and to control over-the-counter transactions in securities. It is a bill which relates, in addition to the stock exchanges and to the brokers and the over-the-counter markets, to the corporations of the country, and to the internal management of the affairs of those corporations.

It has in it potentialities that may cause some of us to hesitate, regardless of our faith and hope that this kind of legislation will be helpful in protecting American investors against wrongdoing.

The bill has its relation, as I say, to corporations and to their internal management. It affects credit. It affects banking institutions. It provides for formulation of rules and regulations which finally will have their effect and bearing everywhere; not alone upon the stock exchanges, but upon corporations, the stockholders of corporations, upon the officers and directors of corporations, upon investors in corporate securities, upon those who may loan and possibly those who have extended loans to corporations.

Upon yesterday it was said by at least two Senators in the preliminary debate upon this measure that the provisions of the proposed law dealing with corporations were included in the bill merely to require corporations to make truthful disclosure of their business. That statement was reiterated; and even the chairman of the committee—who, I know, wants to be fair, and who has conducted this whole proceeding with a very remarkable showing of even temper and patience, and a very fine disposition to be just to all concerned—even the chairman of the committee yesterday said that the provisions of the bill relating to corporations were for the purpose of requiring them to tell the truth, and that seemingly they did not want to tell the truth, and that that was the reason why they were objecting to the bill. It was stated also that a great propaganda had gone forth, that the propaganda had been misdirected and misconceived, and that under it objections were being made to sections of the bill that had been deleted or changed by committee amendment. It was said that some 3 or 4 different editions of the bill had been printed, and that was true, and that the objections in many cases were laid to the first edition and not to the subsequent editions.

Mr. President, with these statements I am to a considerable extent in disagreement. It is true that some of the objections have been inspired by brokers who have circularized their customers, and it is true that those customers have sent in form letters, and they have sent in series of letters more or less alike, and sometimes identical in purport and meaning; and it is true that in some cases the objections have been made to provisions of the bill that were eliminated by the committee as long as a month ago. It is not true, however, that that character of objection is the only character of objection made by the business institutions of the country. Upon yesterday, or upon the evening before, a statement was made by Mr. Bell, of New York, representing a great group of most responsible business institutions. I have it here and shall read from it one or two very short statements.

Among other things, referring to the group with which he is identified, Mr. Bell said:

> It will endeavor to awaken every business man to the fact, apparently little realized, that while ostensibly this legislation is intended only to eliminate recognized speculative abuses from the securities exchanges, actually more than 450,000 firms through the land with no Wall Street connections would be brought under the strangling regulation of a Federal bureau.

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

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Oregon yield to the Senator from Michigan?

Mr. STEIWER. I do.

Mr. COUZENS. I think it would be enlightening to the Senate if the Senator would tell us just in what manner

the 450,000 concerns not connected with Wall Street are affected by the bill.

Mr. STEIWER. I shall be glad to do that as I go along. I do not know that Mr. Bell is right in his theory that all of them are affected, but very vast numbers are affected; and I am quite certain that if Senators will remain open-minded, even in my humble way and with my poor talents I can convince practically all the Senators in the Chamber that a very vast amount of corporate business in this country is affected by this bill which the people think was written for the regulation and control of Wall Street and of the stock exchanges.

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

Mr. STEIWER. I am glad to yield to the Senator.

Mr. BYRNES. The Senator will agree that no one of the signers of that statement could possibly be called a small firm, and that up until this good date they have not heretofore shown any great interest in the 450,000 small firms.

Mr. STEIWER. I do not think Mr. Bell meant to say that he and the companies with which he is identified are small firms. Of course they are not. Nevertheless, the fact remains that we have in the country tens of thousands of corporations, and in various ways and in various degrees most of them will be affected by this bill. I make that statement on my own responsibility, even assuming that Mr. Bell is not fully informed in the premises.

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

Mr. STEIWER. I yield to the Senator from Florida.

Mr. FLETCHER. I received in the mail this morning a communication bearing on this subject. I do not know that I ought to mention it. It is not signed, except as "an ex-New York Stock Exchange Member." Referring to an article headed "Industry Asks Modification in 'Strangling' Exchange Bill", the writer says:

> This is the worst "bunk" I ever saw. At least 15 of those signing the letter are, or were, heavy stock gamblers. They often had accounts in fictitious or dummy names and numerals. I know whereof I speak, and you can confirm it easily.
>
> Pass the bill with a full set of teeth!
>
> (Signed) EX-NEW YORK STOCK EXCHANGE MEMBER.

I do not know the gentleman at all, but it may be worth while for the Senator to look into the matter.

Mr. STEIWER. Oh, no; it is not worth while for the Senator from Florida or for me to examine the integrity of the statements made in an anonymous letter, nor to determine whether this broker is sore because he was ejected from some exchange, or whether he is disturbed for some other reason.

I do not care anything about the nature of the business of those who signed the statement to which I have referred. The essentially important thing about it is that the statement is true; and it is with the truth of the statement that I desire to deal.

Let me refer to the bill, and, if Senators will be patient, let me call attention to some of the things which I feel justify the criticism I am making. I will omit a discussion of the provisions section by section and line by line, because presentation of such a discussion would be a very wearying and irksome task.

Section 12 of the bill is the section which provides for the registration of securities upon the national securities exchanges. It is termed in phrase of penalty, as are many other sections of the bill. That is to say, it makes transactions unlawful unless they are done in a certain way.

The particular thing that is made unlawful here is dealing on a national securities exchange by a member or a broker or a dealer in any security which is not exempted, unless the registration of that security has been effected in accordance with the provisions of the act and with rules and regulations made thereunder.

The bill proceeds to outline the steps which are necessary on the part of the corporation in order to make the registration effective. The conditions prescribed by the rules and regulations of the commission must be met or the registration cannot be effected and the corporation may find no lawful market for its securities in the stock exchanges of this country.

The first of the conditions to which I invite attention is paragraph 1 of subsection (b) of section 12. It provides, in effect, that the issuer must furnish to the commission and to the exchange an agreement to comply with the provisions of this measure. I want to interrupt myself there to say that there can be no possible objection to that, and I make none.

It must furnish an agreement to comply with the provisions of this measure and any amendment thereto "and with the rules and regulations made or to be made thereunder."

Mr. ROBINSON of Arkansas. Mr. President, will not the Senator state the page from which he is reading?

Mr. STEIWER. Page 28.

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

Mr. STEIWER. I yield.

Mr. COUZENS. May I ask the Senator, in that connection, to read the language beginning on line 11 of that page, which considerably modifies the assertion the Senator is making, in my opinion?

Mr. STEIWER. I am reading from line 11. That is where I started to read.

Mr. COUZENS. The Senator skipped some of it.

Mr. STEIWER. Does the Senator refer to the language in parentheses, which provides, "which shall not be construed as a waiver of any constitutional right"?

Mr. COUZENS. Yes.

Mr. STEIWER. I did not read that because I regard it as wholly ineffective and believe it would be of no value to the corporation at all, unless the rule or regulation made at a subsequent time should deprive it of some right, for instance, should deprive it of its property without just compensation, or deprive it of property without due process of law. Unless the rule or regulation effected a deprivation of that kind, there would be no practical protection given to the issuer by the language contained in the parentheses. I assure the Senator that I have given the language very critical and careful attention. I hope Senators will believe me when I say that I would not be making the criticism which I make of this bill unless I were acting quite advisedly. My interest in the measure is such that I should like very much to correct it and make it the kind of a bill I had hoped originally it might be, namely, a bill to regulate effectually the stock exchanges of this country, and dealings in securities, without at the same time imposing blue-sky restrictions upon the corporations, which, in a practical sense, they are going to find great difficulty in meeting.

Mr. President, I am told that some corporations have already indicated that they cannot meet the conditions imposed by the bill. Either their directors will not do it, and will restrain the executive officers, or the stockholders will not do it, and will restrain both the executive officers and the directors. Many corporations will be disinclined to permit their officers to sign a contract to meet some condition, which may in the long run be extremely oppressive and extremely costly, without knowing what that condition is to be.

I am asked by a Senator sitting near me if I am referring to the rules and regulations. I am referring, of course, to the provision that corporations are obliged to sign an agreement to comply with provisions of the rules and regulations made or to be made thereunder. I am not particularly concerned about the exaction of an agreement to comply with regulations already made. A corporation can determine, if it is intelligently handled, whether or not it wants to meet conditions which are already known, but this bill creates in the commission an absolute and practically unlimited right to make regulations whenever it may desire to make them, and to change them, or by amendment to extend them, to make them without notice, and to make changes without notice, and to put them into effect forthwith, or to provide that they shall be put into effect at a subsequent time. The executives of corporations can have no way to measure the practical effect of the exaction of an agreement to abide by regulations which are not known and which, in their very nature, cannot be known.

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

Mr. STEIWER. I yield.

Mr. BLACK. I understood the Senator to make the statement that they would have to agree to abide by any regulation which might be made, whatever it might be, whether it was good or bad, whether it was legal or illegal. I do not so read the provision.

Mr. STEIWER. If the regulation operates to invade their constitutional rights, they are not bound by it.

Mr. BLACK. Or they have a right to contest the validity of any rule or regulation.

The Senator is a lawyer, and let me ask him a question. All that is to be required is an agreement on the part of the corporations to abide by any regulation which does not invade their constitutional rights, and they reserve the right to contest the validity of any rule or regulation. Let us suppose they did not enter into such an agreement. Would we not have the same right to enact a law, and would they not have to obey it? Would they be surrendering anything by signing an agreement? In other words, all they agree to is that they will abide by those regulations which they cannot strike down for their invalidity. They would have to abide by the regulations anyway.

Mr. STEIWER. They would have to abide by a change in law if Congress enacted a valid piece of legislation, of course, but that is the risk every business man takes, whether he lists his securities or not, and whether he registers securities upon a stock exchange or not. Business in the United States, I am happy to say, has at least some degree of confidence in Congress, and I do not believe that, generally speaking, business is restrained by fear of oppressive legislation. But we are dealing now with a new instrumentality. We are asked to clothe a commission with enormous powers, and we are told on every hand that business objects to those powers, that they are afraid of what may be done by the commission.

May I say to the Senator that I do not suppose it makes any difference, as a practical matter, whether a corporation is actually hurt or whether it merely thinks it is going to be hurt. A state of mind can produce a depression. A state of mind can produce timidity and prevent corporations from taking aggressive steps toward the carrying out of their business enterprises, and their disinclination to go forward from either cause is equally hurtful to the American people.

Mr. BLACK. The point I was asking the Senator about was this: I cannot see that it is material whether they make the agreement to abide by the regulation or not. That part of it is immaterial, because they would have to abide by it, anyway, if it were legally and validly enacted. If the Senator is taking the position that we should not vest the commission with the power of issuing regulations, that is quite a different matter. But, as I have read the bill—and this is the reason why I have interrupted the Senator—I cannot see that it is material at all that they agree in advance, either to accept or not to accept the regulations. Is the Senator opposing giving the commission the right to issue regulations, and is he favoring the idea of putting in the statute itself all regulations instead of entrusting any of those powers to the commission?

Mr. STEIWER. No, I am not, Mr. President. In the very nature of things the commission must have the authority and the right to issue some rules and regulations. But both civil and criminal penalties will be exacted under the provisions of the bill for violation of the contract which is required as a condition precedent for the registration of a security. Both civil and criminal penalties are exacted, which therefore brings about a most unusual situation, with unusual penalties, and because they are so unusual in both their civil and criminal aspects, prudent people may not be willing to assume liabilities which they can avoid.

Mr. BLACK. Then, if I understand the Senator, he favors giving the Commission the right to issue valid regulations?

Mr. STEIWER. I think it is inevitably necessary.

Mr. BLACK. Very well. The bill provides that the commission shall have the right to issue valid regulations, and it also requires—why, I confess I cannot see, because I think it is wholly surplusage—the company which puts out its securities to agree to abide by those regulations. Whether the company agrees to abide by those regulations or not is immaterial, if we concede that which the Senator concedes, that we should vest in the commission the prerogative of issuing valid regulations. When those regulations are issued, and they are valid, the company issuing securities must abide by such regulations, whether it desires to do so or not; whether it is agreed in advance to do so or not, because it would be the exercise of a legal privilege vested in the commission by the bill. I cannot see—and that is the reason I am interrogating the Senator in detail on that point—if he agrees that the commission should have the power to issue valid regulations, what difference it makes whether we ask the corporations to agree to abide by them or not, because whether they agree to abide by them or not, if they are valid regulations they must abide by them.

Mr. STEIWER. Mr. President, I am not entirely in disagreement with what the Senator is saying, and as proof of that I propose at the proper time to offer an amendment striking from the bill this requirement for agreement, because I can see that every proper authority which the commission needs may be exercised through regulations, and that every proper penalty which should be exacted in order to bring about compliance with this law can be had in the event of violation of the regulations.

This required agreement is entirely unnecessary and is another oppressive provision from which business shrinks.

My argument in this respect, and in others that I shall mention in just a moment, is entirely for the purpose, if I have not made that clear already, of seeking to have the Senate join with me in amending the bill by taking out some of the requirements which are causing responsible business men to worry and to hesitate, and things which will make them reluctant to resort to the facilities provided under the bill.

Mr. BLACK. Then if I understand the Senator, he desires to give to the commission the right to issue regulations, and he concedes that if the regulations are valid, the issuing company must abide by them, whether they agree or not. Then what injury can any company suffer from agreeing to do something which it will be obliged to do anyhow?

Mr. STEIWER. Because, Mr. President, the contract submits the issuing corporation to penalties, civil and criminal, which would not otherwise exist, and, therefore, will restrain it from attempting to register its securities upon the exchange, and it is important from every standpoint that we make it possible for the corporation to list its securities.

What I am saying goes to the wisdom of this provision. To me it seems most unwise to exact additional penalties, civil and criminal, when it is not necessary to do so, in order to bring about the proper administration of the law.

Mr. BLACK. Mr. President I cannot see that any additional penalty is imposed. The Senator from Oregon takes the position that he favors giving the commission the right to issue valid regulations. The agreement is not a penalty. The agreement is simply a statement made by the company that "we will do that which we will have to do anyhow"—which is to abide by valid regulations. Is there any provision of the bill which adds any penalties which are not imposed by the regulations themselves?

Mr. STEIWER. I think so, Mr. President.

Mr. BLACK. Where?

Mr. STEIWER. I should like to come to that in due time. I think that is true.

Mr. HASTINGS and Mr. BYRNES addressed the Chair.

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

Mr. STEIWER. The Senator from Delaware first asked me to yield, and I now yield to him.

Mr. HASTINGS. Mr. President, I desire to inquire of the Senator from Oregon whether my understanding of this situation is correct, in view of the questions asked by the Senator from Alabama [Mr. BLACK]. My understanding is that there is no pretense in the bill of compelling corpora-

tions to come under the authority of the commission, except as they desire to dispose of their securities on the national exchanges. If we leave this provision in the bill as it is, compelling a corporation, in order to get its stock listed on the exchange at all, to enter into an agreement that it will abide by all the rules and regulations, we put the corporation in a position where it cannot possibly get off the exchange, except by some rule or regulation adopted by the commission. All the corporation ought to be compelled to do is to comply with the rules and regulations of the commission and the provisions of this bill, so long as it proposes that its stock shall remain on the stock exchange and be dealt in by the public. That is a very great difference.

When the corporation wants to withdraw and take away the right to deal in its stock from the stock exchange and the people who want to deal in it, then it ought to have somewhere in this bill a provision giving it the opportunity to withdraw.

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

Mr. STEIWER. I yield to the Senator from Michigan.

Mr. COUZENS. I direct the attention of the Senator from Delaware [Mr. HASTINGS] to paragraph (d) on page 31, which provides ways and means of getting off the exchange.

Mr. HASTINGS. May I reply to that? Section 19, paragraph (b), of the bill distinctly gives the commission the authority to make such rules and regulations to govern the exchange as will absolutely prevent that corporation from retiring.

Mr. COUZENS. Is that, then, in conflict with the paragraph on page 31? If I can read English, page 31, paragraph (d) provides a means of delisting the stock, and if the Senator refers to another paragraph, perhaps it is in conflict therewith.

Mr. HASTINGS. I shall be glad to answer that.

Mr. STEIWER. Perhaps the Senators had better argue that question a little later. It is not one which I intended to discuss. I think I know to some extent the answer to the question of the Senator from Michigan. A listed security may be delisted under the rules and regulations of the commission. Inasmuch as those rules and regulations are not yet made, inasmuch as they will not be made until subsequently, and inasmuch as the corporation intending to list may not know what they are going to be, that corporation may feel very insecure in the premises. I am told that many corporations will refrain from listing for fear there will be no practical means, under the rules, to delist. Beyond that I shall not discuss this subject at this time.

In section 12, now under discussion, there is a long category of requirements which all relate in one way or the other to the submission of information to the commission concerning the corporation. It is impossible upon even a careful reading of the requirements of this section, to know exactly what information will be required of the corporation. Most of these provisions are more or less permissive. The power vested in the commission is to make rules and regulations which the commission may deem necessary or appropriate in the public interest, or for the protection of investors in respect to a certain listed category of proposals.

The objection was raised before the committee that the commission could require the divulging of trade secrets. The committee provided against that by appropriate language. But there is still in this section an absolutely unrestrained power in the commission to require of corporations information which, although not falling within the definition of trade secrets, is nevertheless very confidential in its character. There is still in this section the complete and full possibility that the commission may at any time require of any corporation disclosure of facts which will be very beneficial to the competitor of that corporation. There is still here the possibility that irreparable damage will be done, and because the corporation never can know what the requirements are going to be, and never can know what the effect of the rules and regulations may be on its particular business, the corporation, in the very nature of the situation, is going to be reluctant to assume this obligation.

Then, Mr. President, there is a third provision that to me is just as important as the other two, and that is the provision pertaining to periodic reports. I refer now to section 13 of the bill, commencing on page 33. For illustration of the kind of information that may be exacted, let me read from the bill. Commencing at line 17, we find this statement as to the information and reports to be furnished:

(1) Such information and documents as the Commission may require to keep reasonably current the information and documents filed pursuant to section 12.

Just what documents, however, are to be filed pursuant to section 12 we do not know; the corporations do not know. They may not know until long after they make their registration. So just what is required of them in order to keep that information current surpasses human imagination and ingenuity. There is no way to know.

So, too, in the next section there is a requirement as to reports. I read now from line 20, on the same page:

(2) Such annual reports as the Commission may prescribe, certified if required by the rules and regulations of the Commission by independent public accountants—

I have no particular objection to that, but listen to what follows:

Such quarterly reports as the Commission may prescribe; and such other reports as the Commission may deem essential in special circumstances.

So, Mr. President, with respect to the question of submitting reports, one may say, just as has been said with respect to the question of information required upon the registration of securities, there is no boundary; there is no little definition; there is no restraint upon the commission; and, what is vastly more hurtful to business, there is no way for a corporation to know in advance what kind of reports are going to be exacted of it. If the corporation is prudently managed, if its officers are conservative and capable, even though the corporation may desire to abide with every law in the land and to conduct the most legitimate and most honorable business possible it may, for competitive reasons or for other reasons, hesitate to attempt to meet the requirements of this section.

The provisions of sections 12 and 13 lay their heavy effect upon the corporation and upon the stockholders of the corporation, but not upon the stock exchanges, nor upon the members of the exchanges, nor upon brokers and dealers upon those exchanges.

Mr. BARKLEY. Mr. President——

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

Mr. STEIWER. I yield.

Mr. BARKLEY. Do I understand the Senator from Oregon to object to any except annual reports as provided in the first clause of the provision?

Mr. STEIWER. I have not said that.

Mr. BARKLEY. The Senator, as I understood, objected to the requirements as to quarterly reports and such other reports.

Mr. STEIWER. I have not said that. What I object to is the unlimited uncertainty in the bill and not the requirements as to reports that are clearly and unmistakably defined by its terms.

Mr. BARKLEY. The Senator realizes that it is impossible for Congress to know in advance just what information ought to be required of any corporation that lists its securities on the stock exchange and holds them out to the general public of this country as being worthy of their investment. The Senator also knows that within the period of a year, and frequently within a period of a few months, the financial and economic and responsible conditions of any corporation may change; so that it is in the interest of the investing public that some agency of the Government should have the power to gather such information or require such reports as may keep the investing public advised as to the wisdom of an investment in an offered security; and as between the interest of the whole public, 125,000,000 people,

on the one side, and the interest of the corporation that holds its securities out to those 125,000,000 on the other, for fear that some information might leak out that would be of benefit to a competitor, certainly we must not lose sight of the interest of the entire people who would be invited by the mere listing of a stock on an exchange to invest their money in it.

Mr. STEIWER. The statement just made by the Senator, in my opinion, is a very excellent argument for leaving the "blue sky" provisions out of this bill in their entirety. If Congress cannot act intelligently with respect to it——

Mr. BARKLEY. If what I said is any argument for any such contention as that, then, I was beside my own purpose very widely in making the suggestion.

Mr. STEIWER. I will permit the Senator to withdraw his argument, if he wants to do so.

Mr. BARKLEY. I will withdraw the Senator's interpretation of it.

Mr. STEIWER. If the Congress cannot know what the requirements ought to be, how are we to assume that a commission will know better than we know, and how are we going to assume, even though the information is required, that it will protect the foolhardy or improvident investor? In nearly every State in the Union we have "blue sky" laws and nearly every corporation that has worked a fraud in recent years in this country was organized somewhere under the "blue sky" laws of some State. It has been shown, and demonstrated beyond any question of doubt, that laws of that kind, although intended for the finest purpose in the world, often lull the investor to his injury, to a false sense of security rather than give him the protection the Senator and I would like to give him if we could have our way.

