Q.M. Clerk James M. Fontain to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 19th day of February 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 1 (legislative day of Apr. 26), 1934

UNITED STATES ATTORNEYS

Thomas D. Samford to be United States attorney, middle district of Alabama.

Alexander Murchie to be United States attorney, district of New Hampshire.

UNITED STATES MARSHAL

Lon Warner to be United States marshal, district of Kansas.

POSTMASTERS

COLORADO

Walter E. Rogers, Berthoud.
Michel A. Vogt, Burlington.
Effie B. Jackson, Littleton.

CONNECTICUT

Michael J. Cook, Ansonia.
Forrest G. Thatcher, East Hampton.
Thomas H. Hillery, Hazardville.
Ralph W. Bull, Kent.
John Welsh, Killingly.
Edward J. Minnix, Milldale.
Durward E. Granniss, New Preston.
Nellie A. Byrnes, Pomfret.
George Forster, Rockville.
Arthur J. Caisse, South Willington.
William J. Farnan, Stonington.
Catherine S. Barnett, Suffield.
John J. Burns, Waterford.

FLORIDA

Albert E. Lounds, Crescent City.
Cecil C. Stinson, De Funiak Springs.
Hugh McCormick, Eau Gallie.
Abraham C. Fiske, Rockledge.

INDIANA

James R. Kelley, Lebanon.
Charles A. Good, Monterey.
Pauline M. Rierden, Montezuma.

KANSAS

Sophia Kesselring, Atwood.
John C. Cox, Augusta.
Charles Ward Smull, Bird City.
Alvin M. Johnson, Canton.
Sam C. Scott, Conway Springs.
Harry B. Clay, Douglass.
Laurence A. Daniels, Ellsworth.
Robert Focht, Eureka.
Henry A. Mason, Gypsum.
David E. Walsh, Herndon.
William A. B. Murray, Holyrood.
Michael A. Frey, Junction City.
Lafranier M. Herrington, Kanopolis.
Loraine Champlin, Long Island.
Elizabeth Mansfield, Lucas.
Myrtle D. Fesler, Palco.
Charles E. Slaymaker, Peabody.
Robert R. Morgan, Rexford.
Walter S. English, Scandia.
Henry Christensen, Tescott.
James L. Morrissey, Woodston.

KENTUCKY

William E. Ferguson, Albany.
Walter B. Carvell, Allensville.
Nora Dixon McGee, Burkesville.
Lou E. Holder, Calhoun.
Susan R. Hill, Carrollton.
George W. Mothershead, Earlington.
Osceola C. Lucas, Florence.
Richard L. Frymire, Irvington.
Mary H. Vaughan, Jenkins.
Joseph C. Pell, Lewisport.
Grace Williams, Lothair.
James T. Phipps, Morganfield.
James M. Caudill, Neon.
William A. Eimer, Newport.
George Pinson, Jr., Pikeville.
Mason E. Burton, Somerset.
John B. Lafferty, Wheelwright.
Watson G. Holbrook, Whitesburg.

MICHIGAN

Leonard J. McGraw, Engadine.
Elizabeth J. Shannon, Powers.
Charles J. Schmidlin, Rockland.

MISSISSIPPI

David W. Colbert, Columbia.
Ellen J. Hederman, Jackson.
John T. Dawson, Summit.
Beall A. Brock, West.

MONTANA

Charles Cigliana, Anaconda.
Walter J. McManus, Augusta.
Clifford Dawson, Boulder.
Frank X. Monaghan, Butte.
Godfrey Johnson, Ronan.

NEBRASKA

Harry C. Furse, Alma.
Alma E. Farley, Bancroft.
Walter Nowka, Glenvil.
Harold C. Menck, Grand Island.
Aileen L. Coker, Hershey.
Harry H. Ellis, Holdrege.
Julius F. Gausman, Hubbell.

OHIO

A. Harley Bolon, Bethesda.
Helen Shilts, Mount Victory.
Lewis T. Williams, New Waterford.
Hark F. Williams, Pleasant City.
Cyril S. Hendershot, Quaker City.
Robert J. Hickin, Rittman.
Dorothy M. Lane, Stockport.
Sara J. Bell, Waterford.

SOUTH CAROLINA

Joseph H. Chitty, Denmark.
Bertie Lee B. Wilson, Neeses.
Olin J. Salley, Salley.
Robert A. Gray, Taylors.
Wilbur E. Williams, Wagener.
Reuben V. Lanford, Woodruff.

UTAH

Isaac A. Smoot, Salt Lake City.

VERMONT

Earle J. Rogers, Cabot.
Rutherford D. Pfenning, Forest Dale.
Patrick J. Candon, Pittsford.
Wayland N. Hamel, Plainfield.
Mabel R. Armstrong, Rupert.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 1, 1934

The House met at 12 o'clock noon.

The Reverend Chester Burge Emerson, D.D., dean of Trinity Cathedral, Cleveland, Ohio, offered the following prayer:

Almighty God, whose power is infinite, whose purpose is timeless, and whose peace is eternal, be mindful of us who strain at our limitations and fret in our dispeace. If Thou dost mark a sparrow's fall, wilt Thou not heed a nation's need? Guide our leaders and guard our destiny. Some-

thing more than human wisdom is needed at this time. We humbly ask for it. Something more than human strength is demanded. Help them to endure as seeing Thee, who art invisible. Keep them from fuming while the world burns. Give them good sense and good will. Where experience is lacking let them be slow with experiment. Help them to see the country, and see it whole, lest serving the few they do disservice to the many. Above all assist them to walk worthy of the high calling to which they are called, to legislate for this people without fear or favor, without partisanship or prejudice, but with probity and patience, to the end that prosperity may be restored and peace maintained at home and abroad. In Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE WHEELER-HOWARD BILL

Mr. HOWARD. Mr. Speaker, this is the day of new deals, and one of the best new deals, in my view, is presented in H.R. 7902, now pending before the House. Without further reference thereto I desire now to give a better reference, and, Mr. Speaker, I ask unanimous consent to proceed for 1 minute and the Clerk read a letter on the subject from the President of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Clerk read as follows:

THE WHITE HOUSE,
Washington April 28, 1934.

MY DEAR MR. HOWARD: The Wheeler-Howard bill embodies the basic and broad principles of the administration for a new standard of dealing between the Federal Government and its Indian wards.

It is, in the main, a measure of justice that is long overdue. We can and should, without further delay, extend to the Indian the fundamental rights of political liberty and local self-government and the opportunities of education and economic assistance that they require in order to attain a wholesome American life. This but the obligation of honor of a powerful nation toward a people living among us and dependent upon our protection.

Certainly the continuance of autocratic rule by a Federal department over the lives of more than 200,000 citizens of this Nation is incompatible with American ideals of liberty. It also is destructive of the character and self-respect of a great race.

The continued application of the allotment laws, under which Indian wards have lost more than two thirds of their reservation lands, while the costs of Federal administration of these lands have steadily mounted, must be terminated.

Indians throughout the country have been stirred to a new hope. They say they stand at the end of the old trail. Certainly the figures of impoverishment and disease point to their impending extinction as a race unless basic changes in their conditions of life are effected.

I do not think such changes can be devised and carried out without the active cooperation of the Indians themselves.

The Wheeler-Howard bill offers the basis for such cooperation. It allows the Indian people to take an active and responsible part in the solution of their own problems.

I hope the principles enunciated by the Wheeler-Howard bill will be approved by the present session of the Congress.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. EDGAR HOWARD,
House of Representatives.

PHILIPPINE INDEPENDENCE

Mr. McDUFFIE. Mr. Speaker, on yesterday the Legislature of the Philippine Islands unanimously accepted the Independence Act recently passed by this Congress. Today the distinguished Commissioner, Mr. GUEVARA, who has played so important a part in bringing about that legislation, desires to address the House for 15 minutes, and I ask unanimous consent that he may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a message of the Governor General of the Philippine Islands to the Philippine Legislature at the special session assembled yesterday, April 30, 1934; and I also ask unanimous consent to have printed in the RECORD, following my remarks on the Jones-Costigan sugar bill, the letter I addressed to the President of the United States dated April 30, the radiogram of the Governor General of the Philippine Islands sent to the War Department, released April 25, and the memorandum of April 27 sent to the President and the Secretaries of War and Agriculture on the same question, by former Senator Harry B. Hawes, in representation of the Philippine Sugar Association.

The SPEAKER. Is there objection to the request of the Resident Commissioner from the Philippine Islands?

There was no objection.

Mr. GUEVARA. Mr. Speaker, under leave granted me to extend my remarks in the RECORD, following my remarks on the Jones-Costigan sugar bill, I include the letter I addressed to the President of the United States, dated April 30, the radiogram of the Governor General of the Philippine Islands sent to the War Department, released April 25, and the memorandum of April 27 sent to the President and the Secretaries of War and Agriculture on the same question by former Senator Harry B. Hawes in representation of the Philippine Sugar Association.

Mr. Speaker, yesterday the Philippine Legislature, called at a special session, accepted the Tydings-McDuffie Independence Act.

Under this act, the Congress of the United States has prescribed certain steps in the 10-year period following the establishment of the Philippine Commonwealth for the readjustment of our economic life prior to granting of independence. During this transition period, our imports of sugar, coconut oil, and cordage to this country will be limited at specified quantities.

I take this opportunity, Mr. Speaker, to speak at this time on the subject of Philippine sugar imports into the United States. Congress has recently passed the sugar control bill, known as the Jones-Costigan bill, which is now before the President awaiting his signature. During the consideration of this legislation we have neither made any captious objections nor obstructed the efforts of the administration in its plan at sugar stabilization. But, Mr. Speaker, the Jones-Costigan bill, as passed by Congress, contains two provisions which may prove to be disastrous to the sugar industry in my country and may undermine the financial structure of our government.

One of these two provisions is that which makes the enforcement of the quotas retroactive to January 1, 1934. Under this provision we will have this year a surplus of 319,000 short tons, with the President's quota of 1,037,000 short tons for the Philippine Islands, and next year we will have a total surplus of 682,000 short tons. Unless this large surplus is absorbed it would cause considerable hardships to our farmers and would throw out of employment thousands of laborers, thereby precipitating social unrest.

So, Mr. Speaker, by the time we will inaugurate our new government under the Independence Act, our main industry, from which our government derives a considerable portion of its revenue, will have been paralyzed, and we will be faced with a serious social problem, at the same time that our government will find itself financially handicapped and unable to meet its increased obligations. I am sure no true American would want to plunge my country into such a situation. At this juncture I desire to insert in the RECORD the radiogram on this subject from His Excellency, Hon. Frank Murphy, Governor General of the Philippine Islands, to the Secretary of War.

The other provision of the Jones-Costigan bill, to which I referred, is that one providing for the fixing of quotas by the Secretary of Agriculture. In his message to Congress, President Roosevelt recommended a quota of 1,037,000 short tons for the Philippine Islands. As our crop, just harvested and which practically has already been marketed in the United States, amounts to 1,400,000 short tons, we will thus bear, under the President's quota, a cut of 363,000 short tons. This reduction, Mr. Speaker, is twice larger than that for any of the sugar areas, as may be seen from the following figures:

	Estimated production for United States market 1933-34 [1]	Quotas proposed by the President	Decrease	Percent of decrease
	Short tons	*Short tons*	*Short tons*	
United States beet	1,750,000	[2] 1,550,000	200,000	11.4
Hawaii	1,025,000	935,000	90,000	8.8
Puerto Rico	925,000	821,000	104,000	11.1
Philippines	1,400,000	1,037,000	363,000	25.9
Cuba	2,240,000	1,944,000	296,000	13.2

[1] As given by Dr. John L. Coulter, U.S. Tariff Commission, during consideration of marketing agreement, June 1933.
[2] Increased by 100,000 tons from President's quota.

In spite of this heavy loss to our sugar producers, in our earnest desire to cooperate and assist in the administration's plan for improving the situation in the sugar industry we have accepted the President's quota of 1,037,000 short tons for the Philippine Islands. We have taken this as a basis for a practical limitation program in the Philippines. This program of restriction of sugar production is now in course of enforcement.

It can be readily seen, Mr. Speaker, that unless there is a limitation of production in the Philippine Islands there will be accumulated there a surplus of over 1,000,000 tons in the next 3 years. This will have a very depressing effect upon the price of sugar the world over, and will therefore bring to naught the administration's plan at sugar stabilization.

In the name of the 2,000,000 people in my country directly dependent upon the sugar industry, I therefore appeal for the maintenance of the quota of 1,037,000 short tons for the Philippine Islands, as recommended by the President, and its just enforcement, so that it would not be retroactive to the sugar that we have already shipped and sold to the United States.

APRIL 30, 1934.

The PRESIDENT,
The White House,
(Through the Secretary of War),
Washington, D.C.

DEAR MR. PRESIDENT: The Jones-Costigan sugar bill has excited spirited protests from Puerto Rico, Hawaii, and Cuba. The Philippines is comparatively silent, overwhelmed by the impending blow on her sugar industry by both the Jones-Costigan measure and the Tydings-McDuffie Independence Act.

Puerto Rico declares that her people are naturalized American citizens and deserve to be treated as such, and that in deciding on her sugar quota only one destructive hurricane in every 30 years should be taken into account.

Hawaii pleads that being a political integral part of the United States she is entitled to a definite quota in the bill on an equal and identical basis as the continental sugar-producing sections.

Cuba, through her multitude of sympathizers, is presented to the world as economically prostrate and revolution-ridden because of her inability to sell more sugar in the United States.

We of the Philippines are at the moment in the throes of a great political excitement. We are accepting the Tydings-McDuffie Act—taking the initial step leading to our separation from the United States.

Mr. President, the acceptance of that act marks the beginning of the winding up or liquidation process of our sugar industry as well as our other tariff-protected industries. We shall be going out of business, closing shop and getting bankrupt. We don't want to do this, but we are forced into it.

By all the principles that are American and humanitarian, the Philippines is entitled in this critical juncture to more than a perfunctory sympathetic treatment at the hands of the American Government.

The Puerto Rican hurricane is a gentle zephyr in its effects in comparison with the man-made political hurricane which is due to hit our sugar industry when we lose the American tariff protection.

Hawaii is going to have her Filipino labor, which is the mainstay of her sugar industry, although under the Tydings-McDuffie Act Filipino laborers over a quota of 50 will be barred from continental United States. Thus while Hawaii is pleading for equal treatment she is enjoying a special privilege. There is as much demand for Filipino labor in the lettuce fields of California as in the sugar plantation of Hawaii.

Impoverished Cuba has still $15 per capita monetary circulation, while the Philippines has less than $4 per capita. These two figures gain greater significance when it is considered that in education, in living standard, and in life's outlook disinterested observers declare that the Filipino people occupy a higher level than the bulk of the Cuban population.

Mr. President, with all our poverty we have not been a problem of law and order to America. We have not asked for special privileges. We have only tried to carry on under the benevolent auspices of the American Government, absorbing American ideas and ideals, learning the American language, and building our political and social institutions after the American pattern.

With mixed sadness and hope we are soon separating from the United States. Naturally our political separation requires our economic disentanglement from the American economic system. The process would be most difficult and devastating. It would shake and shatter the very foundation upon which we are expecting to erect the future Filipino nation.

I am asking you most earnestly, Mr. President, to let us down as gently as possible; to cushion our economic fall with some measure of help that is within your jurisdiction and that of the Secretary of Agriculture. Besides other considerations, the success of the Tydings-McDuffie Act may be jeopardized by an overstrain of economic calamities.

What the Philippine sugar industry wants and suggests are set forth succintly in a cablegram of Gov. Gen. Frank Murphy to the War Department, released to the press on April 25, and in the communication addressed to Your Excellency by the Philippine Sugar Association under date of April 27. I commend those two documents to your favorable consideration.

Faithfully yours,

PEDRO GUEVARA,
Resident Commissioner from the Philippines.

WAR DEPARTMENT

PROTESTS RECEIVED FROM THE GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS AGAINST THE TERMS OF THE JONES-COSTIGAN SUGAR BILL (H.R. 8861)

[Figures in long tons]

The following radiogram relative to the Jones-Costigan bill has been received in the War Department from the Governor General of the Philippine Islands:

"The retroactive character of the Jones-Costigan sugar bill, which establishes January 1, 1934, as commencement date for quota, will leave us a large surplus of 610,000 tons of sugar, or two thirds an entire year's quota under the bill. Following wire from Iloilo Commercial Association: 'The International Chamber of Commerce and the Philippine Chamber of Commerce unanimously passed resolution in joint session today to move earnestly and request your assistance in urging the deletion of the retroactive effect of the Jones-Costigan bill. Draw special attention retroactive effect highly prejudicial sugar industry, especially mill planters who rely upon outside financial assistance. Also emphasize anomalous situation arriving between producers who have disposed of their production vis-à-vis, those who have sugar yet to mill or mill in Bodega. Passage of bill in present condition must inevitably deprive hundreds of thousands of laborers and families of present livelihood thereby probably engendering social disorders. Can you secure expression of administration's ideas of treatment which will be accorded sugar in excess of quota arriving in States this calendar year if bill is passed? Present uncertainty is paralyzing all business."

The conditions are as follows:

1. In 1933–34 there were produced for export to the United States 1,250,000 long tons of which not over 40,000 long tons reached the United States before January 1, 1934, thus leaving 1,210,000 long tons of the old crop to be exported during calendar year 1934 against the probable quota of not over 925,000 long tons. The carry-over into calendar year 1935 would thus be 285,000 long tons with no accommodations for fractional shipment of the 1934–35 crop.