Mr. BARKLEY. In that connection, though, it ought to be kept in mind that all the "blue sky" laws, including the national "blue sky" law, apply almost exclusively to the issue of securities initially. They do not require that they shall be followed up from year to year and month to month in order to advise the public of the condition of the company or the stock and the advisability of it as an investment after the issue in the first instance has been approved by the authority of the State. That is why it seems to me to be necessary in any law proposing to regulate a national stock exchange that not only shall the condition of the security and the responsibility of the company, when it issues the security, be supervised, but there shall be some supervision in the way of gathering information from time to time in order that those who may want to buy the security after it has been issued or buy other securities which are not controlled by the Security Act of 1933 may have a medium of obtaining information as to the wisdom of the investment.

Mr. STEIWER. The Senator states an ideal, and with his ideal I am thoroughly in agreement, but if in the application of laws intended to effectuate that ideal we drive people from the stock exchange, if we make it impossible to list securities, if we make it essential, in the judgment of the responsible heads of honest institutions, to take their securities elsewhere for sale, what possible gain will there be to the great American public for whom the Senator now speaks? Does not the Senator know that already, under the Securities Act of 1933, there has been a flight from the money centers of this country; that Montreal and other exchanges are offering inducements for Americans to bring their securities there, and already they have gone there in large number? They go to the place where we have no authority at all; the financing is done outside our own country, possibly with American money, but, at the same time, we have a flight of the business in the sale of securities; we have a flight of American money; we lose the whole transaction; we lose the whole control; and we render no service to our people, because when we lay down restrictions that are so stringent that business men will not meet them, then we defeat the object we seek to attain.

Mr. BARKLEY. We have heard a good deal about money taking flight from American securities because of the act of 1933, but I have yet to be shown by any proof that would pass in any ordinary court that any corporation has refused to issue securities because of any requirement of the act of 1933.

Mr. STEIWER. I think that proof can be had.

Mr. BARKLEY. One of the things we required in that act was that dummy directors should not hold their names out to the public to induce men, women, and children to invest their money in securities because they happened to be in the board of directors. There has been a propaganda ever since that law was enacted to repeal or revise that section so that men still might hold themselves out as a window dressing and invite investment without any responsibility on their part for the conduct of the business.

I appreciate that that law, in all probability, is not perfect, and that there ought to be some amendment to it, but I have not very much patience with the idea that men who, in the name of corporations, issue stock or securities and invite the public to invest in them, ought not to let the public know the truth about those stocks and those securities before they invest their money in them. That is all we have done. If the truth is going to make a security unsalable, then the truth ought to be known and the people protected from the investment of their money in unsound securities.

Mr. KEAN. Mr. President——

Mr. STEIWER. Let me answer my friend from Kentucky in all sincerity by saying that, in my humble judgment, the requirement of truth has never hurt any corporation; I agree with the Senator as to that; it is not the requirement of telling the truth that has prevented the sale of securities under the act of 1933. That act has operated restrictively, however, and it is not because of the requirement of telling the truth nor is it because it excludes the dummy director from the boards, but it has operated restrictively because we have placed liabilities upon the underwriters and upon the directors and other signers of the registration statements that need not have been as severe as they were. We made one man responsible in that act for another man's error, and prudent men would not assume that kind of a liability.

Mr. BARKLEY. In other words, we have made the principal responsible for the acts of his agent?

Mr. STEIWER. Oh, no; the principal was already responsible for the act of his agent; we have made one agent responsible for another agent's conduct, for they are all agents of the corporation. I had not intended to get into a discussion of the Securities Act of 1933 at this time. I was for that act; I voted for it; I helped to prepare it; and I was just as much interested in that act as I am in this one; but I think it ought to be held up as a horrible example."

Under the guise of writing a perfectly good law for a perfectly fine purpose, we wrote into the law some provisions that were hurtful; and in this bill, under the guise of writing a perfectly good law for a perfectly fine purpose, if we do not watch our step, we are going to permit the enactment of some provisions that will operate against recovery from the depression. I very earnestly suggest this, and urge it upon the Senate, because I think it is perfectly simple to remedy these restrictive provisions and leave the bill to apply to stock exchanges, with possibly some temperate and safe regulation of corporations, so that a great good may be done without injury. Then, as time goes by, if we learn from our experience that we can add further requirement to the law, we may all unite in bringing about proper amendments. I submit that it is better to go not quite far enough and be safe than it is to go too far, as we did with respect to the Securities Act, and then be obliged to retreat after we find that we have worked injury upon our country.

Mr. BYRNES and Mr. BARKLEY addressed the Chair.

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

Mr. STEIWER. I yield first to the Senator from South Carolina.

Mr. BYRNES. Would the Senator eliminate from the bill authority to require periodical reports?

Mr. STEIWER. No, Mr. President; I think if that provision were restricted it would be very proper. To answer that question leads us to the penalties, which I will come to a little later.

Mr. BYRNES. I should like to have the Senator comment in this connection, if he will, on the statement, with which I know he is familiar, made by the publishers of Moody's Standard Statistics, by Mr. Whitney, president of the stock exchange, and others who have been in position to know the evil which has ensued from the failure to disclose to the public facts in connection with the affairs of corporations, that the one thing which should be done is that which the bill seeks to do, namely, to require corporations listed upon the exchange to disclose the information of a material nature to the people to whom they hope and to whom they try to sell their securities.

Mr. STEIWER. I think the stock exchange has less concern about that than the rest of us.

Mr. BYRNES. It is admitted that Mr. Whitney did make the statement that he thought it could be done, and that they should have the power to do it, and further that there was some agreement signed by members of the exchange, under which agreement corporations whose stocks were listed claimed that they were not required to comply with certain requirements of the exchange. The bill would do what these responsible officials of the exchange really want to have done.

Mr. STEIWER. I am quite convinced if the Senate leaves section 15 in the bill, by which the Commission can drive unlisted securities back on the stock exchange again, that the stock exchanges would be entirely content with the bill, because they would have the corporations of America where they could not get away. I shall come to that section a little later.

Under the bill the whole proceeding is related. There is no way, in my judgment, to arrive at a proper conclusion with respect to the effect of any of the provisions unless we know how the related provisions of some other part of the bill may contribute their part toward bringing about the final result. Undoubtedly it is going to be difficult for any listed security to escape from the operation of the bill or to escape from the Commission. The bill provides the means to penalize them in such way that if they attempt to get off the exchange they will be driven back again. I shall discuss that in a little while.

Mr. BARKLEY. Mr. President——

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

Mr. STEIWER. I yield.

Mr. BARKLEY. Coming back to the suggestion made a while ago that the Senator is in favor of a bill regulating the practices of the exchange, but that he doubts the wisdom of going any further than that in the way of regulating the corporations whose stocks might be on the exchange, am I to understand the Senator to mean that he favors simply the enactment of a law regulating the practices and methods of the stock exchange by which stocks are bought and sold, and that he would not require any showing as to the condition of a company whose stocks were bought and sold, or its financial methods or reliability or responsibility?

Mr. STEIWER. No; that is not my ultimate object. I think initially we could very well confine ourselves to the control of the exchanges and to the regulation of the procedure and practices upon the exchange and in the over-the-counter markets, with such requirements as to corporations as they can readily meet, At future sessions of the Congress we may supplement these requirements with others. Initially, I would favor a start with a bill that would do good and not do evil.

To answer further the Senator's question, I think we are all at fault. I think the whole Congress of the United States is at fault in that we did not some years ago make a more serious effort to deal with the manipulative and other wrongful practices upon the stock exchange. I think long ago Congress should have dealt with the question of margin requirements and short sales, of wash sales and pools, and all the other abuses that accompanied especially the great boom of 1929. I think we are all subject to some criticism in that we did not recognize our responsibility and make a more vigorous effort to deal with those abuses.

But now, because the whole country is aroused to the nature and extent of those abuses and knows how disastrous was the speculative orgy of 1929 and what injury it did to the country, there is a clamor everywhere for the legislation. In that feeling, of course, we all share. However, the danger of the situation is that while we are endeavoring to deal with the evils, we write a "blue sky" law that goes too far; and because it goes too far it will be hurtful, and instead of bringing to the country unmitigated good it will bring both good and evil at the same time.

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

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

Mr. STEIWER. I yield.

Mr. BLACK. I have been very much interested in the Senator's discussion. I know the usual care he gives to the consideration of these questions. I have listened carefully to ascertain, if I could, what it is he fears about the report that is to be required. I gather that he would not strike this section from the bill, which requires reports to be made of certain facts. I listened carefully to learn what it is the Senator fears a company might be asked for that would do it injury, because, if there is such a thing, I am frank to say I think it should be excluded.

I have read the itemized statement of things which are to be called for in the reports. I think I am sufficiently familiar with the Senator's political philosophy to believe he will not object to a single one of those items as they are to be called for in the report. May I ask the Senator if he does object to either of paragraphs A, B, C, D, E, or F?

Mr. STEIWER. On what page?

Mr. BLACK. On page 29. That is the section which the Senator said is too uncertain.

Mr. STEIWER. I was discussing section 13.

Mr. BLACK. I understand, but the Senator first discussed section 12, and then section 13, which states the documents or details required in a general way under section 12. The Senator in the first place agrees with me and others that the Commission must have authority to prescribe rules and regulations. Therefore he does not intend to have the bill set out specifically every requirement that ought to be imposed. Section 12 sets out certain information which the public ought to have. The first requirement is with reference to the organization, financial structure, nature, operation of business and so forth. I cannot believe the Senator would object to that.

Mr. STEIWER. Let us see if the Senator likes that as well as he believes he does. What is the meaning of the requirement of information concerning the "operations of business"?

Mr. BLACK. If there is any particular part of the operations the Senator believes ought to be eliminated, I think an amendment should be offered to that effect. I looked at an income-tax report a few days ago. I shall not give any name because I have no right to do so. The man who made the report had sold $1,000,000 worth of the stock of the corporation. He was supposed to put on one side the amount he received for the stock and on the other side the amount he paid for it. The amount stated as paid for it was a "goose egg". The amount he received was $1,000,000. I think that is a part of the operations of the business.

That stock was sold on the stock exchange. The people who paid 100 cents on the dollar for the stock did not know that that man received $1,000,000 worth of stock for nothing. I think, and I believe the Senator agrees with me, that information ought to be reported. That is one of the things that would be included.

Mr. STEIWER. I am sorry I am unable to follow the Senator. It seems to me if that stock was worth $1,000,000, it would not make any difference what the trader paid for it when he got it. He set forth the information in his

income-tax return. Of course, if he got the stock for nothing and sold it for $1,000,000, he made $1,000,000 profit.

In the consideration of an income-tax return honestly made, I do not see where the public should be interested in the amount paid for the stock.

Mr. BLACK. Let us suppose the Senator is one of the untold millions who want to buy some stock. He concludes that he wants to buy some stock in this particular company to which I have been referring. He assumes, when he buys the stock which is sold on the stock exchange, that every other stockholder who had stock issued to him paid hard, honest dollars for it, just as he did. It develops with reference to that particular company that the stock has been issued to the insiders without the payment of a dime by them. The Senator would have no way to find that out unless the parties involved were required to make a report.

I am sure if the Senator were paying money out of his pocket for stock in that company, he would feel that he had the right to know if there had been $20,000,000 worth of that stock out of a total of $55,000,000 issued for nothing—and there was more than that—and which represented no investment.

Mr. STEIWER. The Senator pays me too great a compliment when he assumes I might buy $1,000,000 worth of stock.

Mr. BLACK. Oh, no; I do not. The Senator could easily buy $1,000,000 worth of stock if he paid nothing for it, like the man did to whom I have referred.

Mr. STEIWER. Let us discuss the bill. The language to which the Senator calls attention would not cover the case the Senator has in mind. This language provides that information shall be furnished about the organization, financial structure, nature, and operations of the business; it does not deal with stock manipulation.

Mr. BLACK. That is right.

Mr. STEIWER. If the issuer corporation were filing its return under section 12 it would file a return of its own operations. The Senator has not disclosed to us how this gentleman got the million dollars' worth of stock.

Mr. BLACK. I shall be glad to do so, and to show the Senator that it does affect the interests of the company, and the public ought to have known about it—not only that case, but numerous others. This man came in just as the company did that, put in $1,000, and 2 years later the insiders had stock in the company issued to them at a value that day of $75,000,000. This man came in by the manipulation of certain property at more than its value, and, as a matter of fact, so much more that it did not cost him a nickel.

Mr. BARKLEY. Mr. President, will the Senator yield there to the suggestion that the issue of that much stock for nothing, which brings not a dollar into the treasury of the company, materially affects the value of all the stock for which people have paid their money.

Mr. BLACK. The Senator is entirely right.

Mr. BARKLEY. They are interested in whether or not a company has given away a million dollars' worth of stock for which it received nothing in return.

Mr. BLACK. Not only that, but let me call the Senator's attention to the scheme which was adopted in that company and numerous others. I would not refer to one only. They would buy property which had practically no value, and then sell it to the company for a hundred thousand times its then value. If they had been required to report to the public, through the exchange, the organization and financial structure of the company, the prospective stockholder would have known that he was asked to pay a dollar for a dollar's worth of stock, while another man received a million dollars' worth of the same stock for nothing, thereby decreasing the value of the prospective purchaser's holdings.

I think I know enough about the Senator from Oregon to know that he does not want to fail to require any kind of report that would protect the public. I listened carefully to see if the Senator objected to any part of the report that is required. If he did object to any particular clause of it, I fail to hear it; and what I desire to know is which part of the report that is required to be made does the Senator object to? If none, is there something the Senator thinks might be exacted that should be protected? If so, let the Senator offer an amendment to strike that out; but let us not strike down the whole thing on the mere vague statement that it requires an uncertainty.

That is my point. If the Senator has any suggestions, I should be glad to vote for the exceptions that he thinks ought to be made, if I agree with him in his viewpoint; but I do think it is rather a general indictment to say that the measure is uncertain without pointing out which one of these things he objects to.

Mr. STEIWER. Evidently I failed to make myself understood by the Senator from Alabama.

I referred first in that section to the subsection commencing upon line 11 of page 28. I objected there because of the necessity of complying with future unknown regulations, and with respect to these others, I made the same objection that they introduce an element of uncertainty that will deter corporations from listing their stock.

I direct the Senator's attention to the fact that on page 29 we find a provision that such information shall be furnished by the issuer—

> As the Commission may, by rules and regulations, require as necessary or appropriate in the public interest or for the protection of investors—

In regard to certain things. There is no limitation upon the commission in this bill. They may make rules today. They may change them tomorrow. They may make them at 12 o'clock, and make them effective forthwith, or make them effective at 1 o'clock, as the case may be. Except on the part of the great stock exchanges, who can keep themselves advised currently and up to the moment, there is no way for the ordinary business man to know what the regulations may be today, and there is less opportunity for him to know what they may be next week.

Mr. BLACK. Mr. President, will the Senator yield there?

Mr. STEIWER. Yes; of course.

Mr. BLACK. I understand that what the Senator says is true, that the commission can change those regulations from hour to hour, or from week to week, or from month to month; but the Senator has explicitly stated he favors giving to the commission the power to issue regulations. That is the reason why I asked him the question in the beginning.

Mr. STEIWER. Mr. President, the Senator has not paid very close attention to my statements.

Mr. BLACK. I thought I did.

Mr. STEIWER. I do not know that I objected to a single provision upon page 29 to which the Senator now is attaching importance. I did discuss the language on page 28, and then I proceeded to discuss the requirements in the matter of disclosures on page 33; and now, if the Senator will permit me, I desire to go further and discuss the requirements on page 41.

Mr. BLACK. Before the Senator gets away from the matter of uncertainty, would he object to pointing out any particular thing that he anticipates might be called for under the bill that would be injurious to the company, and that an amendment should take away from the commission the power to require the company to disclose?

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

Under the guise of getting information concerning the operations of the business the commission may conceivably ask for information which, if published, would absolutely destroy the company, not because the company had done anything wrongful, not because it was a company of the kind to which the Senator referred a little while ago, but because the disclosure would tell a competing company the exact nature of the company's business.

Mr. BLACK. What information?

Mr. STEIWER. Information concerning its credit status, we will say; information concerning its inventories, concerning its contracts, concerning the people with whom it proposed to do business, or those with whom it had been doing business; every manner of information by which one great institution may profit at the expense of another. Corporations may be wrong in being fearful of the provisions

contained in this bill granting wide discretionary powers to the commission. I am not arguing too hard on that particular point. I said a while ago that they might be wrong; but if the effect of the measure is to restrain them, the evil to the country is just as great as if they were right in their judgment with respect to requirements that might be made.

Mr. BYRNES. Mr. President——

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

Mr. BLACK. May I ask the Senator, first, another question?

Mr. STEIWER. Certainly.

Mr. BLACK. The first thing the Senator anticipated the company might be compelled to divulge is their credit, something they owed somebody. Is not a stockholder entitled to know that?

Mr. STEIWER. Oh, the stockholder already knows. This does not affect stockholders.

Mr. BLACK. I am talking about prospective purchasers of the company's stock. Suppose, for instance, they had outstanding half a million dollars worth of stock, and owed somebody a million dollars: It might be that their competitor would be glad to know that; but, because their competitor might be glad to know that, should a man be permitted to go ahead and buy stocks blindly, without having that revealed through the exchange which acted as the agent in the sale?

Mr. STEIWER. It will be revealed to the exchange, Mr. President. I think those things are usually revealed to the exchange now, without any statute.

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

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

Mr. STEIWER. I yield.

Mr. BYRNES. Will not the Senator agree that as to the instances referred to by him, section 23 would safeguard the corporation? In that language it is provided that there can be no disclosure of such information unless it is in the public interest, or for the protection of investors, and does not reveal trade secrets. Then it is further provided that if the corporation filing the statement shall make written objections to the disclosure of the information, there must be a private hearing and order, from which order there is provision for an appeal to the courts.

Mr. STEIWER. Cannot the Senator see how insecure that kind of a provision is when the statement has just been made by a man having so good a mind as the Senator from Alabama that practically all this information ought to be disclosed for the good of the stockholders and investors? The commission may take the same view that the Senator from Alabama takes; and if the commission takes the same view that the Senator takes in just one instance, there will be no more corporations in America desirous of listing their stock upon any exchange.

Mr. BYRNES. Mr. President, if the Senator will yield further, even if it be assumed that the Senator from Alabama, serving upon the commission, held that view, the language of section 23 is that if the Senator from Oregon, for example, held the opposite view, and he were president of the corporation, he could object to the disclosure of the information, demand a hearing, the hearing must be private, an order must be issued, and he has the right of appeal from that order. So if we assume that upon the Commission there might be some member who believed that it would be in the interest of the public to disclose all that information, a remedy is provided under section 23.

Mr. STEIWER. I wish I could conclude with the Senator that business institutions would be satisfied and calmed by an assurance of that kind. We are told on every hand that they are not satisfied. We are told in every quarter that they are afraid to place themselves in a position of that kind; and the very fear is going to prevent them from going forward as we should like to see them proceed under this measure.

Mr. President, I desire now to call attention to two paragraphs of section 19 in order to indicate further reasons why corporations will not want to avail themselves of the facilities of this measure.

This section is the one that defines the disciplinary powers over exchanges. One would think, if he did not examine it carefully, that it is a section creating authority in the commission to require of the exchanges a compliance with the provisions of the law. It does that, but it does much more. The first paragraph authorizes the commission—

> After appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months or to withdraw the registration of a national securities exchange if the Commission finds that such exchange has violated any provision of this act or of the rules and regulations thereunder or has failed to enforce, so far as is within its power, compliance therewith by a member or by an issuer of a security registered thereon.

At first thought it would seem that if a stock exchange violated the law or violated the rules and regulations of the Commission it would be very proper to suspend for 12 months, or any other appropriate period, trading upon the exchange. So far as the exchange is concerned, I am entirely in accord with the proposition. In my opinion, the exchange that violates the rule and the regulation is entitled to very little consideration; but let me call attention to a fact which cannot be denied, namely, that when the commission requires the withdrawal of the registration of a national securities exchange and suspends trading upon it, the exchange is not the only sufferer. Primarily the blow falls upon the stock exchange; but ultimately every corporation having its securities listed on the exchange, and every stockholder in every corporation, and every creditor of every corporation, every person having a contractual relationship with the corporation, will feel the force of the blow. So it is that we provide in this bill, under the guise of furnishing a means of disciplining stock exchanges, a provision which would discipline the guilty and then in addition discipline the innocent along with the guilty.

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

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

Mr. STEIWER. I yield.

Mr. BARKLEY. Does the Senator oppose, then, the granting of disciplinary power with reference to the exchange which violates the rules?

Mr. STEIWER. Oh, no. The Senator undoubtedly expected me to answer that question in the negative.

Mr. BARKLEY. How can an exchange be closed for a gross violation of the rules and regulations without affecting the stock listed on the exchange? If the Senator can point out how stock can continue to be sold on an exchange after it has been closed, I should like to have him do so. I do not know just how it can be done.

Mr. STEIWER. Mr. President, if I had my way, I would not use this theorist method of disciplining exchanges. I would discipline the exchanges by disciplining the officers of the exchanges. I would penalize those who do the wrong. I would penalize them by the severest penalty I could design. I would try to afford an incentive for the officials and officers of the stock exchange to comply with the law and with the rules and regulations. I do not want to make it easy for them. But it does seem to me that, under the guise of punishing them, it is a weak and an indefensible proposition at the same time to punish the innocent man as we would punish the guilty.

Under the same section of the bill, subsection 2, we find this kind of a proposal:

> (2) After appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months or to withdraw the registration of a security if the Commission finds that the issuer of such security has failed to comply with any provision of this act or the rules and regulations thereunder.

Mr. President, I may say, on this subject, much as I did just a moment ago, that if the issuer is guilty of an offense, the issuer should be called to account and penalized for the offense; but the difficulty about a remedy of this kind is that it affects so many persons who are not in any way connected with the offense.

Let us assume the case of a corporation which sold a million shares of its stock, and let us say that after the

sale had been effected, the issuer was guilty of some violation of the law, or of the rules and regulations promulgated pursuant to the law. The penalty for the violation is to suspend for a period of not exceeding 12 months, or to withdraw the registration of the security.

The effect of that kind of a penalty is, of course, to punish the issuer, but, in addition to that, the greatest effect of the penalty is to punish every man, woman, and child—every person in the world, who, for one reason or another, has acquired shares of the stock.

It is not necessary in this legislation to punish the innocent with the guilty. I suggest that these two sections be stricken from the bill. I think we can devise a means of punishing those who do wrong by penalizing the wrongdoer in plain and unmistakable language. I think undoubtedly there is a perfectly simple way to provide that those who violate the law or violate the rules and regulations may be indicted and punished as for a crime, and those kinds of penalties will be effective, and they will be effective not only as to the man who transgresses the law, but they will be effective in safeguarding the interests of all innocent persons who may have some relation to the transaction.

The suspension of a stock exchange, or the suspension of a security listed on a stock exchange, or the withdrawal of that security, merely for the purpose of penalizing the person who violated a rule or regulation which may have been made after a registration was effected, and made without the knowledge of the issuer, the penalizing of investors for the offense of another person who possibly did not even have knowledge of the rule or regulation, is a monstrous thing, and, in my judgment, it ought to be avoided.

If we suspend trading upon an exchange in order to punish the issuer of stock, everybody knows the stock is going to be depreciated in the market, and there will be a financial loss to every person who has acquired the stock. If there were no other way of punishing wrongdoing, we might find a justification for legislation of this kind, but, because there are other ways and because we can make the penalty rest upon the man who transgresses the law, let us refrain from punishing the innocent with the guilty.

Mr. President, responsible heads of institutions, knowing of these provisions in the law, and knowing what the consequence may be to their stockholders if they become embroiled in the meshes of these two paragraphs of section 19, may very well hesitate before they permit their securities to be listed upon any stock exchange, and if they are listed, they may very well be justified in seeking to delist the stock in order to protect their stockholders, a great army of innocent people, from the infliction of penalties which are absolutely undeserved under any theory of moral or legal responsibility.

Mr. President, I stated a little while ago that the bill is so constructed that it is intended to prevent any corporation escaping from the commission. I now desire to point out why I made that statement.

Section 15 deals with over-the-counter markets. Some corporations may think that if they cannot meet the oppressive and restrictive provisions of sections 12, 13, and 19, and other sections of the bill which affect corporations and the stockholders of corporations, they will immediately leave the stock exchange, and that upon leaving it, they will be freed from the oppressive requirements of this measure, and will be enabled to sell their securities over the counter. If any such view is entertained, the corporations are seriously in error.

Section 15 provides for regulation of over-the-counter markets, and provides for the making of rules and regulations applying to transactions on such markets, and for the registration with the commission of the dealers and brokers making or creating such markets.

With respect to those various provisions I have no complaint at all. I think operations in the over-the-counter markets should, of course, be regulated, and I see no objection to imposing rules and regulations and requirements of law upon dealers and brokers and others who are professional traders in stock, and who can have knowledge of the rules and regulations and of the law, and who, in good conscience, ought to comply with the law.

Let us see what else the section provides. I read now from line 20. We find there that the rules and regulations to which I have just referred, for the registration with the commission of dealers, of brokers, and others, is extended in this way, "and for the registration of the securities for which they make or create a market."

In other words, Mr. President, the issuers must register upon the stock exchange, if they are to do business there, and if they desire to retreat from the stock exchange and to do business over the counter, they will find that they are required under the rules and regulations of the commission to register there.

But that is not all. Following the language which I have just read, is this statement:

> For the purposes of this section the Commission may make special rules and regulations in respect of securities or specified classes thereof listed, or entitled to unlisted trading privileges, upon any exchange on the date of the enactment of this act, which securities are not registered under the provisions of section 12 of this act.

I wonder whether Senators catch the full force and significance of that language. In effect, it means this, that if a security is listed upon a stock exchange at the time of the enactment of this measure, and does not register on a national securities exchange as provided in section 12, and the managers of the corporation attempt to sell its securities over the counter, not only rules and regulations will be made with respect to transactions over the counter, but in addition to that, special rules and regulations may be made by the commission to fit the particular case of the corporation which delisted its securities and took them off the stock exchanges in order to be freed from the oppressive requirements of the sections which deal with those exchanges.

Can it be assumed that the commission will let anybody get away? Does anyone assume for a moment that, with the powers conferred by section 15, the commission will permit anybody to unlist or remain unlisted?

Let us bear in mind that section 4 of the bill provides that the commission may assess stock exchanges for the money necessary to carry on the administration of the act. If the stock exchanges break down, there will be no money. The commission will have killed the goose which laid the golden egg; and I am told unofficially it is the purpose of some of the gentlemen who have been sponsoring this legislation, and of others who are said to be prospective appointees upon the commission, that steps will be taken to drive back to the stock exchanges those corporations which were unwilling to remain there and which attempt to resort to the over-the-counter markets of this country for the sale of their securities.

What justification, I ask, is there for the enactment of legislation which places the business of the United States in a strait-jacket of this kind? Remember that we are not dealing all the time with crooks and with thieves and with outlaws. We are not dealing all the time with institutions which are seeking to defraud somebody. We are dealing with those classes, it is true, but, in addition to them, we are dealing with the great number of institutions in this country which control the industries of the United States and provide labor for the laboring people of the United States. We are dealing with honest enterprise; we are dealing with legitimate investment; and the good with the bad are going to be brought within the strictest requirements of this measure, held down by sections 12, 13, and 19, if they attempt to operate upon the stock exchanges, and then driven back to the stock exchanges by section 15 if they attempt to sell their securities in the markets over the counter.

Mr. President, I do not want to delay longer upon this phase of the bill. There is much to be said about the section requiring proxies. If I had my way, I would either change that section or eliminate it from the bill. The committee was told by men who are experts upon this subject, men like Mr. Untermyer, who, through busy lifetimes, have been en-

gaged in endeavoring to protect the interest of stockholders in great corporations, that this proxy requirement will not help the minority groups; that it will not aid the weak or defenseless; but that probably it will aid those in power, those who control the corporation; that it will operate differently than was contemplated by the committee.

We are told that the administration of this provision will be expensive to the corporations, and there is a very grave feeling in the business world that the requirements made in this section for proxies will be hurtful and not helpful. I am not, however, sufficiently advised concerning the technical workings of the great institutions with respect to the acquisition of proxies to propose a better section. I shall, therefore, pass it by.

Before I conclude I desire to take up a matter which I think is more important than any matter I have discussed until now in this debate. I refer to the penalties provided under the provisions of this bill. I have already said, and Senators fully realize, that the bill is unusual in that it not only clothes the commission with the right to make rules and regulations but it continues the power of the commission to change and alter and amend those rules and regulations. I have said two or three times that there is no provision in the bill requiring the rules and regulations to become effective at some future date. They may, in the judgment of the commission, become effective forthwith. There is no requirement in this bill that the rules and regulations shall be published at any particular time, or that any other effort shall be made to confer notice upon those who might be affected by the rules and regulations.

Throughout the bill there is a rather unusual structure in that acts which are condemned as unlawful in the main are not condemned in every event. There are very few acts in this bill which are condemned outright as unlawful and penalized under the provisions of the bill.

In almost every case the nature of the denunciation, that is, the statement of the crime, is in terms of rules and regulations. One can turn to almost any provision of the bill and find that is true. I have before me section 29 (a) which begins with the words—

> It shall be unlawful for any broker or dealer—
>
> And so forth, to do certain acts—
>
> in contravention of such rules and regulations as the Commission may deem necessary or appropriate in the public interest—

And so forth. That kind of structure, Mr. President, is typical of the entire make-up of the bill. Therefore the crimes which are created by this bill are crimes which we do not know today. We could not define them if we wanted to. They are crimes which are yet to be defined by the commission. The nature and extent of those crimes, the conditions and definitions of those crimes, the very elements of the offenses, are unknown to the Congress which is to pass the legislation. These crimes are to be defined by people the identity of whom we do not yet know. They are to be established at different times, and changed and amended at different times in ways which we cannot even imagine in advance, and yet, Mr. President, we are called upon to give our approval to section 30, including section 30 (b), which penalizes violation of rules and regulations.

Permit me to read it so it may appear in this place in my remarks:

> (b) Any person who willfully violates any provision of any rule or regulation under this act, or of any agreement made with the Commission and filed under this act, shall upon conviction be fined not more than $10,000, except that if such person is an exchange, a fine not exceeding $100,000 may be imposed.

Mr. President, in order to understand the philosophy of this bill and the theory and purpose of those who prepared and sponsored the bill in the first place, I desire to state to the Senate that when this language came to the committee the penalties in subsection (b) were identical with the penalties in subsection (a), except that there was no jail sentence imposed.

In other words, the fine might be not more than $25,000, and, in case of an exchange, a fine of not more than $500,000. Inasmuch as some of these offenses which might conceivably be committed in violation of the rules and regulations are continuing offenses, and may very well recur day after day, the extent of the penalty may become fairly evident to those who give consideration to this feature of the bill.

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

Mr. STEIWER. I yield.

Mr. BORAH. I am quite in sympathy with the view which the Senator from Oregon expresses with reference to making the violation of these regulations a criminal offense, but we have put that provision in every statute we have passed concerning the relief of agriculture for some time. I think it is an indefensible principle to make the people of the country punishable for the violation of a regulation which may be a regulation tonight and not a regulation tomorrow, but it is in all these laws which we have passed. It is in the sugar bill which we passed a few days ago.

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

Mr. STEIWER. I yield.

Mr. VANDENBERG. I think the sugar bill specifically differentiated in precisely the way which the Senator recommends. In the sugar bill, violations of the rules and regulations are punishable only by a nominal fine of $100.

Mr. BORAH. Of course, but what is $100 to a farmer? It may mean more to him than $25,000 means to a large corporation. The thing I am objecting to is the principle of subjecting the citizens of the country to punishment by fine or by imprisonment for the violation of a regulation instead of the violation of a law.

Mr. VANDENBERG. The only point I was making was that in the sugar bill there was a discrimination between the two types of offenses.

Mr. BORAH. The sugar bill in the first instance provided for imprisonment also, and that provision was stricken out. The principle, however, is the same. We are subjecting the citizens of the country to punishment for the violation not of law but the violation of a regulation. What are we going to do about it? Are we going to leave such a penalty in all the provisions of the laws? If things continue, not only will the citizen be tied by a thousand rules issued by some bureau, but if he slips a cog he goes to jail.

Mr. STEIWER. Mr. President, I would not undertake to answer a question of that kind, because I do not think all of us combined have wisdom enough to know what we are going to do. I voted against the sugar bill and the conference report upon that bill. I disapproved the proposition then; I disapprove it now. And although I can bring myself to a sort of reluctant approval of some penalty for violations of rules and regulations in this bill, I can do that only because it is so essential that the commission have some power to bring about effectual administration of the law. But it seems to me that the vice of this particular provision is that it confuses that which is done with evil purpose from that which is done innocently. It is much like the section I was discussing a while ago in which I pointed out that the innocent investor or stockholder is punished for another man's crime. This is not the case, of course, of the citizen being punished for another man's crime, but there is here the commingling of offenses and the fixing of a penalty for an act done with wrongful purpose and an act done innocently and possibly without knowledge of the rule.

It seems to me that the most insidious thing about this is that the commission may make these rules at will. They may make them without notice. The person charged with the violation may not know there is a rule. He may not know he is violating a rule. It is true that the bill says "willfully", but that may be construed merely to mean "intentionally" as distinguished from "unintentionally" or "voluntarily" as distinguished from "involuntarily."

I have made some little inquiry as to the meaning of the phrase, and I left the subject considerably bewildered, although it may well be that the courts will limit the construction of the provision, because the other construction will be almost monstrous in its nature.

We have no assurance how the court will act with respect to it, and it seems to me that whatever else we do, when dealing with subsection (b) of section 30, we ought to insert after the word "person", the words "with intent to injure and defraud another", so that it would read:

Any person who with intent to injure or defraud another shall willfully—

do the prohibited act, the penalty would follow.

In that way we would be penalizing the purposeful wrongdoer, who, of course, is entitled to no sympathy and no defense. The man who seeks to defraud his neighbor might well be penalized, even though his offense consists of the violation of a rule or regulation. I have no quarrel with that proposal. But when we say that for violation of any provision—I invite attention to that, whether important or unimportant—for violation of any provision, whether known or unknown, or whether with a bad purpose or innocently, a man is to be penalized in the judgment of a court up to a $10,000 fine, I cannot give my consent to it.

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

Mr. STEIWER. I yield.

Mr. FLETCHER. I desire to mention the fact that it was the purpose, and I think that purpose is carried out in the provisions of the bill under section 30, particularly in paragraph (b), to separate penalties for violations of regulations from those for violations of the bill itself. In other words, the bill does not subject to imprisonment a person who violates regulations. He is only subjected to the penalty of a fine in that case. If he violates a rule or regulation willfully and knowingly he is liable to punishment by fine, or if he violates the law itself willfully and knowingly, then he may be subjected to both fine and imprisonment. That distinction is intended in the bill, and I think it is made.

Mr. BORAH. I think that is a merciful distinction, but it does not affect the principle which is involved, as I see it.

Mr. FESS. Mr. President——

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

Mr. STEIWER. I yield if the Senator from Idaho has concluded.

Mr. BORAH. Does the Senator from Ohio wish to ask a question?

Mr. FESS. I will wait until after the Senator from Idaho shall have concluded.

Mr. BORAH. I want to call attention to some things which we are putting into these measures. I read from the sugar bill which we passed a few days ago:

(c) Whoever in connection with any settlement, under a contract to buy any commodity, and/or to sell such commodity, or any product or by-product thereof, subject to any tax under this title, makes any statement, written or oral, (1) intended or calculated to lead any person to believe that any amount deducted from the gross sales price, in arriving at the basis of settlement under the contract, consists of a tax under this title.

Does the Senator get the full import of that provision?

Mr. STEIWER. I am not sure that I do.

Mr. BORAH. I will read a portion of it again:

Intended or calculated to lead any person to believe that any amount deducted from the gross sales price, in arriving at the basis of settlement under the contract, consists of a tax under this title.

Mr. STEIWER. I assume that that was placed there in order to prevent a test of the validity of the act.

Mr. BORAH. No; it was placed there, I presume, in order to prevent some people from attacking the processing tax.

Mr. STEIWER. By litigation in court?

Mr. BORAH. Yes.

Mr. STEIWER. Mr. President, I want now to conclude. I have covered the ground which I intended to cover.

Mr. FESS. Mr. President——

Mr. STEIWER. I will yield in just a moment. I wish to announce that at a later time I will offer some amendments in keeping with the suggestions I have made during my remarks. I shall not attempt now to do so, but at a later time, when we are discussing more in detail the question of the penalties in section 30 (b), I will, if I have the opportunity, go through the bill again to point out the full extent of the power to make rules and regulations, and the full application of those rules and regulations to different people who are variously affected by them, and then to urge upon the Senate again, more forcefully, I hope, after the illustrations shall have been presented, the absolute necessity for the amendment of section 30 (b) so that the penalty shall not be so un-American as to shock the conscience.

I now yield to the Senator from Ohio.

Mr. FESS. Mr. President, the Senator from Idaho called attention to the fact that in the Agricultural Adjustment Act, as well as in the so-called "Sugar Act", the same principle is adopted. I call the attention of the Senate to the N.R.A., the National Recovery Act, which contains exactly the same thing.

The agreements are made operative in the administration of the law, but are not effective until the President approves them. It gives the President the power to change any regulation that he may see fit to change, and when a regulation is changed the fair practice prescribed is regarded as the law and has the force of law, with a penalty attached for its violation. As the Senator will recall, when we discussed it we talked about the revolutionary procedure of substituting what might be called the rule of men for a government of law.

Mr. STEIWER. Let me see if I cannot indicate to the Senator that the proposal here is more far-reaching in its effect and more un-American in principle than anything written in the N.R.A. Act, because when the President approves, he does so by Executive order or proclamation, and all who run may read. So there is a fair chance for people to have some knowledge of what is done and published by the President of the United States.

Mr. FESS. Until he undoes it.

Mr. STEIWER. Yes, possibly, but I think we will all concede that the President would not act in a whimsical way about a matter of that kind. Under this bill, however, a commission is to be created which does not even need to act by proclamation. It can meet in private, if it wants to, and it is not required to publish anything by proclamation, Executive order, or in any other way. This, in my judgment, is the most unheard-of thing that has yet been presented, and to me, because it is so far beyond the traditional belief of our people, it seems that we ought not to resort to it, because we are not obliged to resort to it. We can provide all the penalties reasonably necessary for the enforcement of this proposed act without putting this unusual, un-American penal requirement upon our people. I think it far exceeds even the drastic provisions of the National Recovery Act.

Mr. FESS. It is not different in the direction of the step which is taken; but the second step is just a little longer than the first one, and the third step will be longer than the second.

Mr. STEIWER. That is true. I yield the floor, Mr. President.

Mr. FLETCHER. Mr. President, before the Senator takes his seat, I should like to make a brief statement. In the beginning of the Senator's remarks he referred to an alleged number of 450,000 corporations which are about to be strangled by some of these regulations. I do not quite understand what these corporations may be. Moody's Manual, which is considered something of an authority, and which attempts to give statistical data about all companies in which the public is interested, lists only 34,000 corporations. It seems to be absurd to suppose that this bill affects a great multitude of more than 450,000 corporations throughout the land not connected with Wall Street. This manual lists only 34,000 corporations.

Mr. STEIWER. I do not attempt to say that the statement from which I read earlier in the debate is exactly correct as to numbers, but there is information before the committee that there are vastly more than 34,000 corporations in the country. I do not remember the exact figures, but it is vastly more than that.

Mr. FLETCHER. Then the Senator made some criticism of the provisions as to the requirement of reports from cor-

porations. The Senator will remember that the president of the New York Stock Exchange has frequently emphasized the necessity for more complete and accurate reports by listed corporations. The members of the stock exchange themselves have complained of that situation, and the president of the New York Stock Exchange last year, in a speech at Cleveland, said:

> It is now generally recognized that the lack of complete disclosure of the result of business operations contributed to the inflation of security values which preceded the panic of 1929.

Mr. STEIWER. I think the stock exchange is very happy to have some excuse for its own part in the speculative orgy of 1929. It was within its power, in my judgment, at that time to obtain from the issuers of securities all the information that was needed. The fact is it did not get the information. If that be an argument to justify the requirement for further reports, we still have the responsibility of seeing to it that we do not go too far.

Let me call attention, in that regard, to the language on page 34 of the bill, which I did not refer to in my earlier remarks. It is there provided as follows:

> (b) The Commission may prescribe, in regard to reports made pursuant to this act, the form or forms in which the required information shall be set forth, the items or details to be shown in the balance sheet and the earning statement, and the methods to be followed in the preparation of reports, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the Commission deems it necessary or desirable, of separate and/or consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the issuer.

Before the committee the question was raised whether it was advisable for the Congress to supervise the internal affairs of corporations to the extent of controlling their methods of accountancy. It was believed, I think, by a majority of the committee that we should not do that.

In line 6 on page 34 we changed the word "accounts" to "reports", so as to make certain the proposed commission would be requiring reports and not a new and expensive method of accountancy. Yet it seems to me, Mr. President—and I do not want to take a dogmatic position in respect to it, and I confess my interpretation of the language might not be correct—that the committee failed to go far enough in making the corrections necessary in this bill, and that in the language which I just read the committee has left in the measure ample authority on the part of the commission not only to control the kind of reports which are to be made by corporations, but also to control the basic accountancy of corporations. It may be, for one reason or another, that a corporation is compelled to continue its present system of accountancy; and if this be true, as I think it is true, the Commission may require a system of its own; then we will have the spectacle of a Federal agency exacting of business institutions two methods of accountancy, with very great expense to the corporations concerned. In the end the expense will be paid by the stockholders. There is nothing we can provide by the terms of the bill in the way of excessive requirements, the expense of which is to be met exclusively by millionaires. It will in the last analysis be distributed among the American people.

I think the Senator from Florida selected an unfortunate illustration when he referred to the requirement for reports as indicating that the restrictive influences upon corporations will not be great and severe. On the contrary, I think the reporting requirements will be almost devastating, and because of fear that conditions may be even worse than they are, corporations will find it difficult to comply with these provisions of the act.

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

Mr. STEIWER. I yield the floor, unless the Senator wants to ask a question.

Mr. BARKLEY. I want to ask the Senator a question. The section on page 34 of the bill, to which the Senator has just referred, describes somewhat in detail the power of the commission to exact reports of companies. It does not seem to me it gives the commission any power to impose on a corporation any particular method of bookkeeping. Where questions of depreciation, depletion, and valuation enter into the financial statement, which have a great bearing upon the financial condition of the company, does not the Senator think the commission ought to have the power to learn by what method it arrived at the figures which it reports as bearing upon its financial standing? It seems to me that is all the bill does in that regard.

Mr. STEIWER. I do not believe the end to be attained justifies the procedure. I think if it involves the requirement of a new system of accountancy, we are not justified in requiring institutions to set up books to satisfy us as a condition precedent to the listing of their stocks upon the stock exchange.

Mr. BARKLEY. It does not require them to adopt a set of books to suit us or the commission. It authorizes the commission to require the company to advise it by what bookkeeping method of its own it has arrived at those conclusions.

Mr. STEIWER. With that statement I cannot agree. If the company does not have the information it will have to keep its books in a way to acquire it.

Mr. BARKLEY. Any company that does not have the information under its own method of bookkeeping certainly does not deserve very much consideration in the listing of its stock on the exchange.

Mr. STEIWER. All honest effort to maintain business and provide employment deserves consideration. The proof of the pudding will be the eating thereof. I am wondering what some of my good friends will be saying 12 months from now if Congress enacts the bill in this form and then finds it is injurious to the business of America and that it causes further unemployment among the laboring people of the United States and retards the recovery for which we are all praying. What excuse can they offer for their action when it is just as easy to make the bill a little more moderate with respect to industry, and start with steps we know are sound, and then add as the necessities may require and in a way that will do injury to no one but will protect the public and American investors against the evil practices which have been permitted in security transactions?