2. Pending enactment of quota bills in the United States, our best efforts at voluntary limitation cannot do more than hold the 1934–35 crop to approximately the 1933–34 level, or 1,250,000 long tons available for export to the United States. This means that we would enter the year 1935 with a carry-over of 285,000 long tons from the 1933–34 crop and would have available the entire 1,250,000 long tons of the 1934–35 crop, or a total of 1,535,000 long tons against the probable quota of 925,000 long tons, thus increasing the carry-over at the end of 1935 to 610,000 long tons with no accommodation for fractional shipment of the 1935–36 crop.

3. By this time legal limitations under the quota law should be in effect, and we could assume normal restriction of the 1935–36 crop to 925,000 long tons. But we would still carry into 1936 the accumulation surplus of 610,000 long tons, which could only be wiped out by reducing production of 1935–36 crop not to the presumed limitation of 925,000 long tons but to 315,000 long tons, or about one fourth of the present production and one third of the probable quota. A general allotment of so small a production to all centrals and all planters would be economically and commercially impracticable, and we should probably be forced to shut down entirely for one season, creating very serious financial and social difficulty during the first or second year of the Commonwealth. The alternatives would be to hold the 610,000 long-ton surplus over the market or dump it in the Orient or Europe, in either case depreciating world price.

The situation would be avoided if the Jones-Costigan bill were amended to eliminate its retroactive and run the quota years on a United States fiscal-year basis, beginning July 1, 1934. In this event the balance of 1933–34 crop could be disposed of before the quota became effective, and we would have only such standing surplus as would represent excess of the 1934–35 crop over the quota, or about 325,000 long tons, which might more easily be absorbed.

IN THE MATTER OF PHILIPPINE SUGAR

To the PRESIDENT, the SECRETARY OF AGRICULTURE, and the SECRETARY OF WAR:

THE PHILIPPINE SITUATION

On May 1 the Philippine Legislature will take the first step to accept the American offer of independence.

Under the provisions of this bill complete independence will not be granted for 10 years. The American flag will fly over the Philippines during that period and an American commissioner appointed by the President will supervise the financial policy of the Commonwealth, carrying with it during these 10 years the responsibility both for financial stability and the preservation of law and order.

Comparing this with our responsibility in Cuba, we find that the latter is limited under the Platte amendment to the maintenance of order.

There are in the Philippines 14,000,000 people; in Cuba 3,500,000.

The Philippines is the eighth best customer of the United States. Our manufactures and agricultural products are purchased there in greater amounts per capita than in India, China, and Japan, and exceed in volume the sales made to any Latin American country.

Any revolutionary or drastic upset of the present Philippine financial stability will be a violation of the implied promises contained in the Philippine independence offer and will very properly subject our country to criticism not only in the islands but throughout the Orient; in addition, it will endanger American investments in the islands, which Americans were urged to make, stimulated by efforts of our own Government.

Free-trade status for the islands was established by our Congress in 1909 over the official protest of the Philippine Legislature.

The independence law provides for a limitation of the free importation of Philippine sugar into the United States. This was fixed at the then high peak of 1931, when the bill was under consideration at 955,920 short tons.

This limitation, however, will not be in effect until the establishment of the Philippine Commonwealth. Prior to this there is no limitation on the amount of sugar that the Philippines can send to the United States free of duty.

Under the Independence Act there is no limitation on the quantity of Philippine sugar coming to the United States except that duties are imposed on all sugar in excess of the limitation of 955,920 short tons.

It can be readily seen that unless there is a limitation of production in the Philippine Islands there will be in the next 3 years an accumulated surplus there of over 1,000,000 short tons, which will have a very depressing effect not only upon the world market but also upon the American market and, therefore, will nullify all efforts toward sugar stabilization in the United States.

THE JONES-COSTIGAN ACT

The Jones-Costigan Act just passed by Congress contains two provisions in which the Philippine sugar industry is vitally concerned. These are—

(1) The retroactive effect of the bill to January 1, 1934, as to quotas; and

(2) The quota for the Philippine Islands to be assigned by the Secretary of Agriculture.

RETROACTIVE EFFECT

If through administrative action the bill should be made retroactive to January 1, 1934, on the quota for the Philippine Islands, it will leave the Philippines a surplus this year of 319,000 short tons. For the 2 years 1934 and 1935 there will have accumulated a surplus in the Philippine Islands of 682,000 short tons.

This may be seen from the following figures:

	Short tons
Available for export, 1933–34	1,400,000
Estimated arrival in United States before Jan. 1, 1934	44,000
Balance export to United States for 1934 out of crop 1933–34	1,356,000
Probable quota for Philippine Islands, 1934	1,037,000
Carry-over for 1935	319,000
Available for export, 1934–35 crop	1,400,000
Total available, 1935	1,719,000
Probable quota for 1935	1,037,000
Carry-over for 1936	682,000

It will thus be seen that when the Philippine Commonwealth begins to operate the Philippines will find their main industry in a paralyzed condition.

In order to adjust their production to the export limit to the United States under the quota law, the sugar centrals will have to produce for export only 355,000 short tons for the 1935–36 crop, or 25 percent of their normal production for export.

With this low rate of operation it is doubtful if any of the sugar centrals could continue to operate.

Hundreds of thousands of laborers would thus be thrown out of employment and millions of invested capital would be lost.

As the Philippine government derives a great portion of its revenue from the sugar industry, the government would be financially embarrassed at a time when it needs greater funds to meet its increased obligations under the independence law.

CONFUSION AND DISTRESS IN THE PHILIPPINES

Moreover, if the bill should be made retroactive to January 1 on the quota of the Philippine Islands, it would cause much confusion in the adjustment and allocation of the quotas among the various factories and the thousands of individual planters.

Unlike other sugar-producing areas, in the Philippines sugar production is in the hands of thousands of small farmers.

The 45 sugar factories in the Philippines, mostly owned by Filipinos and Americans, do not grow sugarcane, as they do not own the land on which sugarcane is grown.

Thousands of individual planters grow the sugarcane and deliver this cane to a single factory, which converts the cane into sugar.

Under this existing cooperative system of sugar production in the Philippine Islands, the sugar central receives from 40 to 45 percent of the sugar produced from the cane, and the planters get from 55 to 60 percent thereof.

As soon as the sugar is manufactured by the central, distribution takes place and the sugar planters, after receipt of their sugar, sell their share to sugar exporters.

Insofar as the 1933–34 crop is concerned, the sugar planters and centrals have not only already received their respective shares but have sold them to the various sugar exporters and received their money therefor.

The exporters have already marketed this sugar in the United States, most of which has already been paid for by buyers.

To make the quota for the Philippine Islands apply to the crop that is already harvested and sold in the United States would, therefore, be impossible without causing serious troubles in the Philippine Islands.

INDIVIDUAL ILLUSTRATION

In his conference with officials of the War Department and the Department of Agriculture before he left recently for the Philippines, the Honorable Rafael R. Alunan, president of the Philippine Sugar Association, pointed out the disastrous effect of making the quota date retroactive to January 1, 1934, upon individual planters in the Philippines, in the following illustration:

"A planter with a production for the 1933–34 crop of, say, 1,000 tons receives 600 tons for himself as his share and leaves with the central 400 tons. This planter has already sold his share to the various exporters, say, 200 to A, 200 to B, and 200 to C, for which he has already received payment and very likely spent the proceeds.

"If the Philippines is given a quota on the basis of the President's figure of 1,037,000 short tons, and such a quota becomes retroactive to January 1, 1934, this particular planter will have a quota for his past crop of say 400 tons. He has already exceeded his quota by 200 tons, which has already been disposed of.

"It would be utterly impossible to make him give up the money he has received for the 200 tons, representing the excess of his production over his quota, or to make any other party bear the loss for these 200 tons as a consequence of the retroactive effect of the bill."

The foregoing individual case is a typical example of what is going to happen in the Philippine Islands if the quota date of the bill should be made retroactive to January 1, 1934.

A retroactive application of the quota could not be enforced.

QUOTA ENFORCEMENT SHOULD COMMENCE JULY 1, 1934

We would, therefore, request that the effective date of the quota provisions of the bill be made to coincide with the crop-year instead of the calendar year; in other words, we propose that the enforcement of the quotas shall commence on July 1, 1934, and not on January 1, 1934.

In the marketing agreement signed by the producers last fall the marketing year was fixed to commence on July 1 in order to coincide with the harvesting periods of the various producing areas, which, according to Willett & Gray, are as follows:

United States beet, July to January; Louisiana, October to January; Florida, December to April; Hawaii, November to June; Puerto Rico, January to June; Philippine Islands, November to June; Virgin Islands, January to June; Cuba, December to June.

The fixing of July 1, 1934, as the commencement date for the enforcement of quotas would to a great extent minimize the difficulties and sacrifices that will be borne by the Philippine sugar producers under the sugar control law.

It takes from 45 to 60 days for a cargo of sugar from the Philippines to reach the Atlantic seaboard. For this reason, and because of the lack of adequate warehouse facilities, shipment of sugar from the islands has to be made immediately after the sugar has been placed in the bag at the factory, hence the heavy exportation of sugar during the grinding period, from November to June.

QUOTAS

The figure 955,920 short tons was the high peak in 1931, at the time the Hawes-Cutting bill placed its limitations.

In a 3 months' hearing on the marketing agreement it was agreed by all the sugar-producing areas that the Philippine quota should be 1,100,000 short tons. (This was protested at the time by the Philippine representatives.)

Since that time President Roosevelt, on February 8, placed the quota for the Philippine Islands at 1,037,000 short tons, and Governor General Murphy, the Philippine producers, and the Philippine Legislature first started to work on the theory of 1,100,000 short tons, and, since the President's message, on the theory of 1,037,000 short tons.

Neither of these quotas is considered equitable. The reason is obvious.

Of the principal areas supplying sugar to the United States, the Philippines bears the largest quantity and percentage of reduction under the President's quotas, as may be seen from the following figures:

	Estimated production for United States market 1933-34 [1]	Quotas proposed by the President	Decrease	Percent of decrease
	Short tons	*Short tons*	*Short tons*	
United States beet	1,750,000	[2] 1,550,000	200,000	11.4
Hawaii	1,025,000	935,000	90,000	8.8
Puerto Rico	925,000	821,000	104,000	11.1
Philippines	1,400,000	1,037,000	363,000	25.9
Cuba	2,240,000	1,944,000	296,000	13.2

[1] As given by Dr. John L. Coulter, U.S. Tariff Commission, during consideration of marketing agreement, June 1933.
[2] Increased by 100,000 tons from President's quota.

This table shows that the decrease in the Philippine quota has been over twice as great as that of any other area under the American flag and nearly 100 percent greater than the reduction in the Cuban quota.

We therefore respectfully urge that, as a great portion of the total revenue of the islands comes from sugar, and that as the quota cut is over twice that of any other area and almost 100 percent over that of Cuba, there should be no further cut on the Philippine quota given by the President of 1,037,000, which already will mean a curtailment of 363,000 tons annually.

Respectfully submitted.

PHILIPPINE SUGAR ASSOCIATION,
By HARRY B. HAWES,
United States Representative,
Representing 99 percent of Philippine sugar producers.

WASHINGTON, D.C., *April 27, 1934.*

Mr. GUEVARA. Mr. Speaker, 36 years ago the American Fleet, commanded by Admiral Dewey, entered Manila Bay flying the flag of liberty and of justice for all oppressed people in the world. A battle ensued with the Spanish armada which was the guard of the sovereignty of that Nation over the Philippines. The forces of freedom won, and the American flag was hoisted amidst the enthusiasm and blessings of the Filipino people.

Coincident, Mr. Speaker, with this glorious day of victory for the United States, the Philippine Legislature assembled in special session on May 1, 1934, accepted Public Act No. 127, Seventy-third Congress, commonly known as the "McDuffie-Tydings bill", enacted by Congress on March 24, 1934. This law was enacted in fulfillment of the pledge of this Nation to grant independence to the people of the Philippine Islands at the earliest practicable time. In view of this enactment and its acceptance by the Philippine Legislature, moral responsibilities and obligations on the part of both nations become increasingly apparent. At this juncture I wish to quote part of the message of the President of the United States to Congress on March 2, 1934, upon which the enactment of Public Act 127 was predicated:

> May I emphasize that while we desire to grant complete independence at the earliest proper moment, to effect this result without allowing sufficient time for necessary political and economic adjustments would be a definite injustice to the people of the Philippine Islands themselves little short of a denial of independence itself. To change at this time the economic provisions of the previous law would reflect discredit on ourselves.

We are now confronted, Mr. Speaker, with a situation which must be faced honorably and loyally both by the United States and by the Philippines. I believe I am not mistaken in affirming that the postponement of the day of the granting of independence to the Philippine Islands was for the purpose of giving the inhabitants therein a reasonable period of time to adjust their economic life, which by the sovereign will of the United States has been linked to her economic system for the past 30 years.

If I correctly understand the policy and philosophy which inspired the formulation and adoption of Public Act 127, it is the avowed purpose of the United States to grant independence to the people of the Philippine Islands in order that they may be able to receive the blessings of that grant without regard to or consideration of any selfish interest. For this, I am sure, the Filipino people are grateful.

Mr. Speaker, Public Act 127 is now a solemn covenant between the United States and the Philippine Islands, and its terms must be observed without reservation by either party. The Filipino people, I am sure, are prepared to do their part in the observance of its terms. I think I am safe in saying that the United States also is sympathetically willing to do her part to make of the covenant a success, thus giving the now struggling world a practical example of the sanctity of national pledges. By so doing, this Nation will only be following the course that she herself has outlined since the inception of her occupation of the Philippines. It is well to call to memory the message of the American people to the Philippines, transmitted on April 4, 1899, by the first civil commission appointed by the President of the United States to the Philippines, and signed by Jacob Gould Schurman, George Dewey, Elwell S. Ottis, Charles Denby, and Dean C. Worcester, which in part says:

> The Commission desire to assure the people of the Philippine Islands of the cordial good will and fraternal feeling which is entertained for them by His Excellency the President of the United States and by the American people. The aim and object of the American Government, apart from the fulfillment of the solemn obligations it has assumed toward the family of nations by the acceptance of sovereignty over the Philippine Islands, is the well-being, the prosperity, and the happiness of the Philippine people and their elevation and advancement to a position among the most civilized peoples of the world.

The message of President Roosevelt to Congress on March 2, 1934, to which I have referred is but a confirmation of that of the American people to the Philippines on April 4, 1899. The policy announced in that message was translated into reality by subsequent legislation enacted by the Congress of the United States which tended to fulfill her solemn obligations assumed toward the family of nations by the acceptance of sovereignty over the Philippine Islands and to promote the well-being, the prosperity, and the happiness of the Filipino people and their elevation and advancement to a position among the most civilized peoples of the world. The enactment of Public Act No. 127, Seventy-third Congress, leads the Filipinos to the goal of their aspirations and ambitions through the generous and kind assistance of the American people. This will undoubtedly add a new glorious chapter to America's immortal history.

By a rare quirk of fate, however, there has been some effort to thwart the humanitarian endeavors of the American people in their dealings with the Philippines. The enactment of the 1934 revenue bill by which an excise tax of 3 cents is levied on every pound of coconut oil entering the United States from the Philippines will be a reversal of the policy which inspired the formulation and adoption of Public Act 127. It offsets the benevolent and altruistic aims of the American people in their desire to create a new nation in the Far East. It amounts to a deviation from the complete fulfillment of the terms of the covenant as written in Public Act 127.

Surely it is improper to assume that just because the United States is powerful she will fail to observe the terms of the covenant, or that just because the Filipino people are weak they will have to make good their obligations in accordance with the covenant. The Filipinos will fulfill their moral and legal obligations flowing from the covenant because they are sincerely convinced that they are dealing with a Nation whose sense of justice and fair play is acknowledged the world over.

Mr. Speaker, it is with great reluctance that I am discussing this phase of the question today when the American and Filipino peoples should be indulging in the hopes of happier days for the Philippines. To the United States belongs the credit for the birth of a new nation in the Far East, and to the Philippines the satisfaction of being the recipient of the beneficent results of this altruism. Should anyone living under the American flag hinder the success of the American policy at this time when the international situation in the Far East appears gloomy and disturbing? Should he, indeed, do anything to obstruct the ultimate success of the American policy in the Philippines? These are

questions that call for patriotic consideration on the part of the American people. I realize the hardships and economic difficulties that are now assailing every nook and corner of this mighty Nation. If there were some concrete assurance that the sacrifice of the Filipino people would help to promote the prosperity of the United States, then the Filipinos may perhaps undergo that sacrifice. After due consideration, however, one merely reaches the inescapable conclusion that this will benefit neither the United States nor the Philippines. It will be prejudicial to both countries and peoples. Why, then, embark on an experiment whose prospective advantages to the American farmer are only imaginary?

I hope I am mistaken in my prediction as to the effect of the disintegration of the terms of Public Act 127. The revenue bill which amends the fundamentals of the economic provisions of the McDuffie-Tydings law will cause the economic penetration of the Philippines by some nation who will be more than willing to take advantage of the situation. Indirectly, it will justify the attempt to destroy the open-door policy successfully inaugurated and maintained by the United States in China. It will deprive the Filipino people of the equal opportunity to which they are entitled under the American flag by the terms and conditions of the solemn covenant just accepted by the Philippine Legislature. It will depress the American trade in the Philippines, for diminishing the purchasing power of its inhabitants will reduce their capacity to buy American goods. Also, when the Filipinos cannot export to the United States, as a consequence they cannot import from her. This is an elemental principle of trade.