Mr. WALCOTT obtained the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	
Costigan	Johnson	Pope	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. WALCOTT. Mr. President, I wish to address myself chiefly to those features of the Federal securities exchange bill, Senate bill 3420, now being considered, which have to do primarily with the regulation and control of corporate financing as found in sections 12 and 13.

When the term "stock exchange" is used, the New York Stock Exchange enters the mind, whereas the New York Stock Exchange, although by far the largest, is only 1 of 47 in the United States.

Twenty years ago relatively few people were interested in or traded on the stock exchanges. The enormous impetus to business created by the war, the excessive war profits in the pockets of a few, led to a period of reckless extravagance and the wildest speculation. Encouraged by too liberal loans from the Federal Reserve banks to brokers which reached the dizzy peak of eight and a half billion dollars in 1929, stimulated by the capital-gains tax, which kept security holders from realizing profits as they went along, thereby creating a relative shortage in all the leading issues, the whirlpool kept sucking in its victims until nearly everyone from the "bellhop" to the boss was gambling. The ticker was the timepiece, the tape the measure of success. The high-powered salesman had an easy time of it, for no one counted the cost or the need.

While in sympathy with any legitimate movement designed to prevent a recurrence of the speculative abuses which were revealed by the so-called "Wall Street probe" conducted by the Senate Banking and Currency Committee, in which activity I participated, I desire to warn against carrying the preventive features of the pending legislation so far as to continue and to aggravate conditions created under the Securities Act of 1933 that we now are being called upon to correct.

There can be little doubt of the need for Federal legislation to supplement the rules and regulations of the stock exchanges. To some extent in this bill we give the effect of law to the police powers exerted by the officials of the exchanges. In other words, we make mandatory compliance with those rules and regulations, while augmenting them by outlawing certain practices with which perhaps the exchanges themselves have either been unwilling or unable to cope.

But in the endeavor forever to close the door to those manipulative and speculative practices which all of us condemn, we appear about to lose sight of the very vital and necessary economic function of the stock exchange.

The record of some of the matters developed during the probe of the Banking and Currency Committee, in truth, does not present a very attractive picture. It emphasizes a need for safeguarding the flow of the capital of the country from being diverted into speculative channels, particularly at a time when there is need for industrial financing and financial assistance to agriculture.

This situation of itself demands the utmost caution lest we so legislate as to hamper the flow of capital into its proper channel. As a result of the revelations of the committee and the attendant publicity, too many people have come to think of the stock exchanges as institutions through which merely to speculate in securities. The spectacular naturally has caught the public fancy. The "rooking" of investors in some of the better-known corporations, revealed through the activities of our committee, stands out in bold relief, and overshadows the corporate enterprises which the securities represent, and which combine to form the foundation of the greater part of our commercial life. The primary purpose of the exchanges in providing a more extensive market for these corporate securities, which otherwise would reach the attention of a comparatively few investors, is being ignored.

The Government has had sufficient experience with the operation of the Securities Act of 1933 to learn of its defects, although in some quarters there appears something of dogged resistance to remedial action. It may be something of pride of authorship or of administration. Nevertheless, our committee chairman has seen fit to offer as an amendment to this bill a complete new title designed to modify the law so to make it more workable.

With due deference to the distinguished chairman of our committee, his sponsorship of these proposed changes in the Securities Act of 1933 may be taken as an admission of their need. I think this a fair statement, because all of us realize that a different significance attaches to the presentation of such a matter by the chairman than would occur were the changes sought by a mere member. Furthermore, the press has labeled these the administration amendments.

Let me add at this point that in my 6 years' service here I have never seen greater patience, greater forbearance, and more persuasive methods than those used by our distinguished chairman, the Senator from Florida [Mr. FLETCHER], in working out this bill. It has been a tedious process. We have been at it for weeks, patiently trying to hew out a bill which would accomplish the desired results without injuring legitimate business. I think in a very large measure we have accomplished that task. From all sections of the country have come complaints that the Securities Act of 1933 has had the effect of retarding business recovery to a considerable extent. So insistent has become the demand for remedial action that it could no longer be overlooked by the administration. We are grudgingly giving a degree of relief which, in effect, we may destroy in the bill now before us unless amended. That, to my mind, is a very important point. These are companion bills and must go hand in hand, neither conflicting with the other.

Much of the Fletcher-Rayburn bill is devoted to conferring upon the Government regulatory powers quite beyond the scope of its underlying purpose. In that respect it threatens a curtailment of commercial and industrial initiative. To the extent that this strangulation occurs will the stifling effect of the securities act be paralleled.

Even if confined to its original purpose, the bill gives to the projected Federal Securities Exchange Commission—the regulatory body which it would create—a degree of detailed supervisory control over exchanges and markets which is wholly unnecessary to the satisfactory accomplishment of the basic principles with which I am in hearty accord. This will result in imposing undue burdens and expense upon American industry.

So serious has become the credit situation in the United States that President Roosevelt has been led to give his approval to legislation providing industrial loans through the Reconstruction Finance Corporation that we are told are likely to total $650,000,000. In addition, through the Glass bill, we are talking about making available through the Federal Reserve banks an additional $250,000,000 for loans for pay-roll and raw-material costs increased through adherence to N.R.A. codes.

If it be the settled policy of the administration that the Government shall finance all industry, supervising the purposes for which the money is to be used, ultimately to control all business through representation on the directorates of the borrowers, and become the intermediary through which all funds into industry shall pass, we might safely leave this bill untouched in the particulars to which I am addressing myself.

It is inconceivable, however, that the administration should become so utopian as to desire that the State shall run the everyday affairs of our people. But if that be too radical, then we must give heed to the advice of business as to its needs and not characterize as propaganda, fomented by Wall Street interests, the presentation of facts based on experience as differentiated from theory.

Theories expounded in the original legislation from which was developed the pending bill would have thrown business into a strait-jacket from which no Houdini could have escaped. Through patient and toilsome consideration the committee has ironed out most of the differences of opinion, but has failed to harmonize the divergent views on what I term the "business features" of the bill, particularly sections 12 and 13.

As reported from the committee, the measure purports to have as its purpose the regulation of securities exchanges and the over-the-counter markets operating in interstate and foreign commerce and through the mails, and to prevent inequitable and unfair practices. Particular emphasis is put upon the curbing of manipulative practices and excess speculative activities on such exchanges and markets which are detrimental to the orderly and safe conduct of the financing of commerce and industry and to the interests of investors.

Since we are virtually in agreement as to the desirability of curbing those practices which we all condemn, I wish to

direct the attention of the Senate to those provisions of the bill and the recommendations of the Banking and Currency Committee majority that some of us aver will hamstring business, tend to send us into another tailspin, and bring down upon the Congress when it meets again in January the criticism of the people that will cause us again to retreat, just as we are about to do in the case of the Securities Act enacted last year.

Section 12 of the bill, relating to registration of securities on a national-securities exchange, contains requirements for the submission of agreements and various miscellaneous documents and information concerning the issuer of the security desired to be registered. These are to be made in such detail as to disclose to the commission, and very probably to the public, matters which are quite unnecessary in order to assure the commission of fair dealing in the security on the exchange. Furthermore, they will undoubtedly disclose methods of conducting the issuer's business which are perfectly reputable, but which, because of their confidential character, it may be highly desirable in the interests of competition not to disclose. If the issuer desires to have his securities traded in on a registered exchange, he must submit to the commission information in such detail as the commission may prescribe with respect to an astounding number of items. The list of these enumerated in the section would seem to cover almost every conceivable detail of internal management. After listing and registration has been authorized by the commission, an issuer may not withdraw the listed security from listing except upon 30 days' notice to the exchange and the commission; and the commission is granted power to require that such withdrawal be first submitted for ratification by the holders of a majority of the issuer's voting stock. Very strict requirements are also made for the registration of unissued securities.

The requirements of section 13 of the bill, with respect to the filing with the commission by issuers of registered securities of periodical and other reports, are so drastic as to result in hopeless confusion and vast expense on the part of commercial and industrial corporations throughout the country in keeping their accounts. The commission is empowered to require annual reports and their certification by independent public accountants, quarterly reports, and such other reports as it may deem essential in special circumstances. Untold difficulties may be encountered on the part of such corporations in meeting not only the periodic but the sporadic demands of the commission in this respect. Further, with respect to the preparation of these reports, the commission is given power to prescribe the form in which they shall be made, the amount of detail which they shall contain, and other requirements of such a nature as to enable the commission to dictate, in practical effect, the methods of accounting to be followed. No exceptions are made to these requirements, other than in the case of issuers whose accounting is subject to the provisions of any law of the United States; and, as to them, it is merely provided that the requirements made by the commission shall not be inconsistent with those imposed by such law. No exception is made as to those corporations whose accounting is governed by the rigorous laws of States.

In this connection it should be noted that common carriers subject to the Interstate Commerce Act are required under that act to establish most adequate systems of accounting and to make voluminous reports to the Interstate Commerce Commission. These reports are probably more elaborate than any reports which may reasonably be required by the Federal Securities Exchange Commission. Moreover, the books of these common carriers are subject to the audit of agents of the Interstate Commerce Commission, and there is no possible gain in placing them under the supervision of another governmental agency. On the contrary, it would result in duplication of reports and duplication of supervision by two different Federal agencies, with consequent additional cost to the carriers and to the United States. These carriers should be relieved from the application of this act, and an amendment should be added to the bill exempting them from its provisions.

The sum total of the requirements of sections 12 and 13 of the bill makes it clear that the effect, if not the purpose, of incorporating them in the bill in their present detailed form is a regimentation of commerce and industry in the United States on a national scale. The burden which these provisions will impose upon the normal operation of American business and industry is so substantial, and the danger that the powers of the commission might be used to influence the conduct of corporations is so real, that many issuers of securities which are today dealt in on exchanges will undoubtedly hesitate to comply with the act.

Far from having any relation to the financing of operations of commercial and industrial corporations, and the protection of investors in their securities on exchanges and over-the-counter markets, the application of the provisions of these sections will undoubtedly result in bringing about an extreme deflation of corporate securities throughout the country. The mere fact that the commission is given power under section 23 of the bill to make disclosure of the information contained in the documents filed with it, with but a minimum of restriction upon its discretion to do so, will undoubtedly result in the withdrawal of many securities from the exchanges by corporate issuers. The inevitable result of such a course of action will be the destruction of a liquid market in such securities to the detriment of the holders of the same and the general investing public. The inability to finance readily will, it will be recognized, have the effect of stagnating corporate, commercial, and industrial activity.

In this connection it is well to note that from the all-time peak of $9,400,000,000 in 1929, the total of new capital and refunding issues for domestic corporations floated in the American investment market dropped to $380,000,000 in 1933. Of this $380,000,000, only $161,000,000 went into capital issues, the balance being absorbed by refundings. New capital invested in a single month in any one of the years from 1924 to 1929 was in excess of the value of new issues floated during the entire 12 months of 1933.

In view of the fact that there has already been such a considerable decrease in corporate financing, the imposition of additional burdens of a restrictive character as contemplated by these sections would undoubtedly have the effect of retarding business recovery, and would to that extent prolong the depression.

Furthermore, the bill makes no provision, except in the discretion of the commission, for exempting from registration sound listed securities which for technical reasons cannot or will not be registered. Some of our soundest investment securities were issued many years ago by companies which have since been legally dissolved. For instance, a mortgage bond of a railroad company, which had sold its assets to another railroad, might still be listed on an exchange in spite of the fact that the corporation which issued the bond had voluntarily dissolved. These securities cannot be registered under the bill because the issuers have ceased to exist and, therefore, cannot comply with the registration requirements. In addition, there are many billion dollars' worth of foreign government obligations or foreign corporate securities which are now owned by Americans and currently listed and dealt in on exchanges. These issues have in most instances been completely distributed, and the issuers, particularly if they are foreign governments or corporations, will not, except in the rare instance where they are contemplating a further issue in this country, have any reason to comply with the burdensome provisions of the bill. If these securities are removed from our stock exchanges, due to the failure of the commission to provide for exempting them from the provisions of the act, the effect will be to deprive the persons who own them of a public market for their investments with consequent loss to the holders by reason of the depreciation in value of the securities resulting from having no open market. It has been estimated that the market value of securities listed on the New York

Stock Exchange which would fall into these categories approximate $8,000,000,000.

Regulation of securities exchanges is highly desirable for the protection both of issuers and investors. This fact, however, does not justify the exercise by the Government of such broad police powers over the operations and internal affairs of the exchanges as is granted by section 19 of the bill, and which must necessarily have an indirect and restrictive effect upon corporate financing. For example, under subsection (a) the Commission is granted authority summarily to suspend trading in securities on national-securities exchanges for a period not exceeding 10 days or, with the approval of the President, summarily to suspend all trading upon any such exchange for a period not exceeding 90 days. Obviously, the possibility of the exercise of this power cannot help but intensify the fear of corporations whose securities are registered on the exchanges that the market for such securities may be practically withdrawn overnight, which will undoubtedly tend to hinder the restoration of confidence in business recovery.

In addition, the provisions of subsection (b), which give the Commission power to alter or supplement the rules of exchanges in respect of every detail of the conduct of business thereon, make it very difficult for members of exchanges to predict just what rules of practice they will be operating under from week to week or from month to month.

Furthermore, in addition to the broad regulatory powers given to the Commission, which are to a certain extent necessary in order to provide effective regulation, the Commission is authorized, without restraint of any kind, to appoint and fix the compensation of its employees and to assess the expense incurred in the administration of the act against the exchanges which are made subject to its regulation. This authority enables the Commission to appoint and expend without limit, and to assess expenses without limit. Its budgeted expenses need not be reviewed by the Bureau of the Budget. The disbursements when made are not subject to the scrutiny of the Comptroller General. It need not justify its expenditures to any committee of either branch of Congress. In short, the Commission is wholly without restraint except that implied by the fact that its members are appointed by the President of the United States.

It is earnestly contended that this commission should be dealt with as substantially all other Federal agencies are treated. Proper governmental safeguards may be readily obtained. Nothing further will be required to provide such safeguards except to authorize the necessary appropriations to enable the commission to administer the act and to provide that the commission, within proper limitations, may assess equitable fees against the stock exchanges, such fees to be covered into the Treasury as miscellaneous receipts. These proposals, if agreed to, will subject the commission to the supervision of the Bureau of the Budget and will require the commission to justify its expenditures before the House Committee on Appropriations. It will result also in the auditing of its disbursements by the Comptroller General and will make the commission a normal, conventional, and controlled agency of the Government. Departure from this usual course would be dangerous.

Finally, although the bill purports to allow persons affected by the acts of the administrative commission to have such acts reviewed by the courts, the provision is so narrowly restricted that only those persons who are aggrieved by an order entered in a proceeding to which they have been made a party by the commission are entitled to have recourse to the courts for justice. As there is no requirement that the commission must initiate a proceeding and give notice to the persons who will be affected by its action, it is possible for the commission to evade entirely the provisions of the bill giving citizens the right to review its actions in the courts.

Of greatest importance, in terms of restrictions upon business and industry, are the penalties provided for violation of the rules and regulations prescribed by the commission. Authority to make rules and regulations is written throughout the bill. The application of these rules is not limited to stock exchanges, brokers, or dealers. In their several effects they reach creditors, bankers, investors, corporations, and all others having any relation, direct or remote, with the transaction of corporate business and the sale and purchase of securities. Under section 30 (b) willful violation of the rules and regulations by any person may result in indictment, conviction, and a fine not to exceed $10,000. This subsection does not require publication by the commission of such rules or regulations and does not require that the effective date thereof shall be postponed until all concerned may be familiar with their effect. On the contrary, it permits the forthwith application of the rules and regulations to innumerable persons who, in the very nature of the situation, can have no knowledge that the rules and regulations are applicable to them or to their dealings. The application of the penalties is not limited to those who are guilty of a violation made for the purpose of injuring or defrauding, but they apply likewise to those who proceed in good faith for legitimate purposes, with the result that they reach those innocent of willful wrongdoing as well as the guilty. Inevitably, the threat of the penalties referred to will interfere with normal operations in legitimate business and will prevent the lawful and proper activity necessary for recovery.

The bill as drawn is burdensome to industry and commerce and should be amended to remove the provisions most seriously restrictive in order to permit the business of the country to recover from the depression. With the adoption of a few amendments to cure the deflationary effect of sections 12 and 13, this bill should aid materially in the restoration of confidence and serve a useful purpose, and without unnecessary and wholly destructive effects upon legitimate business and the impairment of the financing operations of the private undertakings which are necessary in order to provide employment for those who are idle.

Mr. President, of this fact we can be certain, unemployment is the millstone which is now about our necks; it threatens this country from every angle, and it must be reduced rapidly and radically if we are to survive as a nation. There is but one permanent way out, and that lies through business recovery, which means the encouragement of business in every legitimate way. But normal business has its recurring capital requirements, which must be met or business stagnates.

Mr. NORRIS. Mr. President, will the Senator yield to me for a question?

Mr. WALCOTT. I yield.

Mr. NORRIS. In the course of his remarks the Senator called attention to the fact that the proposed commission is not subject to various laws such, for instance, as that of the Budget, and, therefore, is not properly regulated. I should like to ask the Senator if the bill were amended so as to provide that the Federal Trade Commission should have charge instead of the proposed commission, would not that objection and all the Senator has said about it necessarily disappear?

Mr. WALCOTT. I think the law governing the financing of the Federal Trade Commission brings that commission under the Budget, and, therefore, my objection would be answered, except, Mr. President, I think we should be better off if we had a new commission set up and still under the same regulations for budgeting its expenses than to put it in the hands of the Federal Trade Commission, but I am not prepared to argue strenuously either for or against that change. I am not sure how it will work.

Mr. NORRIS. I am not arguing that, of course, in my question, but it occurred to me as the Senator proceeded and cited quite a long list of requirements which would not apply to the commission to be created, of which I only men-

tioned as an illustration the Budget provision, that that objection would be obviated and that defect cured if the Federal Trade Commission had charge of it instead of having an independent commission set up.

Mr. WALCOTT. That is true; but, of course, we might cure it by amending the bill by providing that the regulations which now apply to the Federal Trade Commission shall also apply to the proposed new commission. We would have the advantage of the new commission as against a group set aside from the Federal Trade Commission to take charge of the administration of the two companion bills. I think it very important that the two bills come under the jurisdiction of the same body.

Mr. NORRIS. That is, if a new commission shall have jurisdiction of this bill, we ought to take away from the Federal Trade Commission jurisdiction over the Securities Act?

Mr. WALCOTT. We should take away its jurisdiction over the Securities Act.

Mr. NORRIS. And give it to this proposed new commission?

Mr. WALCOTT. Yes; that is what I recommend; and I think it is very important that we have the two measures administered by the same commission.

Mr. NORRIS. A strong argument, I think, can be made in favor of having the two bills under the supervision of one body, but that argument would apply both ways. I think if the Federal Trade Commission were made the agency to administer this proposed act instead of a new commission, we should then leave the authority to administer the provisions of the Securities Act which it now is—with the Federal Trade Commission.

Mr. WALCOTT. And place the administration of this proposed law, the Securities Exchange Act, under the Federal Trade Commission?

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

Mr. WALCOTT. Certainly.

Mr. GLASS. It ought to be borne in mind that the Federal Trade Commission was not picked by the President—for it is composed of a membership appointed by various Presidents—nor confirmed by the Senate with the idea of its being charged with the extremely complex and important duties which will devolve upon the special commission provided for by the pending bill. I doubt whether the members of the Federal Trade Commission know anything in the world about stock-exchange transactions, unless some one or more of them may have been stock speculators or brokers on the stock exchange.

While I am on my feet, if it will not interfere too much with the course of the Senator's remarks, I will say that it was suggested yesterday that an independent commission would involve an additional expenditure, it has been estimated, of a half a million dollars. Under this bill it would not involve the expenditure of a dollar by the Federal Government. We provide that the funds for the payment of the commission and all its expenditures must be assessed against the stock exchanges, just as all the expenses of the Federal Reserve Banking System, from the janitors in the respective banks to the Governor of the Federal Reserve Board, are exacted from the member banks, and just as all the expenditures of the Comptroller's office for the examination of banks have for 60 years been exacted from the banks themselves. The Government will not be put to the expense of a dollar on account of the proposed independent commission.

Mr. WALCOTT. Mr. President, I may inform the Senator from Virginia that the provision in the House bill to charge a fee of one five-hundredths of 1 percent on the money value of the securities issued, if we take all the securities as of a normal average year, would result in raising approximately $5,000,000. Whether that is a desirable provision, whether too high or too low, or whether we ought to have a charge which would come under the Budget Director, and have the fund raised by assessing the exchanges, is a matter for argument. I do not know. I feel very strongly as the Senator from Virginia does, that, inasmuch as this is a highly technical business, it should be administered by men who are doing nothing else but using the powers granted by the Securities Act and by this act.

Mr. GLASS. That will take all their time, all their ingenuity, and all their energy.

Mr. WALCOTT. Absolutely. It is a power carrying enormous responsibility, and, personally, as the result of our weeks of deliberation in the committee hearings, I favor an independent commission as provided in the Senate bill.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Connecticut yield to the Senator from Kentucky?

Mr. WALCOTT. I yield.

Mr. BARKLEY. I have always been very proud of the Federal Trade Commission. I happened to be a member of the committee in the other body of Congress which framed the law that created the Commission, and I have always felt that it had abundantly justified its creation by the service it has rendered to the American people and to American business. I know it has always had its hands full in performing the duties originally assigned to it of attempting to keep the channels of commerce unchoked, so that the small business man might obtain a remedy against evils without having to suffer the long delays of a lawsuit in the Federal courts.

I desire to say, as I said yesterday, that I think up to date the Federal Trade Commission has done a constructive piece of work in the administration of the Securities Act. It has accumulated a force of men who were undoubtedly qualified to deal with that matter.

When this bill, however, was first introduced, in order to assure that the Commission might have time to take on these additional duties, it was provided that three additional members should be appointed to the Federal Trade Commission, with the understanding that a group of the members of that Commission, a sort of segment not only of the Commission, but of the personnel, should be set off to themselves for the purpose of administering the Securities Exchange Act.

Inasmuch as this bill is to be passed, and inasmuch as the issuance of securities and their listing and their supervision on the stock exchanges are necessarily related subjects—as I see it, there is no way to separate the functions of these two acts—and in view of the necessity of appointing at least three additional members of the Federal Trade Commission to handle this new legislation, it seems to me that it would be wiser to have a separate commission composed of five or three members—three would probably be sufficient, but the bill provides for five, and to that I have no objection, and it might be more efficient to have the larger number, though five would be the maximum, so far as I am concerned—whose only duty it shall be to regulate not only the stock exchanges but the issues of securities which ultimately may go on the exchanges. It is a sort of endless process.

In addition to that, instead of having a group or a segment in the form of a subcommittee of the Federal Trade Commission, set off to one side to handle the securities situation, it would be infinitely better, it seems to me, to have one body, a commission, whose sole duty it would be to do that, so that the public eye will always be fixed upon that commission, and its actions will after a while receive a public attention which it would be impossible for a subcommittee of any existing commission to receive. For that reason I believe, as does the Senator from Connecticut, that an independent commission is better for the purpose of administering this proposed law, as it is also better for the purpose of administering both acts.

Mr. WALCOTT. I thank the Senator. I may remind the other Senators, and I think the Senator from Kentucky will bear me out, that in all our deliberations there was no dissenting opinion in the Committee on Banking and Currency as to the advisability of a separate commission, as set up in the bill.

Mr. BARKLEY. That sentiment was, of course, utterly free from any reflection upon either the ability or the work of the present Federal Trade Commission.

Mr. WALCOTT. Absolutely.

Mr. BARKLEY. The mere fact that we first provided for the appointment of three additional members was evidence of the fact that we realized that the present Commission, as now set up, could not take on this additional work and do justice to the great work it had been doing for the last 15 years.

Mr. WALCOTT. Yes.

Mr. President, I yield the floor.

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

Mr. FESS. Mr. President, I think there is another Senator who desires to speak, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Costigan	Johnson	Pope
Ashurst	Couzens	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	

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

ADMINISTRATION OF AGRICULTURAL ADJUSTMENT ACT

Mr. DICKINSON. Mr. President, the Senator from Idaho [Mr. BORAH] made reference a little while ago to a certain provision in the sugar bill. I do not believe that any number of Senators knew that there was a provision in the sugar bill such as is included in section 15. That section provides that if a man who is dealing in a basic commodity, or if a processor of basic commodities, or if a purchaser of basic commodities, or if a commissioner dealing in basic commodities makes any statement with reference to the processing tax that turns out to be false, and which he knows or has reason to believe is false, he may be imprisoned for not exceeding 6 months or fined a thousand dollars. If a small commission man or a grocer or a butcher selling pork chops wants some excuse to give his customer as to why pork chops happen to be high, and says, "Well, it is the processing tax", he may be taken into court, charged with a misdemeanor, and if found guilty he may be imprisoned for 6 months and fined a thousand dollars. I do not believe that the Senate had any conception that there was such a provision in the sugar bill when it was passed. It seems to me that that is regimentation in the extreme. It is carrying the measure entirely too far.

Mr. GORE. It is processing the other fellow.

Mr. DICKINSON. That is processing the other fellow, as the Senator from Oklahoma suggests. As a matter of fact, I do not believe the Senate had any conception that that general provision to the Agricultural Adjustment Act was embodied as an amendment in the sugar bill. It was slipped in the sugar bill and put through both Houses.

On the other hand, I am told that the Senate committee in its generosity cut the fine down from $5,000 to $1,000 and cut the period of imprisonment likewise from the one originally suggested by those who are interested in the legislation. It seems to me that we are providing for regimentation in the extreme and that sooner or later we are going to find that there will be a reaction that few of us now realize against regimentation of that kind.

Mr. President, I also wish to discuss for a little while the question of the processing tax. It is beside the measure which is now being considered, but it is in the fiscal policy of the Government. Sometime ago I made a statement with reference to the processing tax and the amount of the probable overdraft at the end of June. My estimate was that collections under the processing tax up to June 30 would amount to $348,091,274.19.

Mr. GORE. Is that on all commodities?

Mr. DICKINSON. That is on all commodities on which a processing tax is now levied. I find that there was a statement put into the RECORD by the Senator from Tennessee [Mr. MCKELLAR] which estimates that the processing tax for the fiscal year 1934 will amount to $409,019,450. I find that the collections up to May 1, 1934, amount to $270,014,046.09. I find that the entire processing tax for the entire month of April was $32,008,137.52. I leave it to any fair-minded man as to whether or not we are going to collect enough processing taxes between the first of May, with only 2 months to run, to amount to $409,000,000, when, as a matter of fact, the highest monthly collection has not been over $40,000,000. My theory is that the benefits to agriculture in the end can be no greater than the amount of the processing tax that can be collected.

I find another amusing thing, and that is that the estimated expenditures, according to the statement put in the RECORD by the Senator from Tennessee, and according to the Department's revised estimates, as found in the RECORD under date of April 20, at page 6979, are $542,910,441. I find that, according to the statement which I put into the RECORD, the Budget estimate, which was made up, of course, in September and submitted to Congress when it convened, of the expense for the fiscal year 1934 was $855,739,811.

The explanation given for that is, according to the statement signed by Mr. J. C. Howell, as follows:

> In the first place, these estimates are estimates of obligations and not of expenditures.

In other words, if the Government gets into debt and does not have to pay it by the 30th of June, it is merely an obligation and not an expenditure. It can just go on obligating as long as pay day does not come.

> Obligations incurred, or to be incurred, in the fiscal year 1934 will far exceed expenditures during the same year, for when contracts involving rental and benefit payments are signed by the Secretary all payments to be made under those contracts then become obligations, whereas the actual expenditure of funds in payment of those rentals or benefits may occur a year later.

In other words, never try to balance your books by seeing how much you owe; just try to balance your books by seeing how much you have already spent.

Mr. HEBERT. Mr. President, will the Senator yield there?

Mr. DICKINSON. I yield.

Mr. HEBERT. Can the Senator tell us just how much the Government has received from processing taxes up to a given date and how much has been paid out by the Government on account of processing taxes? Perhaps the Senator did intend to give that figure, but it was not so stated.

Mr. DICKINSON. The processing taxes up to March 31, 1934, had amounted to $270,014,046.09.

Mr. HEBERT. The Senator is now going to give us what the Government has collected?

Mr. DICKINSON. Yes; that figure represents the collections under the processing tax. Collections under the processing tax up to May 5 have amount to $299,220,478.62. According to the statement of Mr. J. C. Howell, the amount actually paid out for the Agricultural Adjustment Administration amounts to $242,512,090.91. That does not take into account the obligations which are current but which will not mature until after June 30.

Mr. HEBERT. If I may interrupt the Senator further, is there any estimate of the obligations which have been assumed and to which the Senator refers?

Mr. DICKINSON. The only estimate of which I am aware is the one given here, which is $855,379,911.

Mr. HEBERT. The Government estimates it is going to collect that amount sometime?

Mr. DICKINSON. Sometime. But the inconsistency in the figures is what I want to show. If we turn to page 6979 of the RECORD, Senators will see the difference between the expenditures as now listed and as formerly listed when made by the Budget. According to the statement in the RECORD under date of April 20, I find the estimated expenditure for the year 1934 to be $542,910,441. The estimate according to the Budget was $855,379,911. According to the revised estimate, the expenditures for the fiscal year 1935 should be $336,629,383. The expenditures according to the Budget for the fiscal year 1935 were to be $831,022,428.

Mr. FESS. How will the $500,000,000 be made up?

Mr. DICKINSON. I do not know how it will be made up. Perhaps it will be made up by the general taxpayer, who is always the goat in the case of all these socialistic theories which are tried out.

Mr. FESS. Will additional action on the part of the Congress be required?

Mr. DICKINSON. I should think so, because we have worked half of the session passing a revenue bill which will bring in only about $400,000,000.

Mr. FESS. Is it the opinion of the Senator that there is to be no money paid to the farmer under the act other than that which is collected through the processing tax?

Mr. DICKINSON. I will suggest to the Senator from Ohio that under the Agricultural Adjustment Act the Secretary of the Treasury and the Secretary of Agriculture may jointly estimate how much money will be needed to carry out the provisions of the act. The Treasury can advance that money to the Secretary of Agriculture. If it is never paid back through the processing tax, the Treasury is just out the money.

Mr. FESS. That is the answer I expected to have. That is the way it is being done.

Mr. DICKINSON. That is the way the act is being administered right now. The theory that there is any hope of this project paying its way is erroneous. In other words, I take the two estimates of the Budget for 1934 and 1935. They amount to $1,007,722,850. It is said that with what has been spent and what is obligated that amount of money will be required for 1934.

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

Mr. DICKINSON. Certainly.

Mr. HEBERT. The Senator refers to the Budget. May I ask him to explain a little more fully what he means by the budget he is mentioning? Is that the budget of the A.A.A. for taking care of the processing tax?

Mr. DICKINSON. Oh, no. When I refer to the Budget I mean the official Budget required by law, which is made up by the Budget Director every year and which is his estimate of the expenditures to carry on the Government and its various activities for the following fiscal year. It is sent to Congress by the President. It is an estimate under his authority, wherein are set forth the expenses to be incurred and the sums necessary to meet them for the fiscal year starting on the following July 1 and ending on July 31 of the year following that.

Mr. HEBERT. Of course, in that Budget it was never intended that there would be included the outlay for the processing tax which the Government seems to have anticipated will be paid back at some time. That was not included in the Budget figures which the Senator has just quoted.

Mr. DICKINSON. The only provision for meeting the Budget figures I am quoting is by the collection of the processing tax. There is no other way to pay it unless it is paid out of the general taxes which are collected. The processing tax will not come anywhere near meeting the obligations which are gradually being incurred under the A.A.A.

The conflicting amounts which have been sent to the Congress are amusing to me. In the first place, it is said the Budget for 1934–35 will amount to $1,686,000,000, and then, under date of April 20, another statement is sent in which it is estimated that the total expenditures under the A.A.A. for 3 years, 1934, 1935, and 1936, are going to be only $1,003,602,714. In other words, according to the Budget figures and according to the estimate of the amount which it is now believed will be collected, there is a discrepancy of more than $686,000,000.

Mr. GORE. Mr. President——

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

Mr. DICKINSON. I yield.

Mr. GORE. While opposed to the processing tax in the beginning, I did suppose the scheme would work. I supposed it was automatic, self-acting, self-limiting; that the Government would take with one hand out of the processing tax required to be paid, and with the other hand put it in the farmer's pocket and balance the Budget. Can the Senator explain how the discrepancy or deficiency arises?

Mr. DICKINSON. It arises in two ways. In the first place, when we started operations under the Agricultural Adjustment Administration every possible form of publicity was adopted to show how much money was going to be paid out to the farmer. In other words, it seemed to be the idea to tickle the farmer by giving him a lot of money. The farmer did not know where it was to come from or who was paying it, but he got it and was going to ask no questions. Then, without thinking there was going to be any reaction, it was said, "We are going to levy a processing tax on all farmers' commodities." A processing tax was levied on hogs. What happened? Regardless of the fact that the Emergency Relief Administration has been spending thousands of dollars to purchase hogs——

Mr. HEBERT. Millions of dollars.

Mr. DICKINSON. Yes; it did run that high. Regardless of that expenditure, the price of hogs is going down. Let me read from the Chicago Tribune of yesterday:

> Every penny of the bill will be paid either by farmers or consumers.

That means the processing tax. As a matter of fact the farmer, according to the best data we can get with reference to the processing tax on hogs, is standing about 75 percent of the processing tax and the consumer is paying the other 25 percent. I want to read a little further to show the effect of the processing tax:

> The farmers who may still have some confidence in Mr. Wallace's connivings can compare the prices they are getting for hogs with the going market for cattle.

Remember, we put cattle in the bill a little while ago, but no processing tax has been levied up to date:

> Hogs are paying Mr. Wallace's processing tax and are selling near the all-time low despite the Government's immense purchases for poor relief. Cattle are still outside Mr. Wallace's beneficent scheme and are selling at the best price in 3 years despite the fact that the number of cattle marketed has been abnormally large.

That shows the effect of the processing tax; and yet it is contended here that we are going to put more agricultural commodities under a processing tax.

In my judgment, the processing tax deadlocks itself. Why? By the time a tax is levied to collect money for the Department to play with, it takes quite a little while to find out whether it is going to be charged to the producer or to the consumer. In the meantime, when the farmer is selling his product, the officials just take the tax out of him, and run the risk of whether or not they will get any of it back; and the theory that it is going to be redistributed is erroneous. Why? Because nowhere near the number of men are receiving benefit payments under the hog contracts that pay the processing tax when they sell their produce. Therefore the tax punishes the majority of the producers, and benefits only a minority of the producers of any given commodity.

We are going a good deal farther, however.

Mr. GORE. Mr. President——

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

Mr. DICKINSON. I yield.

Mr. GORE. On that point, the Government has virtually pegged the price of corn at 45 cents a bushel.

Mr. DICKINSON. It has not pegged the price of corn. What the Government has done is to loan the farmer 45 cents a bushel on stored corn.

Mr. GORE. Yes.

Mr. DICKINSON. We have out in Iowa over 130,000,000 bushels stored.

Mr. GORE. That is virtually setting a minimum price below which corn will not sell, because the farmer will borrow from the Government instead of selling in the ordinary course of trade if he is obliged to take less than 45 cents. What I desire to ask the Senator is whether farmers can feed 45-cent corn to hogs, and realize on the investment when they sell their hogs at current prices.

Mr. DICKINSON. They cannot. As a matter of fact, it would be necessary to buy corn at 25 cents a bushel in order to feed it to hogs and sell them at the present prevailing price for hogs.

Mr. GORE. A few months ago was not that condition driving an abnormal number of hogs to market?

Mr. DICKINSON. It drove them to market by the thousands; but there is a further phase of the matter. What will the Government do with the millions of bushels of corn it has stored? Of course the farmer has received his money; he has spent most of it, and he is wondering what will happen next. Now the Government says to him, "Reduce your crop 25 percent." If the good Lord, in His wisdom, should reduce the production 75 or 50 percent, I wonder what would happen to the farmer.

Of course it may be said, "The Government will have to give him back this corn." Perhaps the taxpayer can afford to do that. I do not know; but I desire to say that the present course is simply leading from one complication to another, so that nobody knows where the program will lead us; and the farther in we get, the greater the complications are.

I remember that we had a commodity hanging over the market under the Farm Board, and yet we have even a worse condition now. Why? Because this corn is stored out in the country. When the time comes, later on, when crops mature, the farmer must have his cribs empty. What will the Government do with the corn? Wheat can be stored, but corn cannot be stored for more than a limited time. Therefore, I find that we are heading right into another complication of regimentation.

I desire now to refer to another provision that is being suggested. We shall need the cribs in Iowa by October 1. The Government has agreed to accept the corn on August 1. Naturally, we expect that the Government will say to the man who owes the money, "You do not need to pay it on August 1. We will extend the time for 30 or 60 days"; but the time will come when the farmer will say, "Tell me where you want this corn delivered, because I am going to deliver it. I want my crib room."

I next desire to call attention to Senate bill 3326, which is now being considered by the Agricultural Committee. It provides that every commodity which is a food product is to be licensed and regimented, and it does not make any difference whether or not it is a basic commodity.

It extends all the existing powers over basic agricultural commodities to every other food product; and it not only does that, but it extends, if you please, to the point where every person who is engaged in handling food products is to be licensed.

I read again from the Chicago Tribune.

Mr. GORE. Is it not required that it shall be a surplus product?

Mr. DICKINSON. Oh, no; under Senate bill 3326, it is not required that it shall be a surplus product. The first section reads as follows:

> That subsection (1) of section 8 of the Agricultural Adjustment Act, as amended, is amended by inserting at the end of the first sentence thereof the following: "Agreements authorized by this subsection may include, among others, provisions requiring the producers who are parties to such agreements to reduce or limit acreage and/or production for market of agricultural commodities other than basic agricultural commodities, as well as of one or more basic agricultural commodities."

Then it goes on with a general licensing provision.

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

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. Do I understand that the provisions of the Agricultural Adjustment Act are to be extended by this bill over all articles, including those that are basic and also those that are not?

Mr. DICKINSON. Yes, indeed. That is what is proposed to be done under this new bill, which is an amendment of the Agricultural Adjustment Act.

Mr. FESS. Will the articles which are added, and which are not basic, have assessed upon them a processing tax?

Mr. DICKINSON. No; there is no provision in the bill for a processing tax.

Mr. FESS. In other words, the effort is to get the benefits of a subsidy on all articles without the payment of a processing tax?

Mr. DICKINSON. That is exactly correct.

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

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Michigan?

Mr. DICKINSON. I yield.

Mr. VANDENBERG. The Senator says that the bill is now under consideration by the Senate Agricultural Committee.

Mr. DICKINSON. Yes, sir.

Mr. VANDENBERG. I remind him that it is being given this consideration only because it was sent back for this purpose after first being reported without adequate explanation. Some of this information, fortunately, filtered out to the country, and raised a storm of protest which now produces this belated consideration. Otherwise, the country might not have known of these new hobbles until it was harnessed beyond relief.

Mr. DICKINSON. I think that is a correct statement of the facts.

According to the Chicago Tribune of May 5, from which I now quote, referring to Senate bill 3326:

> The bill as the "brain trust" drafted it permits the Secretary of Agriculture to license every dealer in every agricultural product, and in every product that competes with an agricultural product, without exception.

Every agricultural product, and every product that competes with an agricultural product! It does not even have to be an agricultural product.

Mr. GORE. Mr. President——

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

Mr. DICKINSON. I yield.

Mr. GORE. Is the Senator certain that the bill applies to crops of which we do not produce a surplus?

Mr. DICKINSON. Oh, yes.

Mr. GORE. I thought this scheme of scientific treatment was to be a solution of the surplus problem.

Mr. DICKINSON. It has gotten away from that to the point where it is now a regimentation of agriculture and of all production of foodstuffs under the supervision of the "brain trust."

Further quoting:

> The license, which will state the terms on which business can be conducted, can be revoked by the Secretary with a minimum of legal formality.

In other words, it is almost an optional licensing. The Secretary can either license or not, as he desires.

Further quoting:

> Doing business without a license is punished by a fine the amount of which is to be determined by the Secretary. In eight general classifications of produce, including milk, fruit, and vegetables, the Secretary can even instruct the dealer or processor how much he may buy and from whom.

That is an editorial from the Chicago Tribune.

Mr. GORE. Of what date?

Mr. DICKINSON. Of May 5.

In order that Senators may understand more fully just what is contemplated, I have here a release which embodies a statement by Secretary Henry A. Wallace before the Agricultural Committee today. It is released to the press, so it is public information.

The committee is no longer holding secret hearings on this bill. I do not know why; but it found that it was necessary to get into the open. I read a statement appearing on page 3 of this release, at the bottom of the page.

The amendments—

Referring to Senate bill 3326, which amends the Agricultural Adjustment Act. What does the bill require? This is the statement of Secretary Wallace before the Agricultural Committee this morning:

The amendments reflect the determination of the Agricultural Adjustment Administration to extend its facilities as rapidly as possible to producers of commodities, principally nonbasic, grown in widely scattered States and regions, through marketing agreements and licenses.

Mr. President, "scattered States" would include Oklahoma. [Laughter.]

Mr. HASTINGS. And Iowa. [Laughter.]

Mr. DICKINSON. And Iowa. It might reach up also into Vermont.

Further quoting:

These commodities include all the fruits and vegetables.

The Department officials are going out there to regiment John Crockett's radish patch in his back yard, or anybody else's garden. Where are we going? Nobody knows.

These commodities include all the fruits and vegetables, all the canning crops, rice, some kinds of tobacco, nuts, olives, and many special crops.

Mr. GORE. All kinds of nuts? [Laughter.]

Mr. DICKINSON. I think we ought to have a supplementary note there as to the kind of nuts that are to be included. [Laughter.]

They also include milk, which, though a basic commodity, has so far been dealt with entirely through the instrumentality of marketing agreements and licenses.

So where are we going? Oh, but this is not all! I read from page 4:

The amendments are designed to aid the Adjustment Administration in extending assistance to farmers who would not be aided directly by any of the major production-control programs, or who can be assisted more effectively through marketing agreements and licenses and without a processing tax.

That bears out the very statement made by the senior Senator from Ohio [Mr. FESS] that all these commodities are to be brought in, and they are not to be subjected to the processing tax.

Mr. HEBERT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Rhode Island?

Mr. DICKINSON. I do.

Mr. HEBERT. Does the Secretary indicate how the money is to be raised to take care of this new activity of government?

Mr. DICKINSON. So far as I have been able to learn, there is no suggestion as to how the money is to be obtained to pay these accounts. The only provision is the processing tax. I have been trying to show that the processing tax is running so far behind that there is no hope of its catching up; and, on top of that, it is now proposed to bring in and license all these other commodities and give benefits to them, and provide no processing tax by which the bill can be paid.

Mr. HEBERT. That is as I understand the statement, that no processing tax is to be provided for the new commodities which are included within the program.

Mr. DICKINSON. That is absolutely true. I quote from page 4:

The amendments give explicit approval of the use of quota systems of marketing, with which farmers' cooperatives long have been accustomed but which, to be effective, need to be supplemented by Federal enforcing powers.

A quota provision! A quota system! A snooper! We are going to have the farmer saying to some Government snooper, "I am raising half an acre more of corn than I am entitled to. Therefore I ought to be prosecuted under the act." There may be a man who sells pork chops and happens to say, "Well, the processing tax makes the price a little high", and he may happen to make it higher than it should be and it is false, and he knows it to be false, and they are going to say, "You are going to be arrested by a Government snooper and taken into a Federal court and fined a thousand dollars." The Agricultural Adjustment Act is wonderfully made!