It seems tragic that after the enactment of Public Act No. 127 steps should be taken to defeat its very aims and purposes. I refuse to believe that the American people as a whole are willing to sanction any policy which will have the effect of taking back with one hand what has just been given with the other. I know this to be true, for it is not the American spirit nor the characteristic of American traditions which have successfully stood the vicissitudes of years.

Out of my loyalty and gratitude to this country, I am compelled to mention some of these questions, for I feel myself duty bound to do my utmost to place on a high level America's honor and prestige, which have never successfully been challenged.

On behalf of the Filipino people, I wish to convey to the American people through their constitutional Representatives in Congress our profound gratitude for the enactment of the independence act. It will establish an everlasting friendship and a cordial understanding between the United States and the Philippines, and I hope it will be conducive to their mutual advantage. [Applause.]

The matter referred to above is as follows:

MESSAGE DELIVERED BY HON. FRANK MURPHY, GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS, ON APRIL 30, 1934, AT THE OPENING OF THE SPECIAL SESSION OF THE NINTH PHILIPPINE LEGISLATURE

Mr. President, Mr. Speaker, and gentlemen of the legislature, you have been assembled here today in special session to consider and take action on an act of Congress which object, according to its title, is to provide for the complete independence of the Philippine Islands and for the adoption of a constitution and a form of government.

Upon my arrival at Manila on June 15 last, speaking of the act then under discussion, I announced a purpose to leave the question of its acceptance to the free and uncontrolled determination of the Philippine people. That has been my undeviating policy, and still is.

This special meeting of the ninth legislature during its closing weeks has been summoned only because of a desire to provide time for adequate consideration and discussion of the measure that has been placed before you; and in the event of an affirmative decision thereon, to facilitate the proper and deliberate exercise and discharge of the very important rights, privileges, and duties created by that measure. It was also my concern and purpose to prevent or minimize the risk of involuntary noncompliance with its provisions and the unintentional forfeiture and lapse of the rights conferred through unexpected delay in the required legislative and administrative processes.

In submitting these matters to you, may I be permitted to voice the earnest hope of all true friends of Philippine liberty that the responsibility you are about to assume may be discharged with complete fidelity to the high moral principles and political ideals that have made this occasion possible and brought us to this eventful hour. In the event of affirmative action, your further deliberations and dispositions should be animated and guided by a clear and steady and united purpose to insure as far as possible a constitutional assembly that will be truly representative of all the people and worthy of matchless opportunity and grave responsibility with which it will be entrusted.

In the serious work that lies ahead, let no man think first of individual or partial advantage. It is not merely the success of a group or a party that is at stake. It is the happiness and well being of a whole people; it is a nation in the making. The fond hopes and aspirations of your countrymen, nurtured through the years, are now in your hands for good or ill. If it shall be your determination that these aspirations will be brought to desired fruition and fulfillment by acceptance of this act, there should be woven into the fabric of the new government the highest moral and spiritual qualities of the people, the wisdom and understanding and idealism of the best and bravest men and women of these islands. If the framework of government is to be strong and stable and serviceable, it must have able designs and competent builders, men and women of broad training and experience, endowed with human sympathy and lofty character, possessing the confidence of all the people and a clear understanding of their varied needs and problems. Such men and women are to be had, and it will be your duty to provide the best means of insuring their selection.

Tomorrow marks another anniversary of the memorable victory of the American naval forces in Manila Bay. That was an event of supreme significance in the promise it contained for the political future of the Filipino people. That promise has now been consummated in a manner that is probably without precedent in the colonial policies of great nations by a formal enactment that confirms in unmistakable fashion the noble and unselfish purposes of the American people in establishing their sovereignty over these islands. America has given proof to the world by practical demonstration that altruism may be not merely an ideal but a reality in the foreign policy of a great nation.

The recent and prevailing economic disturbance in the United States, far more serious than anything we have experienced here, has brought to the fore an apparent conflict of interest between certain economic groups in that country and the more important Philippine industries. This has given rise, perhaps quite naturally, to a certain degree of confusion and doubt with respect to the real motives that have inspired and made possible this action of the American Government. The coincidence of recent protective aims and measures with the initiation of the final steps in the brilliant and glorious program of Philippine development and deliberation should not be permitted to cloud our perspective. If economic factors have entered and played a part in the framing and adoption of the final act of liberation, this and the preparatory work that precedes it have been fundamentally conditioned and suspended and inspired by the political idealism and altruism of the American people. The eventual freedom and independence of the Philippines have been a definite ideal of our people for more than a generation. This, as I know and understand it, has been the real attitude of the great body of American citizens, who have had no other interests in this country and its people than to secure to them the same blessings of liberty and freedom, and equal rights and privileges, that they have inherited from their fathers.

In these troublous days since the World War, when other men and other nations have turned their minds away from the great principles of democracy and self-government, America has remained steadfast to those principles. She has that faith for herself and for others. The Philippines, if they choose to accept this measure, will eventually have achieved freedom and independence and the principal assurance of individual liberty and democracy provided therein, without bloodshed or burdensome expenditures; not through the working of selfish economic forces, as some believe, but because it is the profound conviction of the plain people of America that other people have the same moral right to these things that they once claimed and dearly won for themselves.

Whatever decision may be made, therefore, we gladly and properly make acknowledgment at this time and on this occasion of the high-minded purposes and sympathetic assistance of the men who have sponsored the cause of Philippine independence in the Halls of Congress, of the able efforts of Secretary of War Dern, and to President Roosevelt for his powerful and effective leadership at the final moment and his stanch support of Philippine interests generally. Honor is due also to those distinguished Americans of an earlier day, both civil and military, who have labored valiantly and whole-heartedly in making this country ready for the day when freedom should strike. And to those Filipino patriots who have fought and suffered and died to realize that which may now be attained, and to the representatives of the Philippine Government and this legislature who have given able and distinguished advocacy to their country's cause in the long negotiations that have been brought to the present stage of completion and success—whatever the future may hold, to them a grateful country will ever yield affectionate remembrance.

The ultimate decision on the question before us, as we all know, must be made by the Filipino people, when they pass on the work of a constitutional assembly convened in accordance with the law. Such a decision must be based on truth and understanding. It is preeminently a time for candor and tolerance, for frank and fair speech without fear or intimidation. It is equally a time for courage and faith—faith in self, faith in our fellow men, faith in country. In the days to come there should be no divisions or enmities based on differences of race or birth or creed or color. The country will have need of all loyal men and women who have ability and disposition to contribute, no matter how much or how

little, to her development and culture and greatness. A man's worth as citizen and neighbor should have no other test. More than ever before the realization must prevail that you are comrades dependent upon one another, irresistible when united as one people. With charity in our heart, with good will and tolerance for all, with serene confidence in the divine providence that insures our destiny, let us boldly choose our course and follow it with unwavering loyalty.

THE APPALLING SCHOOL SITUATION AND A PLEA FOR SPEED IN DEALING WITH THE EDUCATION PROBLEM OF THE NATION

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, it is regrettable that the Committee on Education in the House has not yet reported out a bill providing for Federal relief for schools. Some 25 or 30 splendid bills along this line have been introduced by individual Members, including my own bill—H.R. 7520 of January 31, 1934—which was one of the first introduced, but the committee has not yet passed one of these bills nor finished drafting one of their own. In my interviews with members of the Education Committee over this delay, I always get the same response, "We are making a thorough study of all the bills introduced for the relief of education and incorporating the best features of these into a committee bill which we will finish drafting as soon as we can call upon the President and ascertain his views in the matter."

COMMITTEE SHOULD SPEED BILL

This, I will agree, is proper procedure, but the millions of friends of education throughout the Nation are getting impatient over this continued delay which, it seems to me, is unnecessarily prolonged, in view of the fact that Congress is considering adjournment at no distant date.

EDUCATION ENTITLED TO SHARE IN NATIONAL RECOVERY PROGRAM

It is imperative that the Federal Government come at once to the rescue of the school children, the future citizenship of our country. The Federal Government has launched a series of important steps looking toward national recovery. Through the Reconstruction Finance Corporation it has extended billions of dollars of credit to banks, railroads, life-insurance companies, and other corporations; it has provided subsidies to shipping interests and for the transportation of mail; it has provided pensions and hospitalization for ex-service men; it has provided food and clothing for free distribution to needy people; and through the P.W.A., the C.W.A., and the F.E.R.A. it has given emergency employment to millions of unemployed people during the past winter; but despite the fact that education has shared in the effects of the general economic collapse, Congress has not yet enacted any important legislation to help the schools meet their pressing financial problems.

SCHOOLS OF NATION IN SERIOUS FINANCIAL CONDITION

The teaching profession has experienced serious financial reverses; schools are in need of equipment, which has been greatly curtailed during the recent depression, and many school children are suffering the loss of educational advantages, which it is our duty to help provide. Expenditures for schools throughout the Nation in 1933–34 have been estimated at $1,753,300,000, a reduction of nearly $200,000,000 below expenditures of the previous year and a reduction of more than $500,000,000 below the expenditures of 5 years ago. This reduction has occurred in spite of the fact that total enrollments at present are 675,000 greater than they were 5 years ago. In spite of the funds disbursed since October 1933 by the Federal Emergency Relief Administration for the relief of certain weak schools, it is reported that in January 1934 about 770 schools were closed, with no provision for the education of 175,000 children. In many communities where funds are exhausted the teachers continue to work without pay. Total teachers' salary arrears now exceed $55,000,000, while outstanding emergency school district warrants amount to over $70,000,000.

One city in every four has reduced its school term, and this year thousands of rural schools will operate for less than 6 months. Teachers' salaries have been cut until at least 1 in every 4 is receiving annual wages of less than $750 and about 85,000 teachers are receiving less than $450 per year.

OUTLOOK WORSE FOR 1934–35

Although the conditions described above constitute a grave problem, it seems inevitable that with increasing enrollment and added responsibilities, they will be even worse in the year 1934–35. School revenues are expected to show a somewhat further decline next year. It is estimated that the total amount of school revenue will be $1,554,300,000, a reduction of $200,000,000 since last year and a reduction of a half billion dollars since 1930.

The total amount of emergency Federal aid needed by the States for next year merely to keep schools open for a normal term is at least $118,615,000. Following is a table showing the estimated amount needed by the various State departments of education:

Estimates of the amount of emergency Federal aid needed by various States for 1934–35 merely to keep schools open for a normal term on a greatly restricted basis

Alabama	$2,500,000
Arizona	350,000
Arkansas	6,000,000
California	1,000,000
Colorado	125,000
Connecticut	None
Delaware	None
Florida	2,950,000
Georgia	3,000,000
Idaho	750,000
Idaho	[1]
Maryland	None
Iowa	1,250,000
Kansas	500,000
Kentucky	2,500,000
Louisiana	3,000,000
Maine	700,000
Maryland	None.
Massachusetts	None
Michigan	15,000,000
Minnesota	5,000,000
Mississippi	1,500,000
Missouri	5,000,000
Montana	800,000
Nebraska	2,300,000
Nevada	150,000
New Hampshire	None
New Jersey	10,000,000
New Mexico	3,000,000
New York	None
North Carolina	3,000,000
North Dakota	2,000,000
Ohio	13,000,000
Oklahoma	2,000,000
Oregon	1,500,000
Pennsylvania	5,000,000
Rhode Island	None
South Carolina	490,000
South Dakota	1,000,000
Tennessee	5,000,000
Texas	2,000,000
Utah	$850,000
Vermont	400,000
Virginia	None
Washington	10,000,000
West Virginia	2,500,000
Wisconsin	1,000,000
Wyoming	1,500,000
Total	118,615,000

CONGRESS MUST ACT AT ONCE

The figures and estimates I have given you have been compiled by the National Education Association, a most reliable source, and they must be accepted as most nearly correct. It is clearly evident the school situation is an appalling one, which must be met before this Congress adjourns. The Federal Government has gone into almost every other field of service, why cannot it help the school children? I have spent 9 years in the teaching profession, and I continue to make a close study of school conditions. The situation in my own State, Oklahoma, is acute. The estimated need of our State for Federal aid for 1934–35, merely to keep schools open for a normal term, is $2,000,000. This great Government of ours surely cannot stand by and see its school system collapse. Congress must act and do it at once for the schools of the Nation will begin the next school term

[1] Estimate impossible.

in September of this year and Congress will not be in session again until next January. I am placing a copy of this speech in the hands of every member of the Committee on Education, and I plead with them to draft and report a bill at once so we can work for its passage.

AGRICULTURAL ADJUSTMENT ACT

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to withdraw the bill (H.R. 9179) to amend the Agricultural Adjustment Act, and for other purposes, which I introduced on April 17, 1934.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

COMMISSIONED OFFICERS OF THE MARINE CORPS

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following privileged report (No. 1417) for printing under the rule:

House Resolution 348

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 6803, a bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following further privileged report (No. 1418) for printing under the rule:

House Resolution 347

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9068, a bill to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

MEMORIAL AT OLD ST. LOUIS, MO.

Mr. BANKHEAD, from the Committee on Rules, submitted the following privileged report (No. 1419) for printing under the rule:

House Resolution 356

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 93. After general debate, which shall be confined to the joint resolution and shall continue not to exceed 30 minutes, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Library, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point, and to include therein a little statement by the President of the United States of about 100 words.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

THE GREATEST STEAL IN AMERICAN HISTORY

Mr. SHOEMAKER. Mr. Speaker, during the past few weeks I have been cooperating with Mr. E. W. Mason, intermediary officer, Progressive Party, congressional bloc, Washington, D.C., developing the facts in the greatest steal ever permitted by a legislative body in American history. I refer to the passage of the law which extended the rights of the Federal Reserve banks to borrow money on United States securities. The great unanswerable question is, Why do we keep on in this camouflage and financial policy of issuing tax-exempt interest-bearing securities when we know the law permits the colossal steal I wish to call attention to here?

The Federal Reserve banks now have about three billions of United States funds, drawing interest from 2⅞ to 4 percent.

The old law provides that upon the tender of the Federal Reserve bank, a private corporation, to the Federal Reserve agent, a United States Government official, of certain collateral and the cost of printing the bills—which is now 0.007 cent each—the Government shall coin and pay the Federal Reserve bank currency equal to the collateral tendered.

All the benefits, such as interest and premiums, go to the bank and not to the Government. The collateral is stored in the safety-deposit vault of the bank itself.

This bill specified that United States securities—bonds—may be used for a limited number of years.

It has been found that at 0.7 of a cent per bill the cost of an average $1,000 purchase is anywhere from 26 cents to 40 cents, according to the denomination ordered. A $5 bill and a $10,000 bill cost exactly the same, viz, $0.007. In the calculations I am to make here I shall figure on the basis of 30 cents per thousand dollars being the cost of the bills.

President Roosevelt wishes to float nine billions in bonds.

Here is the possible workout:

FIRST OPERATION

Federal Reserve bank tenders the United States Government 1,000,000,000 of present owned bonds and $300,000 in currency and asks for a billion of new currency.

The Government deposits the bonds in the box at the bank. These bonds still pay interest to the bank. The $300,000 which pays for the cost of printing goes to the United States Treasury at Washington. The Treasury delivers to the bank $1,000,000,000 in new currency.

The bank takes the billion and returns it to the Government for a billion of new bonds drawing 2⅞-percent interest—Secretary Morgenthau's bargain rate announced in the papers.

The Government delivers the bonds to the bank. The bank now has a new billion. This new billion takes the place of the billion put up as collateral in the course of this first operation. Thus the bank has only spent $300,000 (the cost of printing the bills), and their interest on the new billion of bonds during the first year is $28,750,000, or a net advantage to the bank of $28,450,000 the first year and $28,750,000 each succeeding year until the bonds are paid. When one remembers that Civil War bonds are still outstanding—perhaps forming part of the billion of bonds tendered by the bank in this operation—one gathers an idea of the immensity of the steal.

SECOND OPERATION

The bank tenders the new billion of bonds to the Government and $300,000 in currency for a billion in new money. The Government deposits the bonds, still drawing interest to the bank, in the bank's own vault and sends the $300,000 to the Treasury to cover the cost of printing.

The Government delivers to the bank one billion in new currency.

The bank returns the billion to the Government for a billion of bonds. The Government delivers the bonds and the bank now has two new billions of bonds, with an annual interest income of $57,500,000 for an outlay of $600,000.

THIRD OPERATION

The bank tenders $300,000 and the billion of bonds from operation two to the Government for a billion of new currency.

The Government delivers the money.

The bank returns the money for a billion of bonds.

The Government delivers the bonds and the bank now has three billion of bonds at interest, at an investment of $900,000 and an annual interest income of $86,250,000. You will notice that the interest is greater than the new investment by nearly 10 times.

FOURTH OPERATION

Just the same as the preceding. The investment is increased to $1,200,000 and the annual interest is $115,000,000.

FIFTH OPERATION

Same as preceding. The investment is now $1,500,000, and the annual interest has slipped up to $143,750,000.

SIXTH OPERATION

Investment	$1,800,000
Annual interest	172,500,000

SEVENTH OPERATION

Investment	$2,100,000
Annual interest	201,250,000

EIGHTH OPERATION

Investment	$2,400,000
Annual interest	230,000,000

NINTH OPERATION

Investment	2,700,000
Annual interest	258,750,000

The ninth billion dollars in bonds is now free and clear and substitutes the original billion that was used as collateral in buying the first billion dollars of currency. The real cost of the interest privilege of $9,000,000,000 is but $2,700,000.