I read from page 5:

In this connection I would specifically direct the committee's attention to the fact that the proposed amendment with reference to quotas provides that two thirds of the producers or two thirds of those producers interested in the production or acreage of the commodity affected must clearly indicate their desire to put such an agreement into effect before we could lawfully proceed.

That brings up another question. If two thirds of the farmers say, "We want some of the 'brain trust' to come out and run our business for us", and one third of them, loyal Americans, say, "We are entitled to run our business and our farms the way we want to", then the two thirds, in cooperation with the Federal authorities, can coerce the other third and say, "If you do not come in and do as we tell you to, you are a violator of the law." That has done more to upset completely governmental functions than anything on earth. The third are entitled to their own views, regardless of what the two thirds say, and it has always been so in our country.

I think we are afforded some very interesting information in an editorial in this morning's Washington Post, entitled "Regimentation in Disguise." I read:

A new step toward regimentation of the farmer will be considered today by the Senate Committee on Agriculture. About 10 days ago that body heard Secretary Wallace and officials of the A.A.A. explain changes they desire in the Agricultural Adjustment Act. The Smith bill, embodying those changes, was reported to the Senate. But a vehement protest against the attempt to railroad this important measure through the Senate without public hearings caused the committee to reconsider. Today spokesmen for agriculture and other interested industries will be given a chance to present their views.

Because of the strange manner in which it was handled by the A.A.A. and the Senate committee, very little attention has been given to the Smith bill. It was represented as a measure of "clarification."

Do Senators think it is clarification only when it is sought not only, say, to bring in all these other commodities, but to bring in competing commodities or substitute commodities?

I find on pages 6, 7, and 8 of the Secretary's statement such commodities listed as potatoes, apples, dry edible beans, peaches, asparagus, citrus fruits, peanuts.

I thought peanuts were made a basic commodity in the bill we passed a short time ago.

Mr. FESS. They were.

Mr. DICKINSON. I was sure they were. There are also listed ripe olives, strawberries, grapes, wood turpentine and wood rosin, walnuts, cherries, corn for canning, peas for canning, tomatoes for canning, watermelons, fresh vegetables, pecans, pecan seedlings, rice, tobacco, and milk.

The concluding sentence of the Secretary is as follows:

I have confined my remarks thus far to amendments relating to marketing agreements and licenses. The bill, however, contains some other amendments. I shall now ask the clerk to read an explanatory statement of the provisions of the bill in the order in which they appear.

I have not had the privilege of seeing a copy of that explanatory statement, and therefore I cannot comment on it.

I quote further from the editorial in the Post:

Secretary Wallace is quoted as saying that it involves "no change in the policies of the A.A.A." Yet this measure redefines the objectives of the Adjustment Administration and would grant sweeping new powers to the Secretary of Agriculture.

In the first place, the bill would permit limitation or reduction of all agricultural products whether or not they have been listed by Congress as basic commodities. Curtailment of wheat, cotton, corn, and other basic crops seems to have resulted in more extensive cultivation of tomatoes, cabbage, etc.

When a man is asked to leave 20 acres of good land out of corn, if he is a good American he looks around to see if there is not something else he can raise on that 20 acres. There seems to be an effort to make it possible for the Department to say "We will not let you plant the acreage in corn, and we will not let you plant it in any of these other commodities, unless you have authority to do so from the 'brain trust' in Washington, D.C."

Since when does a man want to come to Washington to find out whether he can plant potatoes, or soybeans, or millet, or any of a hundred and one other commodities on the 20 acres which he is compelled to take out of cultivation? I continue to quote:

Such a trend was inevitable from the beginning. In fact, the tendency of artificial crop reduction to draw all agriculture under the domination of bureaucracy was pointed out as one of the fundamental weaknesses in the adjustment plan at the time of its adoption. When once the Government undertakes a task of this kind it is almost impossible for it to stop short of dictatorship.

I think that is about where we all will land when we start in with a program of this kind. I recall that when Diocletian, in Rome, tried to divide up the provinces, he got into the same difficulty the Secretary of Agriculture has met in trying to divide up the crop production in this country.

I continue to quote from the Post editorial:

Licensing provisions of the present act would be strengthened. The Secretary of Agriculture would be given power to prohibit unlicensed processors and distributors from handling any agricultural commodity or product thereof in the current of, or in competition with, interstate commerce.

Think of that! In order to handle the fruits from the farms of Delaware, one would have to go and get a license, would have to be a licensee, would have to have a permit from the Secretary of Agriculture.

What is there in the protection of public health making necessary such policing? It seems to me that we have reached the point where emergency has become a daily matter. An emergency is presumed to be for only a short duration, if I understand an economic emergency. But we have had one going on for a number of years. The word has almost come to be a regular order. Therefore the thing for us to do is to adjust ourselves to the new order, rather than to try to figure out some method by which we can escape the effect of the depression.

I continue to quote from the editorial:

Licenses providing for quotas or allotments could be issued on the request of two thirds of the producers.

We would have two thirds of the milk producers, located in New York and the New England States, telling us that we could not milk any cows out in Iowa and Oklahoma. They would tell us we could not sell any of our dairy products. The principal raw-milk production is in certain areas in the United States. Oh, we hear it said, there is no danger of the law being abused in its enforcement. Since when have we gotten to the point where we can put dictatorial authority in the hands of one man with the expectation that he is not going to abuse it? It becomes a government of men instead of a government of law.

I continue to quote from the editorial:

Apparently this provision is designed to extend to various crops the compulsory principle behind the Bankhead Act, which applies only to cotton.

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

Mr. DICKINSON. I yield.

Mr. FESS. The Senator has made a very significant observation on the effect of the general inclusion of most agricultural products. I live in a section of the country where we observe the policy of rotation of crops. If we pass through the State today, in a section where winter wheat grows, and observe the operation of the plan of reduction of wheat acreage, we will find certain fields in wheat and other fields in oats. Ask the question, "How is this? It is not two fields; it is the same field." The reply is, "We rented this to the Government, and the Government permitted us to sow it in oats."

If the plan is broadened to take in most of the articles enumerated, limiting their production, the result will be to prevent the use of certain portions of the farm.

Mr. DICKINSON. That is absolutely correct. Let me give an illustration with reference to that. In the South, where the farmers reduced their cotton acreage, there was a tremendous increase in the planting of corn. Out in Iowa we are paying out Government money to keep the farmers from planting too much corn, while at the same time the farmers in many Southern areas are increasing the planting of corn.

As it happens, in Iowa we are selling oats as cheaply as we are selling corn; and yet in Ohio, where the farmer is paid not to produce so much wheat, he is permitted to raise oats, which takes the place of so much oats raised in Iowa. In other words, that simply shows the complication of this whole thing all along the line, where one interest conflicts with another. As a matter of fact, it is not the Government's business, and the quicker the Government gets out of it, the better off the Government will be.

Mr. FESS. Mr. President, will the Senator from Iowa permit an interruption for the purpose of citing a concrete example of the operation of the code?

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

Mr. FESS. The Senator spoke of control of grain production. I will cite a case which occurred in the evaporated-milk industry.

There are 44 companies in the United States dealing in evaporated milk. Thirty-nine of them went into an agreement under the code. Five stayed out. One of the five was operating in Ohio, and 1 of the 39 companies which are under the code also was operating there under certain regulations. The one outside the code, while not violating the code, because it is not operating under the code, was doing business in such manner as to take away the business of the man who was under the code. The man in Ohio who was under the code violated the code in order to meet the competition of the man who was operating outside the code. He was thereupon summoned to Washington by the authorities. He came and had a hearing before the division in Washington.

Afterward he came to my office in company with two other men and told me that he had told the Administrator that the authorities would have to control the one of the five not under the code who was taking his business, and he was told they could not control him because he was not under the code. "Then", he said, "the only thing left for me to do is to withdraw from the code." They informed him that he could not withdraw from the code unless 75 percent of those under the code would approve his withdrawal. Upon investigating to ascertain where the 75 percent was, he found that it was in 4 great companies, 3 in the West, and none in Ohio.

Then he asked whether the ruling of the Administrator meant that there was no relief for him; that he would have to go out of business. The officials said to him that they hoped he would not have to, but they did not give him any indication of what would happen.

When he came to my office I called the head of this division and asked him, because I knew he had not heard the case, to hear these men, because it appeared that the authorities could not control his competitor, they would not permit him to withdraw, they would not permit him to meet the competition of his competitor, and therefore he would have to go out of business. I have since heard that he was not fined or imprisoned for the violation of the code, but it was simply too bad that he could not live within the code.

What is to be the outcome of such a situation as that?

Mr. DICKINSON. That, Mr. President, is what is happening time and again all over the United States right now. The only outcome is to admit that the experiment is not a success, and abandon it.

Mr. FESS. The illustration applies to one particular industry. If we are going to cover all commodities with such regulations, I am wondering what is to be the outcome.

Mr. DICKINSON. I will give the Senate another illustration along the same line.

The other day a man representing the millinery-manufacturing trades of the country, whose clients were all in the Middle West, appeared in my office. He showed me the

personnel of the millinery trade code authority. Out of 26 people on that code authority, 22 lived in New York. They were imposing labor conditions and rates of wages which were simply driving out of business all the millinery producers of the Mississippi Valley. This man asked what could be done, and was told, "Go to your code authority." When he went to the code authority they said to him, "We are sorry. These are the wages that the majority interests fixed in this industry, and if you cannot comply with them it is just too bad." He went home to advise his clients to close out their business.

I read further from this editorial:

In seeking to redefine farm "parity" the A.A.A. would bring labor costs, interest payments, and taxes into the picture. The original bill was designed merely to restore the 1909–14 price relationship between products the farmer sells and articles he must buy.

I remember that on the 13th of June I said that the two remedial programs, the A.A.A. and the N.R.A., would work adversely to the interests of agriculture. Why? Because the products the farmers are compelled to buy would be advanced in price, and the products they had for sale would not be advanced in price in like proportion, and, therefore, the difference in parity would be greater than it was before. I find that that prediction has exactly come true.

I continue to quote:

But an additional margin is now sought to offset higher current taxes, etc. If this doesn't involve a change of policy, that word must have acquired a strange new meaning under the new deal.

Congress is again confronted with the question as to whether it shall call a halt to the steady advance of bureaucratic regimentation for agriculture.

Mr. President, regimentation of agriculture never has succeeded. There has been no time in the history of the world when it ever has succeeded. It has been tried in practically every socialistic experiment which has ever been made by any government; and anyone who thinks that bureaucratic control of the social order will bring order out of the present chaos is entirely mistaken.

I continue to quote:

The fact that these proposed changes were brought forth under disguise and were first submitted to the Senate after hasty approval in executive session accentuates the suspicion with which they ought to be regarded.

Mr. President, in order not to take too much of the time of the Senate, I send to the desk and ask to have printed in the RECORD at this point a clipping from the Philadelphia Inquirer of May 8, 1934, under the heading "Deficit Rises as New Deal Costs Mount."

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

The article referred to is as follows:

[From the Philadelphia Inquirer of May 8, 1934]

DEFICIT RISES AS NEW-DEAL COSTS MOUNT—ALPHABETICAL AGENCIES SPEND $49,209,421 IN 2 DAYS; NEARLY 300,000 EMPLOYEES ON ROLL—EMERGENCY EXPENDITURES FOR FISCAL YEAR REACH $3,279,798,172; ORDINARY EXPENSES $2,606,426,749

By Thomas F. Healey

WASHINGTON, May 7.—The expenditure in 2 days of $49,209,421 by the alphabetical agencies of the new deal graphically illustrates the cost of the Roosevelt administration's adventure in political and social experimentation.

The figures are more expressive than the total expenditures of those agencies for the fiscal year thus far, because they come within easy comprehension. To say—which is the case—that up to May 2 the recovery program cost $3,279,798,172 is to become astronomical.

It is less of a jolt to the average taxpayer to contemplate that figure than to realize that in the first 2 days of May it cost $49,209,421 to operate the vast recovery machine, and that with ordinary governmental expenditures the deficit in those 2 days was increased by $27,916,541.

It is also illuminating to point out that this recovery machine has accumulated in Washington and throughout the country an army of new Government employees which, according to the latest figures obtainable, approaches 300,000—284,149, to be exact.

Because of intricate methods of bookkeeping and the fact that various of the regular departments of the Government have employees who are paid out of emergency funds, it is impossible to estimate the amount of emergency funds which is dispensed in salaries. But it may be accepted as a certainty that a heavy percentage of the total expenditure comes under the head of administration of the new bureaucracy which the recovery program has set up.

FORTY NEW-DEAL AGENCIES

Before dealing further with specific costs, it is pertinent to point out that, while there have been decreases in the personnel of the regular Federal departments, particularly in the Treasury, the Post Office, and the Department of Commerce, the new-deal agencies, which, with their subdivisions, number about 40, are constantly increasing their personnel and their expenditures.

Month by month the established recovery organizations increase pay rolls, and as new agencies are established the administrative costs mount accordingly. The latest figures obtainable, which do not include persons who were employed under the Civil Works Administration, follow:

	Employees
Agricultural Adjustment Administration	4,403
Farm Credit Administration	7,263
Reconstruction Finance Corporation	3,251
Federal Home Loan Bank	301
Federal Emergency Relief Administration	183
Civil Works Administration	391
Federal Surplus Relief Corporation	185
Federal Coordinator of Transportation	177
Tennessee Valley Authority	7,196
Emergency Administration of Public Works	3,435
National Industrial Recovery Administration	2,877
National Labor Board	133
Central Statistical Board	12
National Recovery Review Board	23
Federal Alcohol Control Administration	86
Home Owners' Loan Corporation	12,527
Emergency Conservation Work	241,706
Total	284,149

Of the 241,706 total for Emergency Conservation Work, 217,689 represent an enrolled personnel and 4,628 a military personnel consisting of Army officers and enlisted men.

Employees of various regular establishments who are paid out of emergency funds are not included in the above figures.

MOUNTING COSTS

For the fiscal year up to May 2 the deficit amounted to $3,362,360,664. In that period total emergency expenditures were $3,279,798,172 and expenditures for the ordinary operations of the Government were $2,606,426,749.

In other words, it cost $673,371,433 more to finance the alphabetical agencies during the fiscal year thus far than it did to pay for the ordinary operations of the Government.

For the first 2 days of this month the cost of the ordinary operations is $34,621,152 less than the cost of the emergency organization.

The following table gives the emergency expenditures for the first 2 days of May and for the fiscal year to May 2:

	First 2 days of May	Fiscal year to May 2
Federal emergency administration of public works:		
Civil Works administration		$400,005,000.00
Loans and grants to States, municipalities, etc.	$598,372.51	64,513,582.61
Loans to railroads	680,000.00	30,569,000.00
Public highways	1,003,440.29	198,055,769.68
River and harbor work	346,345.74	52,791,073.71
Boulder Canyon project	154,778.72	14,597,130.12
Emergency Housing Corporation		50,000.00
All other	1,091,460.77	100,042,806.06
Civil Works Administration	1,696,042.66	284,929,765.41
Federal Emergency Relief Administration	3,065,129.21	155,797,621.18
Administration for Industrial Recovery	148,525.42	4,916,413.63
Agricultural Adjustment Administration	23,113.22	61,208,839.43
Farm Credit Administration	1,280,328.57	50,450,710.33
Emergency Conservation Work	1,339,173.95	262,031,095.44
Reconstruction Finance Corporation	31,905,755.29	1,371,825,529.28
Federal Farm Mortgage Corporation bonds, principal and interest		35,054,891.30
Tennessee Valley Authority	106,045.04	6,065,286.76
Federal land banks (subscriptions to paid-in surplus, etc.)	392,425.03	36,802,512.34
Federal savings and loan associations (subscriptions to preferred shares)	3,000.00	273,800.00
Federal Deposit Insurance Corporation (subscriptions to stock)	21,711.79	149,817,344.46
Total, emergency expenditures	49,209,421.77	3,279,798,172.74
Total, general expenditures	63,797,710.81	5,886,224,922.22
Excess of expenditures	27,916,541.30	3,862,360,664.73

Mr. DICKINSON. Mr. President, the only reason I have for presenting this matter to the Senate at the present time is that the sections in the sugar bill imposing the penalty as an amendment to the Agricultural Adjustment Act, were never discussed. They went through the Senate without any one knowing anything about them, so far as I know. The fact that a bill was brought in here under the con-

ditions named in the editorial from which I read made me think that we ought to have more knowledge of conditions, and that we ought to discuss them liberally in order to know exactly what regimentation of agriculture means.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House insisted on its amendments to each of the following bills of the Senate, agreed to the conferences asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. MONTAGUE, Mr. MCKEOWN, Mr. KURTZ, and Mr. PERKINS were appointed conferees on the part of the House:

S. 2080. An act to provide punishment for killing or assaulting Federal officers;

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise;

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce;

S. 2253. An act making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution in certain cases;

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor;

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System; and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 3214. An act to compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn;

H.R. 4337. An act to amend the Judicial Code by adding a new section to be numbered 274D;

H.R. 5334. An act to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226);

H.R. 6379. An act to amend title II, section 203 (a) (2), chapter 90, Public Acts of Seventy-third Congress;

H.R. 6550. An act to remove the limitation on the filling of the vacancy in the office of United States district judge for the district of Massachusetts;

H.R. 6675. An act to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service;

H.R. 7082. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt, and Polk, in the county of Sacramento, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat.L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat.L. 356);

H.R. 7098. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 25, 1866 (14 Stat.L. 239);

H.R. 7185. An act to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218);

H.R. 7213. An act to provide hourly rates of pay for substitute laborers in the Railway Mail Service and time credits when appointed as regular laborers;

H.R. 7340. An act to authorize the Post Office Department to hold contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States responsible in damages for the loss, rifling, damage, wrong delivery, depredations upon, or other mistreatment of mail matter due to fault or negligence of the contractor or carrier, or an agent or employee thereof;

H.R. 7711. An act to permit postmasters to act as disbursing officers for the payment of traveling expenses of officers and employees of the Postal Service;

H.R. 7922. An act authorizing the Secretary of Commerce to dispose of a portion of the Yaquina Bay Lighthouse Reservation, Oreg.;

H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes;

H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the district of Ewa, island of Oahu, Territory of Hawaii;

H.R. 8241. An act to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers, in the county of Allegheny, Pa.;

H.R. 8494. An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation when it is in the interest of the Indians so to do;

H.R. 8514. An act authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property;

H.R. 8639. An act to repeal certain laws providing for the protection of sea lions in Alaska waters;

H.R. 8644. An act to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy;

H.R. 8714. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 8909. An act to authorize the Secretary of the Treasury to amend the contract for sale of post-office building and site at Findlay, Ohio;

H.R. 8937. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River, at or near Delphi, Ind.;

H.R. 8951. An act authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street in said city of Shawneetown and a point opposite thereto in the county of Union and State of Kentucky;

H.R. 9000. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County;

H.R. 9065. An act granting the consent of Congress to the Department of Public Works of the Commonwealth of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at Turners Falls, Mass.;

H.R. 9257. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County;

H.R. 9271. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and

operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa.;

H.R. 9410. An act providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes;

H.J.Res. 19. Joint resolution to make available to Congress the services and data of the Interstate Legislative Reference Bureau;

H.J.Res. 311. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes;

H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette; and

H.J.Res. 330. Joint resolution authorizing certain retired officers or employees of the United States to accept such decorations, orders, medals, or presents as have been tendered them by foreign governments.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H.R. 3214. An act to compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn;

H.R. 5334. An act to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226);

H.R. 6675. An act to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service;

H.R. 7213. An act to provide hourly rates of pay for substitute laborers in the Railway Mail Service and time credits when appointed as regular laborers;

H.R. 7340. An act to authorize the Post Office Department to hold contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States responsible in damages for the loss, rifling, damage, wrong delivery, depredations upon, or other mistreatment of mail matter due to fault or negligence of the contractor or carrier, or an agent or employee thereof; and

H.R. 7711. An act to permit postmasters to act as disbursing officers for the payment of traveling expenses of officers and employees of the Postal Service; to the Committee on Post Offices and Post Roads.

H.R. 4337. An act to amend the Judicial Code by adding a new section to be numbered 274D;

H.R. 6550. An act to remove the limitation on the filling of the vacancy in the office of United States district judge for the district of Massachusetts; and

H.J.Res. 317. Joint resolution requesting the President of the United States of America to proclaim May 20, 1934, General La Fayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General La Fayette; to the Committee on the Judiciary.

H.R. 7082. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the city of Lodi, and near the station of Acampo, and in the city of Tracy, all in the county of San Joaquin, State of California, and in or in the vicinity of Galt, and Polk, in the county of Sacramento, State of California, acquired by Central Pacific Railway Co., under the act of Congress approved July 1, 1862 (12 Stat.L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat.L. 356);

H.R. 7098. An act validating certain conveyances heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way, in and in the vicinity of the town of Gridley, all in the county of Butte, State of California, acquired by Central Pacific Railway Co. under the act of Congress approved July 25, 1866 (14 Stat.L. 239); and

H.R. 7185. An act to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218); to the Committee on Public Lands and Surveys.

H.R. 7922. An act authorizing the Secretary of Commerce to dispose of a portion of the Yaquina Bay Lighthouse Reservation, Oreg.;

H.R. 8241. An act to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers in the county of Allegheny, Pa.;

H.R. 8644. An act to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy;

H.R. 8714. An act to extend the times for commencing and completing the construction of the bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 8937. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River, at or near Delphi, Ind.;

H.R. 8951. An act authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street in said city of Shawneetown and a point opposite thereto in the county of Union and State of Kentucky;

H.R. 9000. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County;

H.R. 9065. An act granting the consent of Congress to the Department of Public Works of the Commonwealth of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at Turners Fall, Mass.;

H.R. 9257. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County; and

H.R. 9271. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Millersburg, Dauphin County, Pa.; to the Committee on Commerce.