To recapitulate:

Total investment	$2,700,000.00
Daily interest	708,904.11
Yearly interest	258,750,000.00
Daily interest on $1	.26255
Yearly interest on $1	95.83

Usual yearly rate of interest, 6 percent; annual rate of interest on this investment of $2,700,000, 95.83 percent.

It will be seen that the banker makes a loan from the Government on his collateral (bonds), for an indefinite period, at 0.003 percent. When the farmer wishes to make a loan on his collateral (farm) he pays every year 0.045 percent. The laboring man pays every year 0.06 percent. In other words, the farmer pays 150 times as much in 1 year as the banker pays during the life of the currency, and the laborer pays 200 times as much in 1 year as the banker pays during the life of the currency.

The Frazier-Lemke bill would make the farmer pay only 50 times as much as the banker, or 0.015 percent.

You will notice that every dollar invested by the banker draws a yearly interest of $95.83, or a daily interest of $0.26255.

You will also notice that the extra tax burden the President is putting on the people is about $1,000,000 for every working day of the year for the interest on the $9,000,000,000 of bonds.

Further, the only difference between giving these $9,000,000,000 of printing-press money direct to the people instead of selling it to the bankers and buying it back again is that the bankers are paid by the Government $258,750,000 a year by the latter method. It is still printing-press money. I want to call your attention here to the difference between sound and unsound money. Sound money pays interest to the bankers. Unsound money pays them no interest.

A further point: We have seen the President's plans referred to as of socialistic origin and tendency. In the question of bonds—which are bondage—Norman Thomas, Socialist Party candidate for the Presidency, even called on the President and urged him to issue twelve billions of relief bonds instead of five billions then proposed. Senators CUTTING and LA FOLLETTE worked for days to get Roosevelt to issue more relief bonds—more bondage—but the President bravely (?) held down to only nine billions for the robbers, making a small daily dole for the impoverished bankers of $708,904.11.

Other profits, probably greater than the interest on the bonds tabulated above, are possible by the ability of the bankers to loan that credit money at high interest rates. Ten to fifteen billions or more could easily be juggled in a credit structure. Then there is the possibility of the bankers never having to repay the deposit itself; as, due to clearing-house custom, it is merely the clearing-house balances that have to be taken care of; in the long run, the deposits above equaling the withdrawals. The possibilities and figures in connection with this latter point are dazzling but are based on speculation only, and so I do not attempt here to give you even an estimate of them.

As a sample of this, note that any bill destroyed in circulation goes to the credit of the bankers.

The history of the Civil War, Cleveland panic, and Panama Canal bonds—now, due to refunding, known as "consols"—is that they have already cost the Government in interest much more than their face value. Presuming that history will repeat itself with the present and proposed bonds, it will eventually represent a profit to the bankers of over ten billions on an actual investment of $2,700,000. But if we suppose these bonds are only issued once—that is, not refunded but paid in full in 10 years—we have the following figures:

Interest (10 years)	$2,875,000,000
Only actual cost	2,700,000
Profit	2,873,300,000

This means a possible profit in 10 years of $1,064.07 on every dollar invested. That would be $10.64 on every single penny invested.

My brain reels as I write these figures, but they are true, though they seem absurd they are so startling. This law was an administration measure. The President personally called up Representative PATMAN and other Members of Congress, who were working conscientiously against the measure, and asked them to stop, promising them that he would later "hit the money changers between the eyes." The President gives them from $2,873,300,000 to about $18,000,000,000, and then says he proposes to hit them hard. By calling them names?

The President whole-heartedly goes back of the Federal Reserve bank in these words, which appear in the Federal Reserve Bulletin of February—a publication of a private corporation printed by the Public Printer—viz:

> It gives me pleasure at this time to express my appreciation of the splendid services that the Federal Reserve System has rendered in connection with our efforts to bring about recovery. It has been an institution of incalculable value throughout the 20 years of its existence; soon after its organization it was an important factor in enabling this country to aid in winning the war; and more recently it has given firm support to the Government's efforts in fighting the depression. It has stood loyally by the interest of the people by supplying them with a sound currency, by placing at the disposal of member banks a large volume of reserves available to finance recovery, by exerting a powerful influence toward the rehabilitation of the commercial banking structure, and by cooperating in every way with the Government's financial program.

Press dispatches indicate that the Treasury Department has effected a deal with the Morgan firm to float the bonds. Secretary Morgenthau announces a "bargain interest rate on the bonds of 2⅞ percent." The Washington Herald blazed in their issue of January 27, in big headlines, that the Morgan Co. are cooperating whole-heartedly with the administration in stabilizing our monetary system at $0.60 in international exchange. No stronger evidence could be had that the administration, or at least that part of it, are determined that the monetary policies of the Government are a part and parcel of the manipulation. It is not an experiment, and I wonder if when the President was penning the words, quoted above, in praise of 20 years of this gigantic lobby—if he thoroughly understood how his good intention and popular standing among the masses of the Nation were being used to further this diabolical scheme by men who are misleading him.

The forgotten international bankers have been taken care of to the tune of at least $2,875,300,000 in interest and possibly an ultimate final profit of $18,000,000,000 while they are being called "money changers" in a deprecating sense.

The big question now is, Shall we give a thousand dollars to the bankers for 30 cents and charge the farmers $45 for a like amount, $44.70 more than the bankers have to pay? Incidentally, the workers, who are not farmers, can obtain the same thousand for $60 or $59.70 more than a banker.

On February 28, 1934, this bill known as "Senate 2766" was reported from the committee, was unanimously agreed to by the full Banking and Currency Committee of the Senate, and reported on the floor to be unanimously passed without protest by the Senate. In the House, I am proud to say that among the 38 Members who voted against this measure, when it was passed on March 3, we find the 5 Farmer-Labor Members, including myself, who were aware of the dangers lurking in a bill of this kind, and could not bring ourselves to sell out the people of the United States in this subtle way.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

THE TAX BILL

Mr. SAMUEL B. HILL. Mr. Speaker, I call up the conference report on the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. TREADWAY. Mr. Speaker, before the report is read, may I ask the gentleman from Washington a question with reference to the time of debate on the conference report. Is there any disposition on the part of the majority side to extend the time beyond the usual 1 hour?

Mr. SAMUEL B. HILL. May I say to the gentleman from Massachusetts that it occurs to me that 1 hour will be ample time for the discussion of this report. In view of the fact that other business is pressing, I am loath to agree to an extension. I should like to accommodate the gentleman from Massachusetts, but I do not feel inclined to do so under the circumstances.

Mr. TREADWAY. The gentleman would like to do it, but does not feel he can?

Mr. SAMUEL B. HILL. That is correct.

Mr. TREADWAY. That is a very fair statement. I will have to accept the inevitable. It is a very short time to discuss so important a bill as this, but the gentleman has the authority, and I yield gracefully.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 23, 26, 29, 31, 33, 37, 39, 40, 41, 42, 54, 55, 56, 57, 74, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 93, 94, 95, 109, 109½, 110, 111, 113, 114, 122, 123, 144, 146, 167, 175, and 182.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 16, 17, 18, 20, 21, 22, 25, 27, 28, 30, 32, 34, 35, 36, 45, 47, 48, 49, 50, 51, 52, 53, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 75, 92, 96, 97, 98, 99, 100, 102, 103, 104, 105, 106, 107, 112, 115, 116, 117, 118, 119, 120, 121, 125, 126, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 152, 154, 155, 156, 157, 159, 160, 161, 162, 163, 164, 165, 166, 176, 178, 179, 180, 181, 183, and 184, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 4 percent of such excess.

"$80 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 5 percent in addition of such excess.

"$180 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 6 percent in addition of such excess.

"$300 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 7 percent in addition of such excess.

"$440 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 8 percent in addition of such excess.

"$600 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 9 percent in addition of such excess.

"$780 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 11 percent in addition of such excess.

"$1,000 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 percent in addition of such excess.

"$1,260 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 percent in addition of such excess.

"$1,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 percent in addition of such excess.

"$2,240 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 percent in addition of such excess.

"$3,380 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 21 percent in addition of such excess.

"$4,640 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 24 percent in addition of such excess.

"$6,080 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 27 percent in addition of such excess.

"$7,700 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 30 percent in addition of such excess.

"$9,500 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 33 percent in addition of such excess.

"$11,480 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 36 percent in addition of such tax.

"$13,640 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 39 percent in addition of such excess.

"$15,980 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 42 percent in addition of such excess.

"$18,500 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 45 percent in addition of such excess.

"$23,000 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 50 percent in addition of such excess.

"$28,000 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 52 percent in addition of such excess.

"$54,000 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, 53 percent in addition of such excess.

"$80,000 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $300,000, 54 percent in addition of such excess.

"$134,500 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 55 percent in addition of such excess.

"$189,500 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 56 percent in addition of such excess.

"$245,500 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $750,000, 57 percent in addition of such excess.

"$388,000 upon surtax net incomes of $750,000; and upon surtax net incomes in excess of $750,000 and not in excess of $1,000,000, 58 percent in addition of such excess.

"$533,000 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000, 59 percent in addition of such excess."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title or prior income tax laws in respect of such annuity equals the aggregate premiums or consideration paid for such annuity."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "$14,000"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(a) Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926; and all returns made under this act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President.

"(b) Every person required to file an income return shall file with his return, upon a form prescribed by the Commissioner, a correct statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. In case of any failure to file with the return the statement required by this subsection, the collector shall prepare it from the return, and $5 shall be added to the tax. The amount so added to the tax shall be collected at the same time and in the same manner as amounts added under section 291. Such statements or copies thereof shall as soon as practicable be made available to public examination and inspection in such manner as the Commissioner, with the approval of the Secretary, may determine, in the office of the collector with which they are filed, for a period of not less than 3 years from the date they are required to be filed."

And the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment and, on page 51 of the House bill, line 26, before the semicolon, insert a period and the following: "Business done for the United States or any of its agencies shall be disregarded in determining the right to exemption under this paragraph"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: On page 18 of the Senate engrossed amendments, lines 14 and 15, strike out "increased by the amount of the dividend deduction allowed under section 23 (p)" and insert "computed without the allowance of the dividend deduction otherwise allowable"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"SEC. 141. Consolidated returns of railroad corporations.

"(a) Privilege to file consolidated returns: An affiliated group of corporations shall, subject to the provisions of this section, have the privilege of making a consolidated return for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all the corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to all the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the making of such return; and the making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

"(b) Regulations: The Commissioner, with the approval of the Secretary, shall prescribe such regulations as he may deem necessary in order that the tax liability of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, may be determined, computed, assessed, collected, and adjusted in such manner as clearly to reflect the income and to prevent avoidance of tax liability.

"(c) Computation and payment of tax: In any case in which a consolidated return is made the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the date on which such return is made; except that there shall be added to the rate of tax prescribed by section 13 (a) a rate of 2 percent, but the tax at such increased rate shall be considered as imposed by section 13 (a).

"(d) Definition of 'affiliated group': As used in this section an 'affiliated group' means one or more chains of corporations connected through stock ownership with a common parent corporation if—

"(1) At least 95 percent of the stock of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and

"(2) The common parent corporation owns directly at least 95 percent of the stock of at least one of the other corporations; and

"(3) Each of the corporations is either (A) a corporation whose principal business is that of a common carrier by railroad or (B) a corporation the assets of which consist principally of stock in such corporations and which does not itself operate a business other than that of a common carrier by railroad. For the purpose of determining whether the principal business of a corporation is that of a common carrier by railroad, if a common carrier by railroad has leased its railroad properties and such properties are operated as such by another common carrier by railroad, the business of receiving rents for such railroad properties shall be considered as the business of a common carrier by railroad.

"As used in this subsection (except in par. (3)) the term 'stock' does not include nonvoting stock which is limited and preferred as to dividends.

"(e) Foreign corporations: A foreign corporation shall not be deemed to be affiliated with any other corporation within the meaning of this section.

"(f) China Trade Act corporations: A corporation organized under the China Trade Act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of this section.

"(g) Corporations deriving income from possessions of United States: For the purposes of this section a corporation entitled to the benefits of section 251, by reason of receiving a large percentage of its income from possessions of the United States, shall be treated as a foreign corporation.

"(h) Subsidiary Formed to Comply With Foreign Law.—In the case of a domestic corporation owning or controlling, directly or indirectly, 100 percent of the capital stock (exclusive of directors' qualifying shares) of a corporation organized under the laws of a contiguous foreign country and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, such foreign corporation may, at the option of the domestic corporation, be treated for the purpose of this title as a domestic corporation.

"(i) Suspension of Running of Statute of Limitations.—If a notice under section 272 (a) in respect of a deficiency for any taxable year is mailed to a corporation, the suspension of the running of the statute of limitations, provided in section 277, shall apply in the case of corporations with which such corporation made a consolidated return for such taxable year.

"(j) Allocation of Income and Deductions.—For allocation of income and deductions of related trades or businesses, see section 45."

And the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(c) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income (or, in the case of a foreign life insurance company, against net income from sources within the United States) the amount received as interest upon obligations of the United States or of corporations organized under Act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3). In the case of a foreign life insurance company the credit shall not exceed an amount which bears the same ratio to the amount otherwise allowed as a credit as the reserve funds required by law and held by it at the end of the taxable year upon business transacted within the United States is of the reserve funds held by it at the end of the taxable year upon all business transacted"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(f) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income (or, in the case of a foreign corporation, against net income from sources within the United States) the amount received as interest upon obligations of the United States or of corporations organized under act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3)."

And the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows: On page 32 of the Senate engrossed amendments strike out all of the page after line 2 and insert in lieu thereof the following:

"(2) The term 'undistributed adjusted net income' means the adjusted net income minus the sum of:

"(A) 20 percent of the excess of the adjusted net income over the amount of dividends received from personal holding companies which are allowable as a deduction for the purposes of the tax imposed by section 13 or 204;

"(B) Amounts used or set aside to retire indebtedness incurred prior to January 1, 1934, if such amounts are reasonable with reference to the size and terms of such indebtedness; and

"(C) Dividends paid during the taxable year.

"(3) The term 'adjusted net income' means the net income computed without the allowance of the dividend deduction otherwise allowable, but minus the sum of:

"(A) Federal income, war-profits, and excess-profits taxes paid or accrued, but not including the tax imposed by this section;

"(B) Contributions or gifts, not otherwise allowed as a deduction, to or for the use of donees described in section 23 (o) for the purposes therein specified; and

"(C) Losses from sales or exchanges of capital assets which are disallowed as a deduction by section 117 (d)."

And the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 405. Estate tax rates:

"(a) Section 401 (b) of the Revenue Act of 1932 is amended to read as follows:

"'(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"'Upon net estates not in excess of $10,000, 1 percent.

"'$100 upon net estates of $10,000; and upon net estates in excess of $10,000 and not in excess of $20,000, 2 percent in addition of such excess.

"'$300 upon net estates of $20,000; and upon net estates in excess of $20,000 and not in excess of $30,000, 3 percent in addition of such excess.

"'$600 upon net estates of $30,000; and upon net estates in excess of $30,000 and not in excess of $40,000, 4 percent in addition of such excess.

"'$1,000 upon net estates of $40,000; and upon net estates in excess of $40,000 and not in excess of $50,000, 5 percent in addition of such excess.

"'$1,500 upon net estates of $50,000; and upon net estates in excess of $50,000 and not in excess of $70,000, 7 percent in addition of such excess.

"'$2,900 upon net estates of $70,000; and upon net estates in excess of $70,000 and not in excess of $100,000, 9 percent in addition of such excess.

"'$5,600 upon net estates of $100,000; and upon net estates in excess of $100,000 and not in excess of $200,000, 12 percent in addition of such excess.

"'$17,600 upon net estates of $200,000; and upon net estates in excess of $200,000 and not in excess of $400,000, 16 percent in addition of such excess.

"'$49,600 upon net estates of $400,000; and upon net estates in excess of $400,000 and not in excess of $600,000, 19 percent in addition of such excess.

"'$87,600 upon net estates of $600,000; and upon net estates in excess of $600,000 and not in excess of $800,000, 22 percent in addition of such excess.

"'$131,600 upon net estates of $800,000; and upon net estates in excess of $800,000 and not in excess of $1,000,000, 25 percent in addition of such excess.

"'$181,600 upon net estates of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 28 percent in addition of such excess.

"'321,600 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 31 percent in addition of such excess.

"'$476,600 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 34 percent in addition of such excess.

"'$646,600 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 37 percent in addition of such excess.

"'$831,600 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 40 percent in addition of such excess.

"'$1,031,600 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 43 percent in addition of such excess.

"'$1,246,600 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 46 percent in addition of such excess.

"'$1,476,600 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 48 percent in addition of such excess.

"'$1,716,600 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 50 percent in addition of such excess.

"'$2,216,600 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 52 percent in addition of such excess.

"'$2,736,600 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 54 percent in addition of such excess.

"'$3,276,600 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $9,000,000, 56 percent in addition of such excess.

"'$3,836,600 upon net estates of $9,000,000; and upon net estates in excess of $9,000,000 and not in excess of $10,000,000, 58 percent in addition of such excess.

"'$4,416,600 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000, 60 percent in addition of such excess.'

"(b) The amendment made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act."

And the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 406. Nondeductibility of certain transfers:

"Section 303 (a) (3) and section 303 (b) (3) of the Revenue Act of 1926, as amended, are amended by inserting after 'individual', wherever appearing therein, a comma and the following: 'and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'"

And the Senate agree to the same.

Amendment numbered 142: That the House recede from its disagreement to the amendment of the Senate numbered 142, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"The President is authorized to appoint, by and with the advice and consent of the Senate, an Assistant General Counsel for the Bureau of Internal Revenue and to fix his compensation at a rate not in excess of $10,000 per annum. The Secretary may appoint and fix the duties of such other Assistant General Counsel (not to exceed five) and such other officers and employees as he may deem necessary to assist the General Counsel in the performance of his duties. The Secretary may designate one of the Assistant General Counsel to act as the General Counsel during the absence of the General Counsel. The General Counsel, with the approval of the Secretary, is authorized to delegate to any Assistant General Counsel any authority, duty, or function which the General Counsel is authorized or required to exercise or perform. The Assistant General Counsel appointed by the Secretary may be appointed and compensated without regard to the provisions of the Classification Act of 1923, as amended, and the Civil Service laws and shall receive compensation at such rate (not in excess of $10,000 per annum) as may be fixed by the Secretary."

And the Senate agree to the same.

Amendment numbered 143: That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"The Secretary of the Treasury is authorized (without regard to the Classification Act of 1923, as amended, and the civil-service laws) to appoint and fix the compensation of five assistants at rates of compensation of not to exceed $10,000 per annum, but the rates so fixed shall be subject to the reduction applicable to officers and employees of the Federal Government generally."

And the Senate agree to the same.

Amendment numbered 145: That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment and on page 194 of the House bill, line 5, after "officer", insert "or employee"; and the Senate agree to the same.

Amendment numbered 147: That the House recede from its disagreement to the amendment of the Senate numbered 147, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 516. Commissioner as party to suit:

"Section 907 of the Revenue Act of 1924, as amended, is amended by adding at the end thereof a new subdivision to read as follows:

"'(g) When the incumbent of the office of Commissioner changes, no substitution of the name of his successor shall be required in proceedings pending after the date of the enactment of the Revenue Act of 1934, before any appellate court reviewing the action of the Board.'"

And the Senate agree to the same.

Amendment numbered 148: That the House recede from its disagreement to the amendment of the Senate numbered 148, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 517. Nondeductibility of certain gifts:

"(a) Section 505 (a) (2) (B) and section 505 (b) (2) of the Revenue Act of 1932 are amended by inserting after 'individual' a comma and the following: 'and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation'.

"(b) Section 505 (b) (3) of the Revenue Act of 1932 is amended by inserting after 'animals' a comma and the following: 'no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'"

And the Senate agree to the same.

Amendment numbered 149: That the House recede from its disagreement to the amendment of the Senate numbered 149, and agree to the same with an amendment as follows: On page 43 of the Senate engrossed amendments, line 11,

strike out "517" and insert 518; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: On page 44 of the Senate engrossed amendments, line 2, strike out "518" and insert 519; and the Senate agree to the same.

Amendment numbered 151: That the House recede from its disagreement to the amendment of the Senate numbered 151, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 520. Gift-tax rates: (a) The gift-tax schedule set forth in section 502 of the Revenue Act of 1932 is amended to read as follows:

"'Upon net gifts not in excess of $10,000, three fourths of 1 percent.

"'$75 upon net gifts of $10,000; and upon net gifts in excess of $10,000 and not in excess of $20,000, 1½ percent in addition of such excess.

"'$225 upon net gifts of $20,000; and upon net gifts in excess of $20,000 and not in excess of $30,000, 2¼ percent in addition of such excess.

"'$450 upon net gifts of $30,000; and upon net gifts in excess of $30,000 and not in excess of $40,000, 3 percent in addition of such excess.

"'$750 upon net gifts of $40,000; and upon net gifts in excess of $40,000 and not in excess of $50,000, 3¾ percent in addition of such excess.

"'$1,125 upon net gifts of $50,000; and upon net gifts in excess of $50,000 and not in excess of $70,000, 5¼ percent in addition of such excess.

"'$2,175 upon net gifts of $70,000; and upon net gifts in excess of $70,000 and not in excess of $100,000; 6¾ percent in addition of such excess.

"'$4,200 upon net gifts of $100,000; and upon net gifts in excess of $100,000 and not in excess of $200,000, 9 percent in addition of such excess.

"'$13,200 upon net gifts of $200,000; and upon net gifts in excess of $200,000 and not in excess of $400,000, 12 percent in addition of such excess.

"'$37,200 upon net gifts of $400,000; and upon net gifts in excess of $400,000 and not in excess of $600,000, 14¼ percent in addition of such excess.

"'$65,700 upon net gifts of $600,000; and upon net gifts in excess of $600,000 and not in excess of $800,000, 16½ percent in addition of such excess.

"'$98,700 upon net gifts of $800,000; and upon net gifts in excess of $800,000 and not in excess of $1,000,000, 18¾ percent in addition of such excess.

"'$136,200 upon net gifts of $1,000,000; and upon net gifts in excess of $1,000,000 and not in excess of $1,500,000, 21 percent in addition of such excess.

"'$241,200 upon net gifts of $1,500,000; and upon net gifts in excess of $1,500,000 and not in excess of $2,000,000, 23¼ percent in addition of such excess.

"'$357,450 upon net gifts of $2,000,000; and upon net gifts in excess of $2,000,000 and not in excess of $2,500,000, 25½ percent in addition of such excess.

"'$484,950 upon net gifts of $2,500,000; and upon net gifts in excess of $2,500,000 and not in excess of $3,000,000, 27¾ percent in addition of such excess.

"'623,700 upon net gifts of $3,000,000; and upon net gifts in excess of $3,000,000 and not in excess of $3,500,000, 30 percent in addition of such excess.

"'773,700 upon net gifts of $3,500,000; and upon net gifts in excess of $3,500,000, and not in excess of $4,000,000, 32¼ percent in addition of such excess.

"'$934,950 upon net gifts of $4,000,000; and upon net gifts in excess of $4,000,000 and not in excess of $4,500,000, 34½ percent in addition of such excess.

"'$1,107,450 upon net gifts of $4,500,000; and upon net gifts in excess of $4,500,000 and not in excess of $5,000,000, 36 percent in addition of such excess.

"'$1,287,450 upon net gifts of $5,000,000; and upon net gifts in excess of $5,000,000 and not in excess of $6,000,000, 37½ percent in addition of such excess.

"'$1,662,450 upon net gifts of $6,000,000; and upon net gifts in excess of $6,000,000 and not in excess of $7,000,000, 39 percent in addition of such excess.

"'$2,052,450 upon net gifts of $7,000,000; and upon net gifts in excess of $7,000,000 and not in excess of $8,000,000, 40½ percent in addition of such excess.

"'$2,457,450 upon net gifts of $8,000,000; and upon net gifts in excess of $8,000,000 and not in excess of $9,000,000, 42 percent in addition of such excess.

"'$2,877,450 upon net gifts of $9,000,000; and upon net gifts in excess of $9,000,000 and not in excess of $10,000,000, 43½ percent in addition of such excess.

"'$3,312,450 upon net gifts of $10,000,000; and upon net gifts in excess of $10,000,000, 45 percent in addition of such excess.'

"(b) The amendment made by subsection (a) of this section shall be applied in computing the tax for the calendar year 1935 and each calendar year thereafter (but not the tax for the calendar year 1934 or a previous calendar year), and such amendment shall be applied in all computations in respect of the calendar year 1934 and previous calendar years for the purpose of computing the tax for the calendar year 1935 or any calendar year thereafter."

And the Senate agree to the same.

Amendment numbered 153: That the House recede from its disagreement to the amendment of the Senate numbered 153, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the amendment of the Senate insert the following:

"Section 601 (c) of the Revenue Act of 1932 is amended by adding at the end thereof a new paragraph, as follows:

"'(8) Whale oil (except sperm oil), fish oil (except cod oil, cod-liver oil, and halibut-liver oil), marine animal oil, and any combination or mixture containing a substantial quantity of any one or more of such oils, 3 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles after the date of the enactment of the Revenue Act of 1934, and shall not be subject to the provisions of subsection (b) (4) of this section (prohibiting drawback) or section 629 (relating to expiration of taxes).'"

"SEC. 602½. Processing tax on certain oils:

"(a) There is hereby imposed upon the first domestic processing of coconut oil, sesame oil, palm oil, palm-kernel oil, or sunflower oil, or of any combination or mixture containing a substantial quantity of any one or more of such oils with respect to any of which oils there has been no previous first domestic processing, a tax of 3 cents per pound, to be paid by the processor. There is hereby imposed (in addition to the tax imposed by the preceding sentence) a tax of 2 cents per pound, to be paid by the processor, upon the first domestic processing of coconut oil or of any combination or mixture containing a substantial quantity of coconut oil with respect to which oil there has been no previous first domestic processing, except that the tax imposed by this sentence shall not apply when it is established, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, that such coconut oil (whether or not contained in such a combination or mixture), (A) is wholly the production of the Philippine Islands or any other possession of the United States, or (B) was produced wholly from materials the growth or production of the Philippine Islands or any other possession of the United States, or (C) was brought into the United States on or before the 30th day after the date of the enactment of this act or produced from materials brought into the United States on or before the 30th day after the date of the enactment of this act, or (D) was purchased under a bona fide contract entered into prior to April 26, 1934, or produced from materials purchased under a bona fide contract entered into prior to April 26, 1934. All taxes collected under this section with respect to coconut oil wholly of Philippine production or produced from materials wholly of Philippine growth or production, shall be held as a separate fund and paid to the Treasury

of the Philippine Islands, but if at any time the Philippine Government provides by any law for any subsidy to be paid to the producers of copra, coconut oil, or allied products, no further payments to the Philippine Treasury shall be made under this subsection. For the purposes of this section the term 'first domestic processing' means the first use in the United States, in the manufacture or production of an article intended for sale, of the article with respect to which the tax is imposed, but does not include the use of palm oil in the manufacture of tin plate."

And the Senate agree to the same.

Amendment numbered 158: That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment as follows: On page 51 of the Senate engrossed amendments, line 13, strike out "first day of the first calendar month" and insert "thirtieth day"; and on page 52 of the Senate engrossed amendments, lines 10 and 11, strike out "first day of the first calendar month" and insert "thirtieth day"; and the Senate agree to the same.

Amendment numbered 168: That the House recede from its disagreement to the amendment of the Senate numbered 168, and agree to the same with an amendment as follows: On page 58 of the Senate engrossed amendments, line 12, strike out "606" and insert "607"; and the Senate agree to the same.

Amendment numbered 169: That the House recede from its disagreement to the amendment of the Senate numbered 169, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 2, strike out "607" and insert "608"; and the Senate agree to the same.

Amendment numbered 170: That the House recede from its disagreement to the amendment of the Senate numbered 170, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 8, strike out "608" and insert "609"; and the Senate agree to the same.

Amendment numbered 171: That the House recede from its disagreement to the amendment of the Senate numbered 171, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 14, strike out "609" and insert "610"; and the Senate agree to the same.

Amendment numbered 172: That the House recede from its disagreement to the amendment of the Senate numbered 172, and agree to the same with an amendment as follows: On page 60 of the Senate engrossed amendments, line 4, strike out "610" and insert "611"; and the Senate agree to the same.

Amendment numbered 173: That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 612. Stamp tax on sales of produce for future delivery:

"(a) Effective on the day following the enactment of this act subdivision 4 of schedule A of title VIII of the Revenue Act of 1926, as amended, is amended by striking out '5 cents' wherever appearing in such subdivision and inserting in lieu thereof '3 cents.'

"(b) Section 726 (c) of the Revenue Act of 1932 is amended by striking out '5 cents' and inserting in lieu thereof '3 cents'; and the Senate agree to the same.

Amendment numbered 174: That the House recede from its disagreement to the amendment of the Senate numbered 174, and agree to the same with an amendment as follows: On page 61 of the Senate engrossed amendments, line 2, strike out "612" and insert "613"; and the Senate agree to the same.

Amendment numbered 177: That the House recede from its disagreement to the amendment of the Senate numbered 177, and agree to the same with an amendment as follows: On page 66 of the Senate engrossed amendments, line 7, strike out "and (4)" and insert "(4) the excess of its income wholly exempt from the taxes imposed by title I over the amount disallowed as a deduction by section 24 (a) (5) of such title, and (5)"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1 and 13.

R. L. DOUGHTON,
SAMUEL B. HILL,
THOS. H. CULLEN,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
JAMES COUZENS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 2: In the House bill the surtax rates commenced at 4 percent upon surtax net incomes of $4,000 and not in excess of $8,000 and increased progressively by brackets to 59 percent upon the portion of the surtax net income in excess of $1,000,000. The Senate amendment increases the surtax rates in all brackets up to and including the bracket of surtax net incomes of $26,000 to $32,000. Above this bracket the Senate amendment makes no rate changes. Under the Senate amendment the surtax rates commence at 5 percent upon surtax net incomes of $4,000 and not in excess of $6,000. The Senate amendment affects, however, the total surtaxes paid in the higher brackets on account of the cumulative nature of the surtax schedule. Under the House bill the total surtax on a surtax net income of $1,000,000 is $532,740, while under the Senate amendment the total surtax on the same amount of surtax net income is $533,240.

In respect to this Senate amendment, the House recedes with an amendment decreasing the surtax rates proposed by the Senate up to and including the bracket of surtax net incomes of $16,000 to $18,000. The rates proposed in these lower brackets add 1 percent to the House rates, except in the first bracket covering surtax net incomes of $4,000 to $6,000, in which case the rate is 4 percent as in the House bill.

The following table shows the differences between the surtax rates contained in the House bill, the Senate amendment, and the conference agreement:

Surtax rates

Portion of surtax net incomes from—	House bill	Senate amendment	Conference agreement
	Percent	*Percent*	*Percent*
$4,000 to $6,000	4	5	4
$6,000 to $8,000	4	7	5
$8,000 to $10,000	5	8	6
$10,000 to $12,000	6	9	7
$12,000 to $14,000	7	10	8
$14,000 to $16,000	8	11	9
$16,000 to $18,000	10	12	11
$18,000 to $20,000	12	13	13
$20,000 to $22,000	14	15	15
$22,000 to $26,000	16	17	17
$26,000 to $32,000	18	19	19
$32,000 to $38,000	21	21	21
$38,000 to $44,000	24	24	24
$44,000 to $50,000	27	27	27
$50,000 to $56,000	30	30	30
$56,000 to $62,000	33	33	33
$62,000 to $68,000	36	36	36
$68,000 to $74,000	39	39	39
$74,000 to $80,000	42	42	42
$80,000 to $90,000	45	45	45
$90,000 to $100,000	50	50	50
$100,000 to $150,000	52	52	52
$150,000 to $200,000	53	53	53
$200,000 to $300,000	54	54	54
$300,000 to $400,000	55	55	55
$400,000 to $500,000	56	56	56
$500,000 to $750,000	57	57	57
$750,000 to $1,000,000	58	58	58
Over $1,000,000	59	59	59

On amendments nos. 3, 4, 5, and 6: These make clerical changes in cross references; and the House recedes.

On amendment no. 7: This amendment is necessitated by amendments nos. 15 and 25; and the House recedes.

On amendment no. 8: This is a clerical change, and the House recedes.

On amendments nos. 9, 10, 11, and 12: These make clerical changes in cross references; and the House recedes.

On amendment no. 14: The House bill requires an annuitant to include in his gross income a portion of the annual receipts in an amount equal to 3 percent of the cost of the annuity. The Senate amendment excepts from the House change persons whose aggregate receipts from annuities in the year do not exceed $500, and makes some minor changes in phraseology. The House recedes with an amendment rejecting the $500 exception.

On amendments nos. 15 and 25: Under the House bill interest on obligations of the United States and of certain of its instrumentalities which under the acts authorizing their issue was exempt from normal tax but subject to surtax, was included in gross income in the case of an individual, but excluded in the case of a corporation. Senate amendment no. 15 includes all such interest in gross income in the case of corporations as well as individuals, and amendment no. 25 allows the amount thereof as a credit to corporations against net income for the purposes of the normal corporation tax. Thus the interest on such obligations remains in gross income and net income for the purpose of corporate surtaxes, such as sections 102 and 351 of the bill as passed by the Senate. The House recedes on both amendments.

On amendment no. 16: This is a clerical amendment; and the House recedes.

On amendment no. 17: Under existing law interest paid on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after Sept. 24, 1917, and originally subscribed for by the taxpayer) is not allowed as a deduction if the interest received on such obligations is wholly exempt from income taxes. The House bill also denies the deduction if the proceeds of such indebtedness were used to purchase or carry such obligations, regardless of the purpose of the taxpayer in incurring such indebtedness. The Senate amendment restores the provisions of existing law; and the House recedes.

On amendment no. 18: Under existing law a taxpayer is denied a deduction for interest paid or accrued on money borrowed to purchase an annuity. The House bill also denies the deduction if the money borrowed was actually used to purchase an annuity even though the indebtedness was not incurred for that purpose. The Senate amendment permits a deduction in both of such cases; and the House recedes.

On amendment no. 19: This amendment prohibits any deduction for contributions made to certain organizations, a substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation; and the House recedes with an amendment striking out the words " participation in partisan politics or is."

On amendment no. 20: The House bill disallows deductions allocable to tax-exempt income. The Senate amendment excepts from the House provision deductions allocable to tax-exempt interest; and the House recedes.

On amendment no. 21: The House bill disallowed deductions allocable to income wholly exempt to the taxpayer from the taxes imposed by title I. The Senate amendment makes the disallowance of the deduction depend on whether the income is wholly exempt from the taxes imposed by title I. The House recedes.