H.R. 6379. An act to amend title II, section 203 (a) (2), chapter 90, Public Acts of Seventy-third Congress; and

H.J.Res. 325. Joint resolution extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter; to the Committee on Finance.

H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes;

H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the District of Ewa, island of Oahu, Territory of Hawaii; and

H.R. 8639. An act to repeal certain laws providing for the protection of sea lions in Alaska waters; to the Committee on Territories and Insular Affairs.

H.R. 8494. An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation when it is in

the interest of the Indians so to do; to the Committee on Indian Affairs.

H.R. 8514. An act authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property; and

H.R. 8909. An act to authorize the Secretary of the Treasury to amend the contract for sale of post-office building and site at Findlay, Ohio; to the Committee on Public Buildings and Grounds.

H.R. 9410. An act providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes; to the Committee on Appropriations.

H.J.Res. 19. Joint resolution to make available to Congress the services and data of the Interstate Legislative Reference Bureau; to the Committee on the Library.

H.J.Res. 330. Joint resolution authorizing certain retired officers or employees of the United States to accept such decorations, orders, medals, or presents as have been tendered them by foreign Governments; to the Committee on Foreign Relations.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. STEIWER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 56, it is proposed to strike out lines 16 to 21, both inclusive, and in lieu thereof to insert the following:

(b) Any person who (1) with intent to injure or defraud another willfully violates any rule or regulation under this act, shall upon conviction thereof be fined not more than $10,000; except that if such person is an exchange a fine not exceeding $100,000 may be imposed; or (2) without such intent willfully violates any rule or regulation of this act, shall upon conviction thereof be fined not more than $500; except that if such person is an exchange a fine not exceeding $10,000 may be imposed.

Mr. STEIWER. Mr. President, a reading of subsection (b) of section 30, on page 56 of the bill, discloses the language which is sought to be changed by the amendment just read at the desk.

It will be noted, upon an examination of the amendment, that I do not seek to change the penalty in any case where the violation is with intent to injure or defraud another. In that case—that is to say, where the violation is with intent to injure or defraud another—the penalty remains exactly as it is stated in the bill in subsection (b). In the case where the violation is made without such intent—that is to say, in case of casual violation or in case of incidental violation, where there is no wrongful intent—the penalty is cut down to such extent that the maximum will be $500 instead of $10,000, as provided in the bill.

In case the violation is by an exchange the penalty is cut down from $100,000, as provided in the bill, to $10,000 in the case of violations without intent to injure or defraud another.

The only purpose of the amendment, therefore, is to provide a reasonable and fair penalty instead of an excessive penalty for a violation made without intent to injure or defraud any other person.

I offer this amendment to meet some part of the criticism which I made earlier in the debate today. If I had my way, I think I should hesitate for a very long time before I would authorize the Commission to make rules and regulations which would be sustained by the force of indictment and trial and conviction and penalty in a court, but I assume, from what I know of the situation here, that I am not going to have my way in this respect. Therefore, I do not offer any amendment which has for its purpose striking out section (b) of subsection 30, but, as I say, I should merely attempt to modify that section so that it would operate less oppressively upon those who may commit a violation without the specific intent to injure or wrong another.

That explanation might suffice without any further statement, but in order that the RECORD may disclose something of the nature and effect and extent of the regulations to be promulgated by the proposed Commission, I am going to ask the indulgence of the Senate for a very brief time so that I may call attention to some few of the regulatory powers of the Commission and some few offenses that may be committed by those who are affected by this proposed law, and to call attention specifically to the fact that the regulations established are not limited in their application to stock exchanges, nor to members of stock exchanges, nor to brokers, nor to dealers, nor to any other persons who have a professional relationship with trading in securities; but the regulations affect the public very generally and, of course, from time to time will affect a very large number of persons, thousands upon thousands of persons, who are not professional traders in the stock market, and who, therefore, may not have knowledge of the regulations, who may have no appreciation of the regulations, and may not even know that the act which is being committed is in violation of the regulations.

Mr. FESS. Mr. President, before the Senator enters upon that phase of the subject, will he yield to a question?

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

Mr. STEIWER. Yes; I yield.

Mr. FESS. The problem here is to give regulatory power to a commission under regulations which may be established by such commission, it not now being in our conception what the regulations may provide. If we want to make the regulations effective by appending a penalty, it seems the only thing that is open for us is to give authority to the Commission to make regulations and then allow the Commission to assess the penalty.

Mr. STEIWER. No; we do not do that. We create a crime in cases where the act is done in violation of the regulations.

Mr. FESS. That is so, although we do not know what the regulation is?

Mr. STEIWER. The result would be a prosecution in court but not the assessment of a penalty by the Commission.

Mr. FESS. But what the regulation is that may be violated is in the power of the Commission alone to prescribe.

Mr. STEIWER. Exactly.

Mr. FESS. That seems very offensive to our views of criminal law. Is there any way whereby we can avoid that? It seems to me the object might be reached in some other way than by delegating to a commmission, which has not as yet been appointed, power to make regulations and then attaching a penalty for violation of those regulations when nobody knows what they may be. Is there not some other way to reach the end desired?

Mr. STEIWER. I do not know what it is. The whole structure of this bill is such that acts are to become criminal offenses or not, depending upon the rules and regulations made by the Commission. If we let this structure stand—and I assume we have not sufficient power here to change the structure at this late hour—in very necessity there must be penalties fixed for violation of the rules and regulations; and I think all we can possibly accomplish is to see to it, if the Senate will take that view, that the penalty shall not be excessive or unreasonable, and shall not be so large as to operate oppressively and restrictively and to scare people away from the law and do an evil at the same time we are trying to do a great good for the people.

Mr. FESS. That will be some relief, but it still does not avoid the principle which seems to me is very unwise.

Mr. STEIWER. No; it does not avoid the principle, but I assume we will have difficulty getting this amendment agreed

to; and certainly if it were a more far-reaching amendment we would be wasting our time in discussing it.

Mr. President, I now want to run briefly through the bill and call attention to some matters to illustrate what I mean when I say that we clothe the Commission with power to issue rules and regulations that affect a very large number of nonprofessional people, citizens of the country who have relations, direct or remote, with the stock exchanges or with the over-the-counter market, people who are not professional traders in any sense, and who in a very great number of cases would not have knowledge of the rules or the regulations or the amendments or changes made in those rules and regulations and would not know how to interpret them. They very readily might violate the rules by the willful performance of an act which they would learn to their sorrow afterward was an act inhibited by the rules and regulations of the Commission.

On page 9, subsection (b) of subsection (4) we find that—

(b) The Commission shall have power to make such rules and regulations as may be necessary (1) for the execution of the functions vested in it by this act, including the classification of issuers, securities, exchanges, and other persons or matters subject to regulations under this act—

And so forth.

It is obvious that the rules and regulations provided at this point in the bill may have very general application. I have not attempted to ascertain just how many people might be affected directly by those rules or regulations, but it readily might be that hundreds of thousands of citizens of this country would be affected, in one way or another, by the rules and regulations made under that authority.

On page 12, in section 6, we find that the Commission, in connection with the registration of national security exchanges, may require—

(2) Such data as to its organization, rules of procedure, and membership, and such other information as the Commission may by rules and regulations require as being necessary or appropriate in the public interest or for the protection of investors.

So here, Mr. President, there is another great number of persons who may be actually or ultimately affected by the rules of the Commission, that great group of people who are designated as investors.

On page 14, in section 7, we find with respect to margin requirements that a crime is declared in the sense that it is unlawful for a member of a national securities exchange, or any broker or dealer, under certain circumstances—

To extend or maintain credit or to arrange for the extension or maintenance of credit to or for any customer in contravention of such rules and regulations as the Commission shall prescribe.

Thus those who are creditors lending money in connection with stock-market transactions and those who are customers of the brokers and dealers are added to the great category of those affected by the rules and regulations of the Commission.

On page 15 we find a similar provision. There it is provided that it is unlawful to extend or maintain credit under certain conditions in violation of the rules or regulations of the Commission.

Under the head of "Margin Requirements", I think, Mr. President, I passed over two or three places that might have been in point and pertinent to the question of margin requirements and the number of persons who might be affected by the rules and regulations which are to be made upon that subject. I shall not, however, go back to that.

On page 15 at the place to which I intended to call attention we find a provision constituting it a crime for certain acts done—

In contravention of such rules and regulations as the Commission may prescribe to prevent the excessive use of credit for the purchasing, selling, or carrying of or trading in securities—

And so forth.

That has a further effect upon those who might extend credit under one guise or another for trading upon the exchanges.

On page 24, in two places, there are very important requirements under the general head "Regulation of the Use of Manipulative and Deceptive Devices."

On the same page we find that it is unlawful "to effect a short sale or to use or employ a stop-loss order" under certain conditions, if done "in contravention of such rules and regulations as the Commission may prescribe."

We also find, following that language on the same page, that it is unlawful—

To employ * * * any manipulative or deceptive device or contrivance which the Commission may by its rules and regulations declare to be detrimental to the interests of investors.

All through the bill there may be multiplied the instances, nearly 30 in number altogether, I believe, which clothe the Commission with power to make rules and regulations which, as I have said, are applicable not alone to stock exchanges, to over-the-counter markets, and members and brokers and dealers, but are applicable to the public at large and to all who may trade in securities, to all owners and holders of stock, to corporations, to their officials, to the whole business world of the United States.

I wish to reiterate that although the professional traders may find it very easy to live within the rules and regulations, because they know what they are and therefore may avoid the violation of any of the rules and regulations, the nonprofessional citizenship of the country cannot have that knowledge and in very many cases will unwittingly commit some act which they will find to their sorrow is a violation of some rule or regulation. If a citizen commits an act with intent to defraud he is not entitled to sympathy. He may be held to the law and penalized in accordance with the severe penalties of the law. I make no plea for him. But if a person commits such an act without intention to defraud or injure another, I say the least we can do is to differentiate by the use of proper language, so that the people shall not be afraid of the bill and shall not be afraid that the unwitting performance of some act will be a violation of a rule or regulation.

Mr. President, I hope those who are most earnestly sponsoring the bill will accept the amendment. It will not remove from the Government any authority that may be required. It will not weaken the hands of the commission in any way at all, but will make the measure more palatable to the nonprofessional traders and to those who may be injured by subsection (b) of section 6. I hope the amendment may be accepted and agreed to by the Senate.

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

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

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

Adams	Costigan	Johnson	Pope
Ashurst	Couzens	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Metcalf	Townsend
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norbeck	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	Wheeler
Coolidge	Hayden	Patterson	White
Copeland	Hebert	Pittman	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Oregon [Mr. STEIWER].

Mr. FLETCHER. Mr. President, I merely wish to say that I am very sorry that I cannot agree with the Senator from Oregon [Mr. STEIWER]. I think his amendment tends to confuse and complicate the provisions of the bill. The provision in the bill to which it relates is simple and easily understood, and is adequate. I think we ought to stand by that provision.

The Senator from Oregon undertakes to divide the offenses into two classes, those where there is an actual intent to injure or defraud, and those where there is an absence of such intent. There are many regulations in the bill which have no reference to and do not involve actual fraud or intent to injure. In case of a prosecution it would be very difficult to prove actual intent to defraud or injure. When a regulation is promulgated which is intended to prevent actual fraud or injury, simple proof of the violation of the regulation ought to be sufficient without being compelled to prove intent.

Mr. BARKLEY. Mr. President——

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

Mr. FLETCHER. Certainly.

Mr. BARKLEY. The amendment does not eliminate the equation of willful violation, but provides that if a man or an exchange shall willfully violate the law or any regulation with the intention of injuring some person, he or it shall be punished by a maximum fine of not more than a certain amount, but if he violates the law without intending to injure any particular person he shall be subject to a much less fine.

As a matter of principle, it is always presumed that every man who willfully violates the law is charged with knowledge of what it may do to anybody else, although he may have no particular person in mind as the object of his intended damage or injury. To adopt the amendment would make it almost impossible to prove, although a man violates the law, that he intended any injury against any particular person.

Mr. FLETCHER. I think that is true, too.

I shall not prolong the discussion further than to say that while there may be cases of an innocent violation of the regulations, or a harmless violation of the regulations, there may be other cases of malicious, willful, knowing violation of the regulations; and, of course, there may be a variation of the penalty in the two cases. That, however, is a matter for the courts to determine. The courts everywhere, all over the land must take into consideration the facts and circumstances of each case. If a court finds that there has been an innocent violation of the regulations, of course it will not impose the maximum $10,000 fine. On the other hand, if a court finds that the circumstances are such as to warrant a heavier penalty, it will impose a heavier penalty. We must leave some leeway for the courts. The maximum fine is $10,000. The bill provides that it shall not be more than $10,000. The exact amount that it shall be, from $1 up, is for the court to determine upon the basis of the facts and circumstances of the particular case.

I think we ought to stand by the original text; and I hope the amendment will be rejected.

Mr. STEIWER. Mr. President, I have no desire to detain the Senate in respect to the pending amendment; but I wish to make one or two observations in answer to the comments made by the Senator from Florida [Mr. FLETCHER].

I agree thoroughly with the statement made by the Senator from Florida that the amendment distinguishes between offenses committed with intent to injure or defraud, and offenses which were committed without such intent. That is the whole purpose of the amendment. If the intent is to injure or defraud the penalty up to $10,000 may still be invoked. If the offense is without such intent the maximum penalty is $500.

Referring to the suggestion made by the Senator from Kentucky [Mr. BARKLEY], I think he misconceives the situation, at least partially. The Senator stated, as I understood him, that it would be difficult to administer the law under the amendment because the Government could not name or prove the identity of the person to be defrauded in some classes of offenses under the measure.

Of course, it is true that some classes of offenses under this measure are offenses against the general public. They are not offenses against individual persons. Therefore the indictment in those cases could not allege that the act had been done with intent to injure or defraud John Smith or someone else, as the case might be. It is always possible, however, to allege in an indictment that the offense was committed with intent to injure or to defraud other persons or innumerable persons, or the indictment may be phrased in the conventional language, alleging that the thing was done with intent to injure persons "who are to the grand jury unknown." That is conventional practice, everywhere resorted to in both Federal and State courts.

So I cannot conceive that there is anything in the proposal I have made, merely to protect those who might unwittingly violate a regulation, which would make it difficult for the United States to proceed against wrongdoers.

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

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. STEIWER. Yes.

Mr. BARKLEY. It is not so much a question of what may be alleged in an indictment. Of course, it may be alleged in an indictment that a man, or a stock exchange, or a group of persons, had violated this law willfully, with intent to injure numerous unknown persons; but when the case comes to be tried it is necessary to do something more than simply to read the indictment. It is necessary to prove in some way that the willful violation of the law was intentional and that it was intended that it should injure somebody.

It would be easy for any defendant, under any form of indictment, to come in and say, "I did willfully violate this law. I knew I was violating it. I did it intentionally"—which means willfully—"but I did not intend to injure anybody." Under such circumstances, how could the Government prove that what he was saying was not the truth?

Mr. STEIWER. If the circumstances disclosed that the nature of the act was such as to injure other persons, the Government's case would be established almost before it started, because everywhere it is presumed that the defendant intended the normal consequences of his act. The Senator himself very well knows that in every jurisdiction, laws will be found similar in effect to the provision to which we are referring here, and they do not occasion any trouble in administration.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. STEIWER].

Mr. HASTINGS. I ask for the yeas and nays.

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

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from West Virginia [Mr. HATFIELD], which I transfer to the Senator from Arkansas [Mrs. CARAWAY], and vote "nay."

Mr. HEBERT (when his name was called). I have a pair with the Senator from Illinois [Mr. LEWIS]. I do not know how he would vote if present. If I were permitted to vote, I should vote "yea."

Mr. STEPHENS (when his name was called). On this vote I am paired with the Senator from Indiana [Mr. ROBINSON]. I transfer that pair to the Senator from Florida [Mr. TRAMMELL], and vote "nay."

The roll call was concluded.

Mr. COPELAND. On this question I have a general pair with the junior Senator from Maine [Mr. WHITE]. Not knowing how he would vote if present, I withhold my vote.

Mr. WALCOTT (after having voted in the affirmative). I have a general pair with the junior Senator from California [Mr. MCADOO], who is detained from the Senate by illness. Not knowing how he would vote if present, I must withdraw my vote. If permitted to vote, I should vote "yea."

Mr. METCALF (after having voted in the affirmative). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Has that Senator voted?

The VICE PRESIDENT. He has not voted.

Mr. METCALF. Then I have to withdraw my vote.

Mr. HEBERT. The senior Senator from Pennsylvania [Mr. REED] is necessarily absent from the Senate. He is paired with the senior Senator from Arkansas [Mr. ROBIN-

SON]. I am advised that if the Senator from Pennsylvania were present and voting he would vote "yea" on this question, and if the Senator from Arkansas were present and voting he would vote "nay."

I also desire to announce that the Senator from West Virginia [Mr. HATFIELD] and the Senator from Indiana [Mr. ROBINSON] are unavoidably absent. If the Senator from West Virginia were present, he would vote "yea."

Mr. BARKLEY. I desire to announce that the Senator from Arizona [Mr. ASHURST], the junior Senator from Arkansas [Mrs. CARAWAY], the junior Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Nevada [Mr. MCCARRAN], the senior Senator from Nevada [Mr. PITTMAN], the senior Senator from Arkansas [Mr. ROBINSON], the Senator from Florida [Mr. TRAMMELL], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Massachusetts [Mr. WALSH] are detained from the Senate on official business.

The senior Senator from Utah [Mr. KING] is detained in a committee meeting. If present, he would vote "nay."

Mr. OVERTON. My colleague [Mr. LONG] is necessarily absent attending to departmental matters.

The result was announced—yeas 27, nays 44, as follows:

YEAS—27

Adams	Clark	Hale	Patterson
Austin	Coolidge	Hastings	Reynolds
Bachman	Davis	Kean	Schall
Bailey	Dickinson	Keyes	Steiwer
Barbour	Fess	McGill	Townsend
Byrd	Gibson	McNary	Vandenberg
Carey	Goldsborough	Murphy	

NAYS—44

Bankhead	Couzens	Hayden	Pope
Barkley	Cutting	Johnson	Russell
Black	Dill	La Follette	Sheppard
Bone	Duffy	Logan	Shipstead
Brown	Erickson	Lonergan	Smith
Bulkley	Fletcher	McKellar	Stephens
Bulow	Frazier	Neely	Thomas, Okla.
Byrnes	George	Norris	Thomas, Utah
Capper	Glass	Nye	Thompson
Connally	Harrison	O'Mahoney	Wagner
Costigan	Hatch	Overton	Wheeler

NOT VOTING—25

Ashurst	Hebert	Norbeck	Van Nuys
Borah	King	Pittman	Walcott
Caraway	Lewis	Reed	Walsh
Copeland	Long	Robinson, Ark.	White
Dieterich	McAdoo	Robinson, Ind.	
Gore	McCarran	Trammell	
Hatfield	Metcalf	Tydings	

So Mr. STEIWER's amendment was rejected.

Mr. BYRNES. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 56, lines 7 and 8, it is proposed to strike out the words "or any rule or regulation thereunder", and in line 18, after the word "act", to insert a comma and the following words, "or who willfully and knowingly, personally, or through another, makes any statement in any application, report, or document required to be filed with the commissioner under any rule or regulation under this act, which statement was at the time and in the light of the circumstances under which it was made, false or misleading in any material respect."

Mr. BYRNES. Mr. President, the amendment will carry out the intention of the committee. The committee determined, I think unanimously, that the penalty of imprisonment should apply only to failure to comply with a provision of the act, and that for failure to comply with a rule or regulation of the commission the punishment should be a fine. However, the draftsmen, in making the changes throughout the bill, failed to correct section 30, and the purpose of the amendment is simply to carry out the intent of the committee, and make this section accord with the rest of the bill.

Mr. STEIWER. Mr. President, may I ask the Senator the significance of the part of the amendment which would strike out the words "or any rule or regulation thereunder"?

Mr. BYRNES. The section provides imprisonment, and, as the Senator will remember, it was determined that the punishment of imprisonment should not apply to a person who was guilty of violating a rule or regulation of the commission. The language is replaced in the next section, which does apply to a violation of any rule or regulation of the commission, or any report required by the commission.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I offer the amendment which I send to the desk. The amendment is merely for the purpose of correcting a typographical error.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 30, line 10, it is proposed to strike out the word "accounts" and to insert in lieu thereof the word "accountants."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. STEIWER. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 30, it is proposed to strike out lines 11 to 13, both inclusive.

Mr. STEIWER. Mr. President, the subsection which would be stricken if this amendment were agreed to reads as follows:

(k) any further financial statements which the commission may deem necessary or appropriate for the protection of investors.

This language is in section 12, which relates to the registration requirements for securities.

Earlier in the debate I discussed some phases of this section, and argued that the section would be restrictive and harmful in imposing requirements upon corporations which it would be difficult for them to meet in the registration of their securities, and which in some respects they would be unwilling to meet, and concerning which great trouble would follow.

I believe thoroughly that much of the so-called "fear" or "fright" on the part of corporations comes from their unwillingness to submit to the requirements of some portions of this section. I shall not again refer to the matters which I discussed earlier in the day, as they are not related to this amendment; but I call attention to the fact that in a colloquy with the Senator from Alabama [Mr. BLACK] we discussed certain provisions on page 29, and I stated that although I thought it would be better if those provisions were not in the bill, I had no particular objection to the provisions to which he called my attention.

In the main, I think they are proper enough provisions. They are requirements which ought to be met. They provide information which the investors ought to have if this is to be a "blue-sky" law, and if we are to undertake through Federal legislation to exact of the corporations which sell their securities upon the exchanges detailed information concerning their affairs. I made the point, however—and this brings me to the amendment I have just offered—that whatever may be our attitude with respect to the provisions of this section, there is inherent evil in the section, in that it leads to uncertainty and breeds the distrust which comes from uncertainty.