On amendment no. 22: Under the House bill no deduction is allowed for losses in the case of sales or exchanges of property between members of a family, or between a shareholder and a corporation in which such shareholder owns a majority of the voting stock. The Senate amendment makes a slight change with respect to transfers to a closely held corporation. Instead of making the test depend upon the ownership of a majority of the voting stock of such corporation, the standard is changed so that it depends upon the ownership of 50 percent in value of the outstanding stock. The House recedes.

On amendment no. 23: This amendment eliminates a cross-reference made unnecessary by amendment no. 77 eliminating the requirement of withholding of tax at the source in the case of tax-free covenant bonds; and the Senate recedes.

On amendment no. 24: This amendment increases the maximum earned net income allowed under the House bill from $8,000 to $20,000; and the House recedes with an amendment making the maximum $14,000.

On amendment no. 25: See amendment no. 15.

On amendment no. 26: This is a change in section number; and the Senate recedes.

On amendment no. 27: Under the House bill all items of income and deductions accrued up to the date of the death of the decedent were required to be reflected in the last return filed by the decedent, regardless of the fact that he may have kept his books on a cash basis. The Senate amendment makes a clarifying change to the effect that a credit of the accrued items, such as dividends and interest on partially tax-exempt securities, will also be permitted in such cases. The House recedes.

On amendment no. 28: This amendment makes it clear that where the profit on the sale or exchange of property is returned on the installment basis by spreading the profit over the period during which the installment obligations are satisfied or disposed of, such profit shall be taken into account under the brackets set forth in section 117 of the bill according to the period for which the original property sold was held rather than according to the period for which the installment obligations were held; and the House recedes.

On amendment no. 29: This amendment permits a taxpayer holding installment obligations on December 31, 1933 (which originally matured prior to January 1, 1934, but which were extended so as to mature after that date), the option of paying the tax on such installments when paid or otherwise disposed of at the 12½-percent capital-gain rate provided for in existing law. The Senate recedes.

On amendment no. 30: This is a clerical amendment; and the House recedes.

On amendment no. 31: This is a clerical amendment changing a section number; and the Senate recedes.

On amendment no. 32: This amendment is declaratory of existing law to the effect that the term " trade or business " includes the performance of the functions of a public office; and the House recedes.

On amendment no. 33: This is a clerical change in a section number; and the Senate recedes.

On amendment no. 34: This is a clerical amendment made necessary by amendment no. 36; and the House recedes.

On amendment no. 35: This amendment permits a corporate return to be sworn to by the chief accounting officer in lieu of the treasurer or assistant treasurer; and the House recedes.

On amendment no. 36: This amendment eliminates a cross-reference; and the House recedes.

On amendment no. 37: This is a clerical change in section numbers in a cross-reference; and the Senate recedes.

On amendment no. 38: This amendment provides that income-tax returns shall be open to public examination and inspection under regulations promulgated by the Secretary and approved by the President. Under the House bill (which is the same as existing law) the returns are open to public inspection only to the extent provided for by rules and regulations promulgated by the President. Subsections (b) and (c) of this amendment restate existing law. The House recedes with an amendment restoring the language of the House bill and adding a paragraph to the effect that every person required to file an income return shall file therewith a statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. Such statements or copies thereof are to be available to public examination and inspection in the office of the collector where filed for at least 3 years.

On amendment no. 39: This amendment is a clerical change in a section number; and the Senate recedes.

On amendment no. 40: This amendment is made necessary by Senate amendment no. 77 eliminating withholding at the source in the case of tax-free covenant bonds. The Senate recedes.

On amendments nos. 41 and 42: These amendments make clerical changes in section numbers; and the Senate recedes.

On amendment no. 43: This amendment provides that certain organizations, a substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation, shall not be exempt from the income tax; and the House recedes with an amendment striking out the words "participation in partisan politics or is."

On amendment no. 44: This amendment provides that a farmers' cooperative marketing or purchasing association need only keep such records as will show the actual business done with nonmembers and the profits, if any, derived therefrom, and that exemption shall not be denied on the ground that the record of transactions between the association and nonmembers is not kept on ledger accounts. The amendment also provides that such an association shall be allowed to retain the profits, if any, derived from its business with nonmembers, subject to the right of any nonmember to use his share of such profits, if any, to qualify as a member of the association. Under the amendment, business done for the Federal Government or any of its agencies is not to be considered nonmember business. The House recedes with an amendment inserting in lieu of the matter proposed to be inserted by the Senate amendment a provision that business done for the United States or any of its agencies shall be disregarded in determining the right to exemption.

On amendments nos. 45 and 124: Amendment no. 45 strikes out the provision in the House bill providing for a tax on personal holding companies, and amendment no. 124 substitutes a surtax on personal holding companies for taxable years to which title I applies. The House bill proposed a tax of 35 percent on the undistributed adjusted net income of such companies. The Senate amendment proposes a surtax of 30 percent on the first $100,000 of such income plus 40 percent on the balance over $100,000. The House bill defined a personal holding company as a corporation 80 percent of whose gross income was derived from rents, royalties, dividends, interest, annuities and gains from the sale of stock or securities, and 50 percent in value of whose outstanding stock was owned by not more than five individuals. As used in the section, the term "royalty" is not intended to include overriding royalties received by an operating company. The House bill also exempted banks and insurance companies from the operation of this section. The Senate amendment omits the word "rents" from the House definition and changes the House exemption so that corporations exempt under section 101, banks or trust companies (a substantial part of whose business is the receipt of deposits) and life-insurance companies and surety companies shall be exempt from the operation of this section. The House bill provided for a deduction from adjusted net income in arriving at undistributed adjusted net income of 10 percent of the adjusted net income. The Senate amendment provides for a deduction of 20 percent of the excess of the adjusted net income over the amount of the dividend deduction allowed corporations for normal tax purposes.

The conference agreement changes this deduction to 20 percent of the excess of the adjusted net income over the amount of the dividends from personal holding companies which are allowable as a deduction for the purpose of the tax imposed by section 13 or 204. The Senate amendment provides for a further deduction from adjusted net income of a reasonable amount used or set aside to retire indebtedness incurred before January 1, 1934. Under the conference agreement the reasonableness of such amount is to be determined with reference to the size and terms of the indebtedness. The Senate amendment omits the provision of the House bill which provided for a deduction in arriving at the adjusted net income of the losses from sales or exchanges of capital assets disallowed as a deduction under section 117 (d). The conference agreement restores this provision of the House bill. The Senate amendment provides for a separate return for the purposes of this surtax on personal holding companies. All provisions of law in respect of the taxes imposed by title I are applicable to this return, except that the foreign-tax credit imposed by section 131 is not allowed. However, the deduction of foreign taxes under section 23 (c) is permitted for the purposes of the surtax even if for the purposes of the corporate tax imposed by title I a credit for such taxes is taken. The Senate amendment adds a provision permitting the corporation to avoid liability in respect of this surtax if all its shareholders include in their gross income their entire pro rata shares, whether distributed or not, of the adjusted net income of the corporation for the year. The House recedes on amendment no. 45. On amendment no. 124 the House recedes with the amendments described above as made by the conference agreement and with a further amendment defining adjusted net income to be net income computed without the allowance of the dividend deduction otherwise allowable minus certain taxes, contributions, and losses specified in the personal holding company section.

On amendment no. 46: This amendment strikes out the provision of the House bill providing for a tax on other corporations improperly accumulating surplus and substitutes a provision providing for a surtax on corporations improperly accumulating surplus. The House bill imposed a tax of 25 percent on the net income of the corporation. The Senate amendment provides for a surtax of 25 percent on so much of the adjusted net income of the corporation as is not in excess of $100,000, plus 35 percent on so much of the adjusted net income as is in excess of $100,000. The term "net income" for the purposes of the House provision was given a special definition. The "net income" as specifically defined in the House bill has the same legal effect as the "adjusted net income" defined in the Senate amendment. Both the tax proposed by the House bill and the surtax proposed by the Senate amendment are in addition to the corporation tax imposed in section 13. The Senate amendment adds to this provision a paragraph permitting the corporation to avoid liability in respect to the surtax if all of its shareholders include in their gross income their entire pro rata shares, whether distributed or not, of the "adjusted net income" of the corporation for the year. The Senate amendment also omits as surplusage the provision of the House bill as to computation, collection, and payment of tax. The House recedes with an amendment making a clarifying change.

On amendment no. 47: The House bill imposed upon citizens or subjects of a foreign country an additional income tax equal to 50 percent of the tax otherwise imposed, if the President finds and proclaims that such country subjects our citizens or corporations to discriminatory taxes. The Senate amendment, instead of imposing an additional tax, doubles the rate of normal and surtax of individuals, and the regular tax on corporations and insurance companies, with a limitation that the tax at such doubled rates shall not exceed 80 percent of the net income. The senate amendment also makes the section applicable in the case of extraterritorial as well as discriminatory taxes. The amendment also omits as surplusage the provisions of the House bill as to computation, collection, and payment of the tax. The House recedes.

On amendment no. 48: This amendment adds language found in existing law, in conformity with Senate amendment no. 62; and the House recedes.

On amendments nos. 49, 50, 51, and 52: These amendments broaden the scope of a reorganization (as defined in the House bill) in connection with which exchanges of property may be made without the recognition of gain or loss. The amendments, in addition to making it clear that mergers and consolidations, as those terms are used in the reorganization definition, are confined to statutory mergers

and consolidations, add to the definition of reorganizations the acquisition by one corporation for all or part of its voting stock of (1) 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation, or (2) substantially all the properties of another corporation. To conform to this addition, the definition of "a party to a reorganization" is extended to include both corporations in the type of cases just mentioned. The House recedes.

On amendment no. 53: This amendment makes it clear that if the property of the decedent is sold by the executor or other representative of the estate of the decedent, the basis for computing gain or loss from such sale is the fair market value at the date of death. The House recedes.

On amendments nos. 54, 55, 56, and 57: These are clerical amendments made necessary by the Senate amendments relating to consolidated returns; and the Senate recedes.

On amendments nos. 58 and 59: These are clerical amendments; and the House recedes.

On amendment no. 60: This amendment provides that the election of the taxpayer as between percentage depletion for coal mines, metal mines, and sulphur mines and deposits, and depletion otherwise computed, shall be binding in future taxable years on holders of the property who would under section 113 compute their gain from its sale by using the basis of such taxpayer. The House recedes.

On amendment no. 61: This amendment adds language found in existing law, in conformity with Senate amendment no. 62; and the House recedes.

On amendment no. 62: This amendment restores the provisions of existing law which exempt from taxation as ordinary dividends distributions of earnings or profits accumulated, or increase in value of property accrued, prior to March 1, 1913; and the House recedes.

On amendments nos. 63 and 64: These amendments add language found in existing law, in conformity with Senate amendment no. 62; and the House recedes.

On amendment no. 65: The House bill provided that (except in the case of corporations) only 40 percent of the recognized gain or loss from the sale or exchange of a capital asset should be taken into account in computing net income if the asset had been held for more than 5 years. The Senate amendment provides for 30 percent if the asset has been held for more than 10 years. The House recedes.

On amendment no. 66: The House bill excluded from the definition of "capital assets" property held primarily for sale in the course of the taxpayer's trade or business. The Senate amendment confines the exclusion to property held primarily for sale to customers in the ordinary course of the taxpayer's trade or business, thus making it impossible to contend that a stock speculator trading on his own account is not subject to the provisions of section 117. The House recedes.

On amendment no. 67: This amendment assures that losses from sales or exchanges of capital assets (to the extent that they are taken into account and are otherwise deductible) shall be allowed in the amount of $2,000, or, if the taxpayer has gains as well as losses from that source, in the amount of $2,000 plus such gains. The House recedes.

On amendment no. 68: This amendment modifies the limitation on capital losses contained in the House bill in the case of incorporated banks and trust companies a substantial part of whose business is the receipt of deposits as follows: If evidences of indebtedness with interest coupons or in registered form issued by a corporation or by a government are sold at a loss, such loss, to the extent represented by the excess of the par or face value of the obligation over the selling price, shall be deductible without regard to the limitation on capital losses, and shall not be taken into consideration either directly or indirectly in applying the capital loss limitation with respect to other capital losses. The House recedes.

On amendment no. 69: This amendment will preclude the contention that gains or losses from short sales of property are not capital gains and losses. Under the House bill the property so sold was in all cases deemed to have been held for 1 year or less, while under this amendment the period for which the property was held will depend in each case upon the actual holding period of the property which is used by the seller to cover his obligation to deliver. The amendment omits the provision of the House bill relative to the treatment of sales or exchanges of privileges or options, since the theatment of such transactions is amply covered by the general provisions applying to capital gains and losses. Finally, under the amendment it is the gains or losses attributable to "the failure to exercise" privileges or options to buy or sell property and not all gains or losses attributable to such privileges or options which are to be treated, as a matter of law and without regard to varying circumstances, as gains or losses from sales or exchanges of capital assets held for 1 year or less. The House recedes.

On amendment no. 70: This amendment provides that dividends from foreign corporations (50 percent or more of the gross income of which was derived from sources within the United States) shall be treated for purposes of section 131, relating to foreign-tax credits, as income from sources without the United States; and the House recedes.

On amendments nos. 71 and 72: The House bill reduced the foreign-tax credit allowed under existing law by limiting the amount of the credit to the proportion of the tax which one half the net income from each foreign source bears to the total income. The Senate amendments restore the provisions of existing law. The House recedes.

On amendment no. 73: This amendment eliminates section 141 of the House bill, permitting the filing of consolidated returns. The House recedes with an amendment restoring the privilege of making a consolidated return (granted by sec. 141 of the House bill) to any affiliated group of corporations each of which is either (A) a corporation whose principal business is that of a common carrier by railroad or (B) a corporation the assets of which consist principally of stock in such corporations and which does not itself operate a business other than that of a common carrier by railroad.

On amendment no. 74: This is a clerical change in a section number; and the Senate recedes.

On amendment no. 75: This is a clerical change; and the House recedes.

On amendment no. 76: This is a clerical change in a section number; and the Senate recedes.

On amendment no. 77: This amendment eliminates section 142 (a) of the House bill requiring withholding of tax at the source in the case of tax-free covenant bonds; and the Senate recedes.

On amendments nos. 78, 79, 80, 81, 82, and 83: These are clerical amendments made necessary by Senate amendment no. 77; and the Senate recedes.

On amendments nos. 84 and 85: These are clerical changes in section numbers; and the Senate recedes.

On amendment no. 86: This is an amendment made necessary by Senate amendment no. 77; and the Senate recedes.

On amendments nos. 87, 88, 89, 90, and 91: These are changes in section numbers; and the Senate recedes.

On amendment no. 92: This amendment provides that every corporation shall, in its return, submit a list of the names of all officers and employees to whom more than $15,000 was paid by the corporation during the taxable year by way of salary, commission, bonus, or other compensation for personal services rendered. The amendment also provides that the amounts paid to such individuals shall be reported, and that the Secretary of the Treasury shall submit an annual report to Congress showing the names of the individuals, the amount paid to each, and the name of the paying corporation. The House recedes.

On amendments nos. 93, 94, and 95: These amendments make clerical changes in section numbers; and the Senate recedes.

On amendments nos. 96 and 97: Under existing law, the income from a revocable trust is taxable to the grantor only where such grantor (or a person not having a substantial adverse interest in the trust) has the power within the taxable year to revest in the grantor title to any part of the

corpus of the trust. Under the terms of some trusts, the power to revoke cannot be exercised within the taxable year, except upon advance notice delivered to the trustee during the preceding taxable year. If this notice is not given within the preceding taxable year, the courts have held that the grantor is not required under existing law to include the trust income for the taxable year in his return. The Senate amendments require the income from trusts of this type to be reported by the grantor. The House recedes.

On amendments nos. 98, 99, 101, 102, 104, 105, 107, and 108: These amendments carry out in the case of insurance companies the same policy as do amendments nos. 15 and 25 in the case of other corporations. Interest excluded from gross income under section 22 (b) (4) but included in the gross income of an insurance company, is allowed as a deduction from gross income, while interest on partially exempt obligations is allowed as a credit against net income for the purpose of the tax imposed by sections 201 and 204, but not for purposes of surtax. The House recedes on amendments nos. 98, 99, 102, 104, 105, and 107, and recedes on amendments nos. 101 and 108 with amendments making corrections with respect to foreign corporations.

On amendment no. 100: This is a clerical change. The House recedes.

On amendments nos. 101 and 102: See amendment no. 98.

On amendment no. 103: This is a similar amendment to amendment no. 17. The House recedes.

On amendments nos. 104 and 105: See amendment no. 98.

On amendment no. 106: This is a clerical change. The House recedes.

On amendments nos. 107 and 108: See amendment no. 98.

On amendments nos. 109 and 109½: These amendments make changes in section numbers. The Senate recedes.

On amendments nos. 110 and 111: These are technical amendments made necessary by Senate amendment no. 73. The Senate recedes.

On amendment no. 112. This is a technical amendment made necessary by Senate amendment no. 25. The House recedes.

On amendment no. 113: This is a technical amendment made necessary by Senate amendment no. 73. The Senate recedes.

On amendment no. 114: This amendment mades a change in section number. The Senate recedes.

On amendment no. 115: This amendment provides that in computing the 90-day period for filing petitions with the Board of Tax Appeals, legal holidays in the District of Columbia shall not be counted as the ninetieth day. The House recedes.

On amendment no. 116: This is a clerical change. The House recedes.

On amendments nos. 117 and 121: The House bill provided that there should be no statute of limitations in case the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 percent of the gross income stated in the return. Amendment no. 121 strikes out this provision and amendment no. 117 substitutes a period of limitation of 5 years after the filing of the return. The House recedes.

On amendments nos. 118, 119, and 120: These amendments make changes in subsection letters. The House recedes.

On amendment no. 121: See amendment no. 117.

On amendments nos. 122 and 123: These amendments make changes in section numbers. The Senate recedes.

On amendment no. 124: See amendment no. 45.

On amendment no. 125: This amendment makes a clerical change. The House recedes.

On amendment no. 126: This amendment excludes from the gross estate for estate-tax purposes real estate situated outside the United States. The House recedes.

On amendment no. 127: This amendment increases the rates of the additional estate tax imposed by the Revenue Act of 1932 in the case of decedents dying after the date of the enactment of the proposed bill. The House bill did not change existing law in this respect. The rates of existing law begin at 1 percent on net estates not in excess of $10,000 and are graduated by brackets until the portion of a net estate in excess of $10,000,000 is taxed at 45 percent. Under the Senate amendment the rates begin at 1 percent on net estates not in excess of $20,000 and are graduated by brackets until the portion of the net estate in excess of $10,000,000 is taxed at 60 percent. The Senate amendment also reduces the specific exemption of $50,000 allowed by existing law to $40,000. The House recedes with amendments fixing the specific exemption at $50,000 as in existing law, making the first bracket $10,000 instead of $20,000, and making such minor changes in the Senate rate schedule as is necessary because of these two amendments. The following table gives a comparison of the tax under existing law, under the Senate amendment, and under the conference report on net estates of various sizes before the specific exemption is deducted.

[Exemption, present law, $50,000; exemption, Senate amendment, $40,000; exemption, conference report $50,000]

Comparison of estate taxes

Net estate before exemption	Tax		
	Present law	Senate amendment	Conference report
$50,000		$100	
$75,000	$450	550	$450
$100,000	1,500	1,600	1,500
$150,000	5,000	6,000	5,600
$200,000	9,500	12,000	11,600
$300,000	19,500	26,400	25,600
$500,000	42,500	60,200	59,100
$1,000,000	117,500	170,800	169,100
$2,000,000	315,500	463,400	461,100
$5,000,000	1,149,500	1,696,600	1,692,600
$10,000,000	3,094,500	4,392,600	4,387,600
$20,000,000	7,593,500	10,391,800	10,386,600
$50,000,000	21,093,500	28,391,800	28,386,600

On amendment no. 128: This amendment denies a deduction, for the purposes of computing the net estate subject to the estate tax, for contributions made to organizations, a substantial part of whose activities is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation; and the House recedes with an amendment striking out the words " participation in partisan politics or is ".

On amendment no. 129: This is a clerical change in a section heading; and the House recedes.

On amendment no. 130: This amendment makes this section of the bill, relating to the period for filing petitions with the Board of Tax Appeals, apply to gift and estate taxes, as well as the income tax imposed under prior acts; and the House recedes.

On amendments nos. 131 and 132: These amendments provide that a legal holiday in the District of Columbia shall not be counted as the ninetieth day in computing the period for filing petitions with the Board of Tax Appeals; and the House recedes.

On amendment no. 133: This amendment makes a technical correction. The House recedes.

On amendment no. 134: This amendment retains the substance of the House provision which authorized a credit or refund of overpayments of taxes paid under prior acts only when found by the Board of Tax Appeals to have been paid within 3 years before filing claim or petition, but rewrites the provision so that the period is 2 years in the case of income taxes and 3 years in the case of gift taxes. The House recedes.

On amendments nos. 135, 136, 137, and 138: These amendments make changes in subsection letters. The House recedes.

On amendments nos. 139 and 140: These are correcting clerical amendments. The House recedes.

On amendment no. 141: This amendment clarifies the House bill to make it plain (1) that, if the interest of the United States in the portion of the property to be discharged from the lien is without value, the collector may, if satisfactory to the Commissioner, release the lien without any

payment being made, and (2) that it is not the value of the taxpayer's equity in the property at the time of the discharge but rather the value of the interest of the United States at such time which controls the minimum amount of the payment to be made as a condition precedent to the discharge; and the House recedes.

On amendment no. 142: This amendment substitutes for the provision of the House bill which authorized the Secretary of the Treasury to appoint not to exceed six assistants general counsel in the Treasury a provision authorizing such appointment by the President by and with the advice and consent of the Senate. The amendment also subjects the delegation by the general counsel of his power to any such assistant general counsel to the approval of the Secretary. The House recedes with an amendment providing for the appointment by the President with Senate confirmation only in the case of the assistant general counsel for the Bureau of Internal Revenue and for appointment by the Secretary of the other assistant general counsel.

On amendment no. 143: This amendment substitutes for the House provision which authorized the Secretary of the Treasury to appoint 10 assistants in the Treasury, a provision authorizing appointment of 5 such assistants by the President by and with the advice and consent of the Senate. The House recedes with an amendment restoring the House provision but reducing the number of assistants to 5.

On amendment no. 144: This is a clerical change; and the Senate recedes.

On amendment no. 145: This amendment strikes out the provision of the House bill providing special additional penalties for failure to report income from illegally produced petroleum and providing awards for informers in such cases. The House recedes with an amendment restoring the matter stricken out but prohibiting employees of the United States from receiving rewards as informers.

On amendment no. 146: This is a clerical amendment changing a section number. The Senate recedes.

On amendment no. 147: This amendment provides that petitions filed with the Board of Tax Appeals shall be entitled "In re" followed by the name of the petitioner, and that no substitution of the name of a new commissioner shall be required in proceedings before any appellate court reviewing the action of the Board of Tax Appeals; and the House recedes with an amendment striking out the provision as to the title of petitions, and changing the section number.

On amendment no. 148: This amendment denies a deduction for the purpose of computing the net gifts subject to the gift tax for contributions made to organizations, a substantial part of whose activities is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation; and the House recedes with an amendment striking out the words "participation in partisan politics or is", and making a change in section number.

On amendment no. 149: This amendment limits the liability imposed by existing law upon any executor, administrator, assignee, or other person who pays debts of another or of an estate for which he acts before paying the claims of the United States against such estate or other person to the amount of the payment so made. The amendment applies only to payments made after June 6, 1932, and payments made on or before such date remain subject to existing law. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 150: Subsection (a) of this amendment amends the provisions of existing law which relate to venue of appeals from the Board of Tax Appeals to the Circuit Courts of Appeal or the Court of Appeals of the District of Columbia so as to provide for review in the circuit in which is located the collector's office in which the return was filed, or the Court of Appeals of the District of Columbia if no return was filed. It further specifically authorizes the Commissioner and the taxpayer to stipulate review by any Circuit Court of Appeals or to stipulate review by the Court of Appeals of the District.

The amendments explained above are applied to all decisions of the Board made on or after the date of the enactment of the act, but not to those rendered before such time, except that the provisions authorizing stipulation of court of review by the Commissioner and the taxpayer may be applied to decisions rendered prior to that time. The House recedes with an amendment changing the section number.

On amendment no. 151: This amendment increases the rates of the gift tax imposed by the Revenue Act of 1932 in the case of gifts made after December 31, 1934. The House bill did not change existing law in this respect. The rates of existing law begin at three fourths of 1 percent on net gifts not in excess of $10,000 and are graduated by brackets until the portion of the net gifts in excess of $10,000,000 is taxed at 33½ percent. Under the Senate amendment the rates begin at three fourths of 1 percent on net gifts not in excess of $20,000 and are graduated by brackets until the portion of the net gifts in excess of $10,000,000 is taxed at 45 percent. The Senate amendment also reduces the specific exemption of $50,000 allowed by existing law to $40,000. The Senate amendment applies the new schedule and exemption only to the taxation of gifts made in calendar years beginning with the calendar year 1935, but, since the gift tax is cumulative, in order to secure the fair result, it is obviously necessary to apply the new schedule and exemption in computing the tax for the years 1935 and following as if the new schedule and exemption had been in force since the time when the gift tax under the 1932 act went into effect. The House recedes with amendments fixing the specific exemption at $50,000 as in existing law, making the first bracket $10,000 instead of $20,000, and making such minor changes in the Senate rate schedule as are necessary because of these two amendments. The following table gives a comparison of the tax under existing law, under the Senate amendment, and under the conference report on net gifts of various sizes before the specific exemption is deducted:

Comparison of gift taxes

[Exemption, present law, $50,000; exemption, Senate amendment, $40,000; exemption, conference report, $50,000]

Net gifts before exemption	Tax		
	Present law	Senate bill	Conference report
$50,000		$75.00	
$75,000	$337.50	412.50	$337.50
$100,000	1,125.00	1,200.00	1,125.00
$150,000	3,625.00	4,500.00	4,200.00
$200,000	6,875.00	9,000.00	8,700.00
$300,000	14,125.00	19,800.00	19,200.00
$500,000	30,875.00	45,150.00	44,325.00
$1,000,000	85,875.00	128,100.00	126,825.00
$2,000,000	231,875.00	347,500.00	345,825.00
$5,000,000	849,875.00	1,272,450.00	1,269,450.00
$10,000,000	2,296,125.00	3,294,450.00	3,290,700.00
$20,000,000	5,645,375.00	7,793,850.00	7,789,950.00
$50,000,000	15,695,375.00	21,293,850.00	21,289,950.00

To illustrate the computation of the gift tax for calendar years beginning after December 31, 1934, assume that a taxpayer made gifts of $200,000 in 1932, $200,000 in 1933, $500,000 in 1934, and $150,000 in 1935. His gift tax for 1935 in this case would be computed as follows:

(1) Computation under clause (1) of section 502 of Revenue Act of 1932 (computed with schedule of rates and specific exemption provided in conference report) applying to aggregate of gifts made in years 1932 to 1935, inclusive

Total gifts (in 4 years)	$1,050,000
Specific exemption	50,000
Provisional tax (new rate schedule)	136,200
Net gifts	1,000,000

(2) Computation under clause (2) of section 502 of Revenue Act of 1932 (computed with schedule of rates and specific exemption provided in conference report) applying to aggregate of gifts made in years 1932 to 1934, inclusive

Total gifts (in 3 years prior to 1935)	$900,000
Specific exemption	50,000
Net gifts	850,000
Provisional tax (new rate schedule)	108,075

(3) Tax payable on 1935 gift	
Provisional tax on aggregate of gifts for 4 years (see par. (1) above)	136,200
Provisional tax on aggregate of gifts for 3 years prior to 1935 (see par. (2) above)	108,075
1935 gift tax (under conference report)	28,125

On amendment no. 152: This amendment strikes out the provision of the House bill which repeals the tax imposed by section 615 of the Revenue Act of 1932 on the sale or use of unfermented fruit juices and substitutes therefor a provision which terminates the entire tax on soft drinks, etc., under that section. The House recedes.

On amendment no. 153: The House bill imposed a tax of 5 cents per pound on the first domestic processing (defined as the first use in commercial manufacture or production) of coconut oil, sesame oil, or combinations or mixtures brought into the United States in chief value of either or both such oils.

This amendment reduces the rate of tax to 3 cents per pound. It also adds palm oil, palm-kernel oil, sunflower oil, perilla oil, imported whale oil, imported fish oil (except cod and cod-liver oil), and imported marine-animal oil to the taxable oils and taxes combinations of the oils enumerated in the section and mixtures containing substantial quantities of any one or more of such oils. Palm oil used in the manufacture of tin plate is exempted from the tax. All taxes collected under the subsection on products of the Philippines are to be held as a separate fund and paid into the treasury of the Philippines, but this provision is to be inoperative if the Philippine government by any law provides for any subsidy to be paid to producers of copra, coconut oil, or allied products.

The House recedes with an amendment which (1) taxes the oils enumerated in the Senate amendment, except sperm oil, perilla oil, and halibut-liver oil; (2) taxes combinations or mixtures containing substantial quantities of taxable oils with respect to which there has been no previous first domestic processing; (3) retains the rate of 3 cents per pound on all the articles taxable, except that an additional tax of 2 cents (making a total of 5 cents) per pound is imposed on coconut oil (and combinations or mixtures containing substantial quantities of coconut oil) unless the oil is the product of the Philippines or other possessions or produced from materials from the Philippines or other possessions, or was in the United States on or before the 30th day after the enactment of the act or produced from materials in the United States on or before the same day, or was contracted for, or produced from materials contracted for, before April 26, 1934; (4) changes the point of imposition of the tax in the case of imported whale oil, imported fish oil, and imported marine-animal oil to the importation instead of the first domestic processing; and (5) provides for payment to the Philippine treasury of taxes collected on coconut oil, and mixtures containing coconut oil, of Philippine origin or produced from Philippine materials.

On amendment no. 154: This is a clerical amendment. The House recedes.

On amendment no. 155: This amendment is a clarifying amendment making certain that the credit or refund of the vegetable-oil tax applies only when the article into which the oil has gone is to be used by the State or political subdivision in the exercise of an essential governmental function. The House recedes.

On amendment no. 156: This amendment corrects a clerical error. The House recedes.

On amendment no. 157: This amendment makes the subsection of the vegetable-oil tax providing for covering collections therefrom into the Treasury of the United States consistent with the policy of covering the proceeds of such taxes on Philippine products into the Philippine treasury in certain circumstances. (See amendment no. 153.) The House recedes.

On amendment no. 158: The House bill amended sections 601 (c) (1) and 617 of the Revenue Act of 1932 in the following respects:

(1) Manufacturers and producers of gasoline or lubricating oil were required to register and give bond.

(2) The provisions for tax-free sales between manufacturers or producers and to dealers for resale to manufacturers or producers or for resale to States or political subdivisions thereof, were made inapplicable to gasoline and lubricating oil, and the provision for tax-free sales of benzol for non-motor-fuel uses was eliminated. Provision was made for credit of tax paid on gasoline or lubricating oil upon a showing that the gasoline or lubricating oil had been used in the manufacture or production of an article on which tax was paid under title IV of the Revenue Act of 1932, and for credit of tax paid on benzol sold and used for a non-motor-fuel use.

(3) The sentence imposing the gasoline tax was amended by the express inclusion of sales by the producer as well as by the importer or any producer.

(4) The definition of producer of gasoline was narrowed by the elimination of dealers selling exclusively to producers.

(5) The definition of gasoline was broadened to include all naphtha and to include all liquids prepared, advertised, offered for sale, or sold for use as, or used as, fuel for the propulsion of motor vehicles, motor boats, or airplanes, regardless of the chief use.

The Senate amendment completely rewrites the section with the following effect:

(1) The provisions for registration and bond are retained, with an added provision empowering the Commissioner to revoke the registration (and right to buy tax-free) of any manufacturer or producer guilty of tax evasion.

(2) Tax-free sales of gasoline and lubricating oil are continued as under the present law.

(3) The amendment making it clear that the tax applies to all sales by the producer is retained and a further amendment is made to subsection (b) to provide that any person who has purchased gasoline tax-free by virtue of the exemption of sales to a producer shall be regarded as the producer of such gasoline.

(4) The present definition of producer of gasoline is retained.

(5) The definition of gasoline in the House bill is liberalized by the exemption of any product (not commonly or commercially known or sold as gasoline) specifically sold for a non-motor-fuel use.

(6) A provision is added authorizing inspection of records, returns, etc., with respect to Federal gasoline or lubricating oil tax by State officers and the furnishing of information therefrom to such officers.

The House recedes with an amendment which makes the change in the definition of gasoline and the requirements of registration and bond effective 30 days after the enactment of the act instead of the first day of the next month.

On amendment no. 159: The House bill imposed a tax on the production of crude petroleum at the rate of one tenth of 1 cent a barrel, payable by stamp. This amendment rewrites the section to provide for imposition of the tax on sale by the producer, the tax to be withheld or collected by the purchaser and paid over by him to the United States. In cases where the producer himself removes the petroleum from the place of production or disposes of it otherwise than by sale, the producer is required to return and pay the tax. The provision for transferring the buden of the tax in the case of existing contracts has been eliminated. An exemption is inserted excepting crude petroleum produced from any well which is not capable of producing more than 5 barrels per day. The effective date is made the thirtieth day after the date of the enactment of this act. The House recedes.

On amendment no. 160: This amendment inserts a provision requiring persons handling, transporting, storing, or dealing in crude petroleum to make returns required by regulations. The House recedes.

On amendment no. 161: This amendment strikes out the provision of the House bill requiring the vendee under contracts existing on the date of enactment of the act to pay

the petroleum refining tax instead of the vendor. The House recedes.

On amendments nos. 162, 163, 164, and 165: These amendments make changes in subsection letters. The House recedes.

On amendment no. 166: This amendment postpones the effective date of the section imposing tax on refining of petroleum to the thirtieth day after the enactment of the act. The House recedes.

On amendment no. 167: This amendment strikes out the provision of the House bill which advances the date of expiration of the check tax from July 1 to January 1, 1935. The Senate recedes.