To my mind, one great objection to the provision on page 28, which is a part of this section, and which deals with the requirement of an agreement that the issuer shall comply with certain rules and regulations to be made in the future, is that such an agreement introduces a very substantial degree of uncertainty into the minds of those responsible for conducting the affairs of the corporation. They cannot know in advance just what those requirements may be.

The language on page 29, in which there are lists of the particulars in which the information may be required, in my judgment helps the provision. That language does not hurt the provision, as some Senators may have assumed from questions propounded earlier in the day. I think it helps it,

because at least it contains definite recitals of the categories of information which the commission may, by rule or regulation, exact of the corporation.

After we had completed the preparation of this language, after the drafting of the bill, and the members of the committee had exhausted their imaginative faculties and their ingenuity, and had listed everything they could think of, they added at the end of the list the language with which this amendment is concerned. At the end of the list they added that the corporation should be required to furnish—

any further financial statements which the commission may deem necessary or appropriate for the protection of investors.

Mr. President, inasmuch as the commission is a continuing body, with continuing power to make regulations, and continuing power to change its regulations, and continuing power to unmake today the regulation of yesterday, there will be no way in the world for any executive of any corporation to know what will be required of it if we leave in the law this basket clause which catches everything. It seems to me that the law will be just as effective without this general catch-all language. We can require, if there is anything further that we want to require, by express enactment. If there is anything which ought to be added to the category of information to be furnished, let it be offered here and accepted if the Senate agrees with the wisdom of adding it to the measure.

I see no objection to the specification of anything which in our judgment ought to be added. I do see objection, however, to the requirement of further financial statements, unknown and indefinite, when we deal with a commission that has power practically unknown and entirely indefinite, so far as this question is concerned, and when by the inclusion of this language we introduce into the meaning of the law a very great uncertainty.

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

Mr. STEIWER. I yield.

Mr. BARKLEY. Under the language as it is now written in the bill the only financial statements which the commission could require would be those provided for in subsections (I) and (J); that is, balance sheets for not more than 3 years in subsection (I), and profit and loss statements in subsection (J). Those are the only two subsections which refer to financial statements of any kind.

On page 29 reference is made to officers and directors; reference is made to the terms for which securities may be issued, and provision is made for enumeration of the officers and directors who get over $20,000 a year, bonus and profit-sharing arrangements, and so on. Those, however, are not financial statements. They do not give any adequate information with reference to the financial condition of the company. I do not think subsections (I) and (J) are sufficiently comprehensive to give a prospective investor a real picture of the financial condition of the company.

If the language should be stricken out as proposed by the amendment, the commission would have no power to require any information except that which is set out simply in a balance sheet and in a profit-and-loss statement covering a period of 3 years. If the Senator's amendment should be adopted, it would take away from the commission the power to obtain any additional information which might be essential in order to guide investors.

Mr. STEIWER. Mr. President, will the Senator from Kentucky indicate what further financial statements he would require of the corporation?

Mr. BARKLEY. It all depends on circumstances. The growth of the business, its development, its market, the value of its business, are matters not necessarily included in a balance sheet of income and outgo for any particular year or even in profit-and-loss statements. There are many financial items connected with the company which are not necessarily included in subsections (I) and (J). I could not, of course, and I doubt if the commission could, outline just what sort of financial information it might desire in order to give a prospective investor some assurance that the company in which he proposed to buy stock was sound. It would depend on circumstances. Each company would be different. The commission could not adopt an iron-clad rule, I imagine, with reference to all the concerns in the United States. So it would be impossible for anyone off-hand to indicate what sort of financial reports would be required under this basket clause, but it would give the commission power to require such financial statements as would give the investing public the benefit of knowledge concerning the soundness of the corporation as a whole.

Mr. STEIWER. Mr. President, in answer to the suggestion just made, let me call attention to the language of the same section in lines 8 and 9 of page 29. The commission is there required, among other things, to be furnished information with respect to "the organization, financial structure, nature, and operations of the business."

Mr. BARKLEY. Yes. "Financial structure" might mean simply the amount of stock outstanding, whether it was preferred or common, whether there was some A or B stock, whether it had par value or no par value. That would be included, probably, in a financial statement; but it would not necessarily include all the information with reference to the financial condition of the company.

Mr. STEIWER. I asked the Senator if he could state what might be required under subsection (K), to which we are now referring, and he made me the same kind of answer which has been made before by two or three Senators to whom I directed the same inquiry. I have not yet been able to find anyone who can name what it is that ought to be furnished under this subsection. I do not think the sponsors or the draftsmen of the bill were able to outline what it was they had in mind.

I do not know that any damage will be done to any corporation by this requirement, except that it introduces into the bill a degree of uncertainty which comes from boundless power and indefinite power which is not necessary in order to enable the commission to carry out the requirements of the proposed law.

Mr. COUZENS and Mr. BYRNES addressed the Chair.

The VICE PRESIDENT. Does the Senator from Oregon yield, and if so, to whom?

Mr. STEIWER. I yield to the Senator from Michigan.

Mr. COUZENS. Mr. President, I think I can answer what might be required under that section. After the commission had received the profit-and-loss statement for not more than three preceding years, and the balance-sheet for not more than three preceding years, there might appear in the press in the middle of the year a statement that the concern had made a great profit, that it had discovered an oil well, or that some tipsters were out with the statement that the stock was going to rise, and the commission might desire authority to inquire of the corporation as to the accuracy of any such statement.

I cannot see what harm this requirement will do. I do not think the measure will be administered by robots. I hope those administering it will have some intelligence and some imagination; and if they have authority to ask for information under this so-called "basket" clause, and if they ought to have the information, I think it will not do any harm to ask for it.

Mr. STEIWER. That is registration information. The things that happen subsequently are not embraced under this provision. If something happens subsequently, there is another provision in the bill to enable the commission to obtain the information desired.

Mr. COUZENS. Very well; we will discard that——

Mr. STEIWER. And make another argument?

Mr. COUZENS. Yes; and make another argument. The same question arises every time some industry expresses a fear or quivers an eyelash. They get alarmed about business being affected and about their being harrassed and embarrassed. Viewing the situation as I do, I believe there is no justification for such a conclusion.

Assume that, when the registration application is filed, they have all the information required in (I) and (J) and that some of the officials, as in the Laclede Gas Co. case,

pick up a newspaper and find there is something omitted from the financial report filed and then the commission desires to request more information under subsection (K), what objection is there to that?

Mr. STEIWER. Cannot the Senator see that after the security is registered if something happens of the kind he mentions the commission could not resort to this power to get the additional information? There is another section of the bill which will enable the commission to get whatever information it needs with respect to developments of that kind. I have no objection to it. But why place in the bill this boundless and unlimited power in the commission? If all the provisions were dropped except the first one and it merely said (A) the organization, financial structure, and so forth, and then said (K) any further financial statement, we would be in a peculiar position if we enacted the bill in that form. It destroys all the boundaries prescribed and all the definitions provided, because it gives to the commission the unlimited power to go as much further as they may want to go. That is the thing of which corporations are afraid. They do not know to what this may lead.

Mr. COUZENS. I do not share their fear at all.

Mr. STEIWER. Unless the Senator is going to list a stock it does not make any difference whether he and I approve of it or not. The corporations are the ones that are acting and they are the ones that are afraid of it. We can enact a law that will be effective without offending them, without bringing upon them a feeling of fright and fear. What is the use of writing into the law general requirements which may result in rules and regulations hurtful to business or expensive of operation? What is to be gained by it? We will have a sound structure without such a provision. That is the reason why I move to strike it out.

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

Mr. STEIWER. Certainly.

Mr. BYRNES. What has the Senator in mind with reference to the financial statements which a corporation would refuse to give to the public when it seeks to sell securities?

Mr. STEIWER. I do not know that any corporation engaged in legitimate business would refuse to give any financial information to the commission. A little while ago a Senator referred to the value to the investor, but we do not know, of course, whether the information given would ever be published or whether it would ever be available to the investor.

Mr. BYRNES. The Senator asked the Senator from Kentucky [Mr. BARKLEY] what kind of a financial statement would be required. He thinks some corporation would be frightened by the possibility of being asked to furnish such a statement. I ask the Senator from Oregon, if the corporation is satisfied to have the commission fix the margin without knowing whether the margin will be fixed at a different figure this year from last year, if the Senator is willing to place discretion in the commission so to fix the margin, why should he be unwilling to allow the Commission to determine whether some further financial statement shall be required?

Mr. STEIWER. Does the Senator infer that the corporations of the country have consented to the margin requirement of the bill?

Mr. BYRNES. I am asking the Senator from Oregon. I cannot speak for the corporations of the country and I do not believe the Senator from Oregon can do so. The Senator does not conceive of a single financial statement they would refuse to render, does he?

Mr. STEIWER. I think the stock exchanges were disposed to accept the margin provisions of the bill, but so far as I know we have no way of consulting the industries of the country in that respect.

Mr. BARKLEY. They were invited to come before the committee, but did not do so.

Mr. BYRNES. If they are not frightened by the power to fix margins, they ought not to be frightened by the power to ask for a financial statement.

Mr. STEIWER. It is not that alone. It is the conferring upon the commission of the power to make rules and regulations, and what would frighten the corporations would be the rules and regulations after they were made.

Mr. BYRNES. The Senator's amendment proposes to strike out (k), which simply provides that the commission may require "any further financial statements which the commission may deem necessary or appropriate for the protection of investors." The Senator says he cannot conceive of a corporation which would refuse to furnish a financial statement to the commission which the commission deemed necessary for the protection of investors.

Mr. STEIWER. It is not subsection (K) which the corporations fear.

Mr. BYRNES. That is what the Senator is moving to strike out.

Mr. STEIWER. It is the rule or regulation which would emanate from the commission under the authority of the provision, and we do not know what that rule or regulation may be. If this were as definite as are other subsections, then we would have some idea what kind of a rule or regulation might emanate under that authority; but we do not know what the rule or regulation may be. It may relate to the financial business of the corporation or it may relate to something else.

Mr. BYRNES. All the section provides is for the filing of—

> Such information, in such detail, as to the issuer and any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the issuer as the commission by rules and regulations require, as necessary or appropriate in the public interest or for the protection of investors, in respect of the following.

It enumerates certain things and then provides:

> (K) Tny further financial statements which the commission may deem necessary or appropriate for the protection of investors.

The Senator cannot conceive of any financial statement that an honestly managed corporation would hesitate to give the commission when it was required for the protection of investors, and particularly in view of the further provision in the bill that the commission may not make it public if the corporation requests it not to be made public. The corporation may have a hearing upon it and it may not be made public then unless an order shall be issued. If they think they are hurt, they will be protected. I do not think there is anything real to fear. I think it is entirely imaginary on the part of the Senator. I really believe the corporations do not fear it.

Mr. STEIWER. Merely because the Senator from Kentucky and the Senator from Oregon cannot imagine what type of financial statement may be required is no indication that the commission would not have far greater and better imagination.

Mr. BYRNES. The corporation can object to it being made public.

Mr. STEIWER. Yes; and have a lawsuit on their hands.

Mr. BYRNES. It may have a hearing before the commission in private and the commission must then determine the question. If the corporation is aggrieved it can appeal to the courts. What more could the Senator want?

Mr. STEIWER. The corporation in the first place may find it utterly impossible to furnish the information and be obliged to go to a hearing and to appeal to the commission and then appeal to the court for relief.

Mr. BYRNES. If the corporation cannot furnish the information, then there is no information for which the commission can properly ask.

Mr. STEIWER. I do not believe the corporations can furnish the information required in (J). Has it ever occurred to the Senator that the requirement there permits the commission to require an audit or balance sheet certified, under the rules of the commission, by an independent public accountant, for the last preceding 3 years? How is a corporation going to meet that requirement, for instance? What if they did not have the audit by a certified public accountant? Can they go back 3 years and make the audit? Can they count the cash? The cash is counted today, and the audit is made today, and not 3 years ago. How is it possible to comply with subsections (I) and (J)?

If we pass a bill with so little consideration for the practical affairs of a corporation, what can the corporations expect of a general basket clause such as subsection (K), which is intended to enable the commission to get information pretty much as it may desire?

Mr. BYRNES. Of course the Senator has not moved to strike out subsection (I).

Mr. STEIWER. I think it ought to be amended.

Mr. BYRNES. All that subsection provides for is—

balance sheets for not more than the 3 preceding fiscal years, certified if required by the rules and regulations of the Commission by independent public accountants—

Would the Senator want to attempt to sell to the American people securities when there has been no audit, or when there has not been an audit certified by a public accountant?

Mr. STEIWER. Not when there has been no audit. They might have an audit by their own accountant. This provision permits the commission to require an audit by an independent public accountant. The independent public accountant can do nothing at all except to go back and review the audit of the company's own accountant. How can the independent public accountant go back and make an audit when the inventories are all changed, and the cash balance is different? How is it possible?

Mr. BARKLEY. Mr. President, if the Senator will yield, getting back to subsection (K), which the Senator is trying to strike out, one of the things which the company might report, not covered in any of the other subsections, would be whether they had given away a million dollars' worth of their stock, or any other amount of it, while they were selling stock to others. That is a financial statement which would be interesting.

Mr. STEIWER. That, I should think, would be covered under subsections (A) and (F), and possibly by other provisions of the bill. These things are not necessary for a business of that kind. If they were, I should not have offered the amendment. Every abuse of the kind named by Senators who are striving to keep this language in the bill is an abuse which can be met and dealt with effectually by the provisions of the bill. For that reason, while I shall not detain the Senate further, it would be better to omit this language from the bill.

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

Mr. HASTINGS. On that I call for the yeas and nays.

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

Mr. FLETCHER (when his name was called). Making the same announcement as before of my general pair with the Senator from West Virginia [Mr. HATFIELD] and its transfer, I vote "nay."

Mr. HEBERT (when his name was called). Repeating the announcement I made on a previous roll call concerning my pair with the Senator from Illinois [Mr. LEWIS], I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER], who is necessarily absent from the Chamber. If at liberty to vote, I should vote "yea." I withhold my vote.

Mr. STEPHENS (when his name was called). Making the same announcement as before of my general pair with the Senator from Indiana [Mr. ROBINSON] and its transfer, I vote "nay."

Mr. WALCOTT (when his name was called). Making the same announcement as before, I refrain from voting. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote "nay." Therefore, I withdraw my vote.

Mr. COPELAND. Upon this question I have a pair with the Senator from Maine [Mr. WHITE]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT. The Senator from Pennsylvania [Mr. REED] is necessarily absent. He is paired with the Senator from Arkansas [Mr. ROBINSON]. If the Senator from Pennsylvania were present he would vote "yea" on this question, and if the Senator from Arkansas were present he would vote "nay."

The Senator from West Virginia [Mr. HATFIELD] is necessarily absent. If present, he would vote "yea" on this question.

I also wish to announce the unavoidable absence of the Senator from Indiana [Mr. ROBINSON], and the general pair of the Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Massachusetts [Mr. WALSH].

I have previously announced my pair with the Senator from Illinois [Mr. LEWIS], and abstained from voting. I now find that I am able to transfer that pair to the Senator from New Hampshire [Mr. KEYES]. I do so, and vote "yea."

Mr. FLETCHER. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the Senator from Illinois [Mr. LEWIS], the Senator from Kentucky [Mr. LOGAN], the Senators from Nevada [Mr. MCCARRAN and Mr. PITTMAN], the Senator from Arkansas [Mr. ROBINSON], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], the Senator from Indiana [Mr. VAN NUYS], the Senator from New York [Mr. WAGNER], and the Senator from Massachusetts [Mr. WALSH] are necessarily detained; and that the Senator from California [Mr. MCADOO] is absent because of illness.

The result was announced—yeas 17, nays 50, as follows:

YEAS—17

Austin	Fess	Hebert	Townsend
Barbour	Gibson	Kean	Vandenberg
Carey	Goldsborough	McNary	
Clark	Hale	Schall	
Dickinson	Hastings	Steiwer	

NAYS—50

Adams	Connally	Hayden	Overton
Bachman	Coolidge	Johnson	Pope
Bailey	Costigan	King	Reynolds
Bankhead	Couzens	La Follette	Russell
Barkley	Cutting	Lonergan	Sheppard
Black	Dill	Long	Smith
Bone	Duffy	McGill	Stephens
Brown	Erickson	McKellar	Thomas, Okla.
Bulkley	Fletcher	Murphy	Thomas, Utah
Bulow	George	Neely	Thompson
Byrd	Glass	Norris	Wheeler
Byrnes	Harrison	Nye	
Capper	Hatch	O'Mahoney	

NOT VOTING—29

Ashurst	Hatfield	Patterson	Van Nuys
Borah	Keyes	Pittman	Wagner
Caraway	Lewis	Reed	Walcott
Copeland	Logan	Robinson, Ark.	Walsh
Davis	McAdoo	Robinson, Ind.	White
Dieterich	McCarran	Shipstead	
Frazier	Metcalf	Trammell	
Gore	Norbeck	Tydings	

So Mr. STEIWER's amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. MONTAGUE, Mr. MCKEOWN, Mr. KURTZ, and Mr. PERKINS were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.;

S. 618. An act to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes";

S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon;

S. 1810. An act to amend the act authorizing the issuance of the Spanish War service medal;

S. 2681. An act authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport;*

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 3099. An act authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River, at Wheeling, W.Va.; and

S. 3355. An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone.

RECESS

Mr. FLETCHER. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 20 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, May 9, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 8, 1934

The House met at 12 o'clock noon.

Rev. Charles Noyes Tyndell, S.T.D., rector of St. Peter's Church, Niagara Falls, N.Y., offered the following prayer:

O eternal God, through whose mighty power our fathers won their liberties of old, grant, we beseech Thee, to the representatives of Thy people the grace to learn what Thou wouldst ordain for their guidance in the maintenance of those liberties and such other institutions as in Thy wisdom Thou hast vouchsafed to place in our keeping.

We render unto Thee high praise and hearty thanks, albeit in utmost humility, that Thou hast granted us the privileged responsibility of caring for those institutions and peoples which Thou hast guided to our land.

May it be Thy blessed will, therefore, to direct and prosper the consultations of our Congress assembled toward the advancement of Thy glory, the abiding good of Thy universal church, the safety, honor, and welfare of Thy people; and that all things may be so ordered and settled by their endeavors upon the best and surest foundations, that peace and happiness, truth and justice, religion and piety may be established among us for all generations.

These, and all other necessaries for them, for us, and all Thy people, we humbly beg in the name and mediation of Jesus Christ, our most blessed Lord and Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MINNESOTA ASKS JUSTICE

Mr. CHASE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CHASE. Mr. Speaker, ladies and gentlemen of the House, the steel code and the old system of basing have driven out more than 50 percent of all small fabricating industries in the State of Minnesota during the last 14 years, is the charge of Otto Swanstrom, president of the Diamond Calk & Horseshoe Co., of Duluth, whose application for relief from the strangling effects of Chicago plus has been before the National Recovery Review Board for the past 6 weeks.

This is no theoretical or academic problem. There is not a shred of partisan politics in it. It is a problem affecting profoundly the industrial life of my State.

The steel code, as it actually operates today, subjects Minnesota steel-using industries to all the destructive discrimination of the old Pittsburgh plus. The only difference is that Chicago and not Pittsburgh is now the basing point for price fixing on merchant bars and billets sold for fabrication in Minnesota. There is no difference at all in the vicious results to Minnesota industries.

Since Congress convened in January, the problem has been presented to the President, the Senate, the Federal Trade Commission, the National Recovery Review Board, and to various steel-producing, using, or distributing companies, and to code authorities.

There is no variance of opinion as to the need for action, although selfish competing companies in favored localities seek to delay it. The task before us is to get effective action now. Since the National Industrial Recovery Act authorizes the President to direct code modifications, his helpful intercession can produce best this immediate remedial action.

To him, therefore, Minnesota appeals for help.

AN ALLEGED ANSWER TO FEDERAL TRADE COMMISSION

Pursuant to a Senate resolution adopted February 2 last, the Federal Trade Commission made a careful study of the results of the basing-point practice which operates in Minnesota as Chicago plus, and on March 19 reported comprehensive findings to the Senate.

Its report constitutes conclusive proof that the evil of which Minnesota industry complains, and which is driving steel fabricating plants from the Twin Cities to other States, does exist, requiring immediate attention and prompt Executive action.

The sole reply to the Federal Trade Commission's report, and the sole attack upon it thus far, consists of a pamphlet issued by the American Iron and Steel Institute and mailed to Members of Congress in envelops bearing the institute's return card.

This pamphlet is composed of reprints of 33 telegrams or letters purporting to have been sent to the President, some Senator, or a Federal commission or official by an alleged "small company" in praise of the steel code and its provisions, or in criticism of the Federal Trade Commission's report.

The pamphlet is captioned "The small company speaks for itself—an answer to the Federal Trade Commission's attack on the steel code."

In its introductory statement the American Iron and Steel Institute says in paragraph 3:

> Following publication of the report, scores of telegrams and letters to the President, Members of Congress, and the Federal Trade Commission poured into Washington from small iron and steel companies in all sections of the country. These messages protested the Commission's findings and without exception defended the steel code as a great help, not a detriment to the small companies.

This statement is a laughable combination of nonsense and fiction.

So far as the telegrams and letters inspired by the institute are concerned, it may be true. So far as my office, or the office of any Congressman with whom I have talked is concerned, it is untrue. No letter or telegram commending the steel code has come to me from any source, except the printed statements of the American Iron and Steel Institute itself. No communication of any kind or form criticizing the Federal Trade Commission, or its report, has come to me from any individual, firm, corporation, or agency, other than the institute itself.

Minnesota is a great steel-using State and an important section of the country. If letters and telegrams of the kind the institute quotes have poured in on Members of Congress, and they have been of the character the institute has used in its pamphlet, I have been blessed indeed by their failure to arrive. Letters and telegrams have come to me con-