On amendment no. 168: This amendment impresses taxes collected or withheld with a trust in favor of the United States and makes applicable for the enforcement of the Government's claim the administrative provisions applying to the assessment, collection, and payment of taxes. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 169: This amendment exempts articles sold for less than $75 by the manufacturer, producer, or importer after the date of the enactment of the act from the tax under section 604 of the Revenue Act of 1932 on articles made of fur on the hide or pelt, or of which such fur is the component element of chief value. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 170: This amendment exempts articles sold for less than $25 by the manufacturer, producer, or importer after the date of the enactment of the act from the tax under section 605 of the Revenue Act of 1932 on jewelry and similar articles. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 171: This amendment amends the provisions of existing law taxing cigarettes so that it will be certain that long cigarettes which are capable of being cut into several standard cigarettes may not pay tax as single cigarettes, by inserting a provision taxing at the rate of $3 per thousand cigarettes of more than 6½ inches in length, counting each 2¾ inches or fraction thereof as a single cigarette. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 172: This amendment increases the existing excise tax on fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem from 2 cents per thousand to 5 cents per thousand. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 173: This amendment reduces the existing stamp tax on contracts for future delivery of produce from 5 cents per $100 of value to 1 cent per $100. There is no comparable provision in the House bill. The House recedes with an amendment making the rate 3 cents per $100, and changing the section number.

On amendment no. 174: This amendment inserts a provision terminating on June 30, 1934, the tax on the use of both foreign- and domestic-built boats. The House recedes with an amendment changing the section number.

On amendment no. 175: This amendment amends the existing law imposing internal-revenue taxes on distilled spirits by authorizing a rebate or refund of tax of 90 cents per gallon when the spirits are used in industry or the arts in making articles not fit for intoxicating beverage purposes. There is no comparable provision in the House bill. The Senate recedes.

On amendment no. 176: This amendment inserts a provision which exempts from the tax under section 613 of the Revenue Act of 1932 candy sold by the manufacturer, producer, or importer after the date of the enactment of the act. The House recedes.

On amendment no. 177: This amendment provides for a capital stock tax, quite similar to the capital-stock tax temporarily imposed by the National Industrial Recovery Act. The tax is an excise tax for the privilege of carrying on or doing business as a corporation for each year ending on June 30. Insurance companies and corporations exempt from income taxes are exempt from the capital-stock tax. The first year to which the tax applies is the year ending June 30, 1934, the tax applying only to corporations carrying on or doing business during such year on or after the date of the enactment of the pending bill. For the first year the tax is measured by the value of the capital stock as declared by the corporation as of the close of its last taxable year ending on before June 30, 1934. The value of the capital stock having been declared for the first year, such value may not be subsequently amended. A reasonable original declared value is assured by means of the excess-profits tax which is based on the relation of the net income of the corporation to such declared value. The rate of the capital-stock tax is $1 per thousand dollars of the declared value.

The basis for the capital stock tax for subsequent years ending June 30 is arrived at by making certain adjustments to the original declared value. The adjusted declared value of the capital stock of a corporation for subsequent years is the original declared value plus (1) the cash and fair market value of property paid in for stock or shares, (2) paid-in surplus and contributions to capital, (3) its net income, and (4) the amount of the dividend deduction allowable for income-tax purposes, and minus (A) the value of property distributed in liquidation to shareholders, (B) distributions of earnings or profits, and (C) the excess of the deductions allowable for income-tax purposes over its gross income. These adjustments are to be made for each income-tax taxable year included in the period from the date as of which the original declared value was declared to the close of the taxpayer's last income-tax taxable year ending at or prior to the close of the year for which the capital stock is imposed. Each of these adjustments is to be computed on the basis of what a separate income-tax return (whether or not such a return was filed) should have shown for each of the taxable years included in the period mentioned.

In the case of a foreign corporation the capital-stock tax is for the privilege of carrying on or doing business as a corporation in the United States and is measured by the adjusted declared value of the capital employed by it in the transaction of business in the United States.

The House recedes with an amendment providing for the addition to the declared value of tax-exempt income.

On amendment no. 178: This amendment provides for an excess-profits tax on every corporation for each income-tax taxable year ending after the close of the first year in respect of which it is taxable under the capital-stock tax imposed by the pending bill. The primary purpose of this tax is to induce corporations automatically to declare a fair value for their corporate stock for capital stock purposes. The rate is 5 percent on the portion of the net income (computed as for income-tax purposes) in excess of 12½ percent of the adjusted declared value of the stock of the corporation as of the close of the preceding income-tax taxable year. The House recedes.

On amendment no. 179: This amendment has the effect of terminating the capital stock tax and excess-profits tax imposed by the National Industrial Recovery Act as to certain periods with respect to which the pending bill imposes similar taxes. The House recedes.

On amendments nos. 180 and 181: These are clerical amendments; and the House recedes.

On amendment no. 182: This is a change in the section number; and the Senate recedes.

On amendments nos. 183 and 184: These are changes in section numbers; and the House recedes.

DISAGREEMENTS

The committee of conference have not agreed on the following amendments of the Senate:

On no. 1: Being the table of contents of the bill.

On no. 13: Providing an increase in the rate of tax for 1934.

R. L. DOUGHTON,
SAMUEL B. HILL,
THOS. H. CULLEN,
Managers on the part of the House.

Mr. SAMUEL B. HILL. Mr. Speaker, in this revenue measure about 185 amendments were put on the House bill by the Senate. The conferees of the House and Senate have agreed upon all these amendments except Senate amendments nos. 1 and 13.

Amendment no. 1 is the table of contents and is purely more clerical.

Amendment no. 13 is the so-called "Couzens amendment", which imposes a 10-percent supertax upon the total normal and surtax which the individual taxpayer pays under the permanent tax set-up and is only for the year 1934. We are going to take up amendment no. 13 at a later time, but I simply wanted the House to understand that the supertax or the so-called "Couzens amendment" is not involved in the conference report. We will have separate discussion and separate consideration of amendment no. 13, which is in disagreement between the conferees of the House and the conferees of the Senate. So in voting upon the conference report you are not voting upon this provision seeking to impose this supertax of 10 percent.

As I have said, there were 185 amendments imposed on the House bill by the Senate. I may say that approximately 175 of these amendments are purely clerical or clarifying amendments that do not in any substantial way modify the provisions of the bill as it passed the House, and I feel that the Members of the House are not concerned with these clarifying and clerical amendments. There are a number of amendments, however, which are of concrete interest to you, and I shall briefly touch upon them.

The Senate amended the House bill as to surtaxes by imposing a greatly increased rate of surtax in the lower brackets. The House conferees refused to recede upon this amendment except upon the basis of a greatly reduced rate in lieu of the Senate rates.

The Senate amendment would have imposed upon the taxpayers an additional $28,000,000 over the House bill, through increased rates in the brackets from $10,000 to $25,000. The House conferees accepted the amendment with the modification that these rates be reduced more nearly to the level of the House rates, so that the lower brackets did not receive the shock of the increase and, as modified, will raise $9,000,000 additional to the House bill instead of $28,000,000.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. SAMUEL B. HILL. I yield.

Mr. SNELL. Between what brackets does this $9,000,000 additional come?

Mr. SAMUEL B. HILL. The gentleman is speaking of the Senate rates?

Mr. SNELL. I mean in the final agreement.

Mr. SAMUEL B. HILL. The rates agreed upon which would produce $9,000,000 additional will get that money in the brackets above $50,000.

Mr. SNELL. Has there not been an increase all the way down to $4,000 in the final agreement; that is, there is an increase over the House rates all the way from $4,000 up?

Mr. SAMUEL B. HILL. The House rate commenced at 4 percent on the first $4,000 and the agreed rate commences at 4 percent on $4,000 to $6,000, the same as the House rate; that is, the House rate was from $4,000 to $8,000 at 4 percent, and the agreed rate is 4 percent from $4,000 to $6,000.

Mr. SNELL. So that all the lower brackets pay an increased income tax under the agreed bill.

Mr. SAMUEL B. HILL. No. The agreed rates are slightly higher than the House rates, but 2 percent lower than the Senate rates in the lower brackets, but the taxes in the lower brackets are not increased thereby for the reason that the limitation for earned-income deduction was raised from $8,000 to $14,000.

Mr. SNELL. But more than was in the House bill and more than was in the previous law?

Mr. SAMUEL B. HILL. The conference report up to $9,000 increases the amount of money collected under the House rates by $1 only.

Mr. SNELL. By 1 percent?

Mr. SAMUEL B. HILL. One dollar.

Mr. SNELL. As I look at the report, it increases them a good deal more than that.

Mr. SAMUEL B. HILL. Under the House bill on a $9,000 net income of a married man, with no dependents, the tax would be $328, and under the rates agreed to in conference the tax would be $329.

Mr. SNELL. But as I look over the report which was published there is practically 1 percent increase from $6,000 to $18,000 or $20,000 of income.

Mr. SAMUEL B. HILL. The gentleman will bear in mind that we also raised the limit on earned income from $8,000 to $14,000; that is, we agreed upon a $14,000 limitation on earned income in lieu of the $8,000 that the House bill carried.

Mr. SNELL. That may be, but I had special reference to the increases on regular incomes. They were increased about 1 percent in the medium brackets.

Mr. SAMUEL B. HILL. But the amount of money paid is not increased.

Mr. SNELL. Of course, that would depend upon where the income came from or whether it was earned income or other income.

Mr. TREADWAY. Will the gentleman from Washington allow me to read from the prepared table in answer to the gentleman from New York?

Mr. SAMUEL B. HILL. Yes; but I hope the gentleman will not take up too much time.

Mr. TREADWAY. I have the table before me and from $8,000 to $9,000 the amount paid under the act of 1932 was $232.35, as passed by the House it was $232.24, as passed by the Senate it was $250.54, and under the conference agreement it is $231.44. Therefore the conference agreement is 0.39 percent less at the $9,000 bracket than the present law, and the increase comes above $9,000.

Mr. SAMUEL B. HILL. Yes; that is according to the composite table.

Mr. TREADWAY. Yes; the experience table of the Treasury.

Mr. SAMUEL B. HILL. That answers the gentleman's question, I think.

Mr. GOSS. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. GOSS. On page 16, I read this in the report:

> The rates proposed in these lower brackets add 1 percent to the House rates, except in the first bracket covering surtax net incomes of $4,000 to $6,000, in which case the rate is 4 percent as in the House bill.

Mr. SAMUEL B. HILL. That is true.

Now, Mr. Speaker, the conferees on the part of the House accepted the Senate amendment as to increase of estate taxes with an amendment that the exemption be raised from $40,000 to $50,000. In other words, we restored the $50,000 as it stands in existing law.

Then the rate of estate taxes was graduated up to the maximum of 60 percent after we reach the $10,000,000 mark.

The gift-tax rate follows the course of the estate tax and lifts the exemption for the gift tax to $50,000, restoring it from $40,000 as it was lowered by the Senate amendment. The gift-tax rate starts at three quarters of 1 percent and reaches a maximum of 45 percent above $10,000,000.

The next important item is consolidated returns. You will recollect that the House passed a bill providing for consolidated returns, and with the provision that in the case of affiliated groups making consolidated returns they would pay an additional 2 percent on the net income, or 15¾ percent on the net income instead of 13¾ percent. The

conferees agreed to the Senate amendment abolishing consolidated returns with the exception that affiliated railroad corporations are still permitted to file consolidated returns.

Mr. SNELL. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. SNELL. Can the gentleman tell us in a word why railroad corporations should have that advantage over other corporations? Is there any reason why a railroad corporation should be excepted any more than telegraph and telephone companies?

Mr. SAMUEL B. HILL. A number of States require railroad corporations operating through the State to incorporate within that State, and railroads are obliged to comply with the State law. In addition to that we have Federal regulation of railroad corporations. With this combined handicap of affiliated railroad corporations in making separate returns, the conferees felt they ought to be exempted from the provisions requiring separate returns.

Mr. SNELL. There are many small banks or branches all owned by the same corporation, and they are regulated by the Federal Government.

Mr. SAMUEL B. HILL. I will say that most of the ordinary business corporations can, if they want to do so, reincorporate so as to include all their branches under one corporation and make returns as one corporation.

Mr. SNELL. Not as I understand this bill. I really cannot see any great difference.

Mr. McFARLANE. Will the gentleman yield?

Mr. SAMUEL B. HILL. I will.

Mr. McFARLANE. Section (b)—I am wondering if that clearly abolishes or leaves it to the discretion of the Secretary of the Treasury?

Mr. SAMUEL B. HILL. It abolishes them except in affiliated groups of railroads.

Mr. BAILEY. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Texas.

Mr. BAILEY. The gentleman will remember that the original House bill provided for a tax on crude oil. Have the conferees agreed to retain that in the bill?

Mr. SAMUEL B. HILL. They agreed to keep it in, but it is modified to some extent.

Mr. BAILEY. The idea is still there.

Mr. SAMUEL B. HILL. Yes.

Mr. BAILEY. You have agreed to it in conference?

Mr. SAMUEL B. HILL. Yes. It was only a question of a tax.

Mr. BAILEY. And there is no way to get it out except to vote down the conference report?

Mr. SAMUEL B. HILL. That is correct.

Mr. HASTINGS. The conference report does not increase the tax over the House provision?

Mr. SAMUEL B. HILL. No; it is the same amount of tax, but we do exempt wells which do not have a capacity of more than 5 barrels a day.

Publicity in tax returns is another important item that was involved in the conference. As a result of the conference upon the question of the publicity of tax returns, the Senate amendment was stricken out and the present law left intact, with an addition to the present law agreed upon by the conferees; and I shall read the explanation of that contained in the statement, which is probably a little more lucid than the language of the act itself. I read from page 19 of the statement of the conferees:

> This amendment provides that income-tax returns shall be open to public examination and inspection under regulations promulgated by the Secretary and approved by the President. Under the House bill (which is the same as existing law) the returns are open to public inspection only to the extent provided for by rules and regulations promulgated by the President. Subsections (b) and (c) of this amendment restate existing law. The House recedes with an amendment restoring the language of the House bill and adding a paragraph to the effect that every person required to file an income return shall file therewith a statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. Such statements or copies thereof are to be available to public examination and inspection in the office of the collector where filed for at least 3 years.

That is an addition to existing law; and existing law, as the Members of the House know, provides not for full publicity of tax returns but does provide that certain committees of Congress may have access to tax returns for examination and for report thereon back to Congress. For instance, the Committee on Ways and Means of the House or the Committee on Finance of the Senate, or a special committee of the House appointed for that purpose, or a special committee of the Senate appointed for that purpose, or a joint committee of the House and Senate, may have access to these returns, so the conferees felt that contrary to general opinion there is very ample opportunity now for inspection of these returns. But in addition to that we provided as indicated here, and as I have read from the statement.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. SNELL. There is no provision in the present law where the public in general can go to these tax returns and get them and publish them in a newspaper, is there?

Mr. SAMUEL B. HILL. No.

Mr. SNELL. Or anything of the kind?

Mr. SAMUEL B. HILL. No.

Mr. SNELL. But this lays everything wide open to the sordid-minded people in any community to go and look up your tax return and publish it.

Mr. SAMUEL B. HILL. They get only the totals.

Mr. SNELL. And that is really all that they care for.

Mr. SAMUEL B. HILL. That is all they get.

Mr. SNELL. And that is all they care about. They want to know how much you earn in your business, and so forth.

Mr. SAMUEL B. HILL. They do not get how much you earn in your business.

Mr. SNELL. They get the total amount; and if you are a lawyer, that is where you earn your money.

Mr. SAMUEL B. HILL. You get the gross income made from earnings and investments and otherwise.

Mr. GOSS. They get the net income.

Mr. SNELL. And they can find out how much you have, and that is all the sordid-minded people want to know.

Mr. SAMUEL B. HILL. I do not yield for a speech. I appreciate the gentleman's attitude.

Mr. SNELL. In a word, will the gentleman tell us what argument the Senate used to convert the House conferees to their position?

Mr. SAMUEL B. HILL. The gentleman knows that the Senate had a wide-open publicity clause; and we thought we had gained quite an advantage for the protection of the things that the gentleman is standing for, when we got this particular amendment to the Senate amendment, and we believe we have given the people what they may be entitled to know, and yet have not jeopardized the rights and the interests of the taxpayer.

Mr. SNELL. If the gentleman has the idea that the public is entitled to know all of that, that is all right, but a great many people disagree with that idea.

Mr. SAMUEL B. HILL. The Senate had that idea.

Mr. SNELL. I know, but I asked the gentleman what argument was offered to convert the House conferees.

Mr. SAMUEL B. HILL. Oh, we converted the Senate; they did not convert us to anything.

Mr. SNELL. Oh, the House conferees have given in to the Senate in almost everything, and everybody knows it.

Mr. SAMUEL B. HILL. Mr. Speaker, as I have said, the supertax comes up under a separate vote, and I do not want anyone to get that confused with this conference report. The Senate did impose amendments repealing certain excise taxes, including taxes on soft drinks, on candies, on furs up to $75, and on jewelry up to $25, and the House conferees concurred in those amendments, so that they go out of the tax bill.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. BLOOM. Will the gentleman please return to amendment numbered 38. I read:

Such statements or copies thereof shall, as soon as practicable, be made available to public examination.

Does that mean that the statements filed and also the copies are for public examination, or just the copies of those few items?

Mr. SAMUEL B. HILL. The statements; yes.

Mr. BLOOM. That is the entire tax return?

Mr. SAMUEL B. HILL. No. This little statement that is in amendment numbered 38 is open to public inspection, but not the tax return.

Mr. BLOOM. If the gentleman will kindly read the language, he will see that it provides for both the statement and the copies.

Mr. SAMUEL B. HILL. If you want to buy a copy of it, certainly you have a right to; but you can see the original statement.

Mr. BLOOM. The gentleman is saying "yes" and "no" to my question.

Mr. SAMUEL B. HILL. The gentleman is not confusing the statement with the tax return, is he?

Mr. BLOOM. I am not confusing anything. I am taking the language of the amendment with reference to amendment numbered 38, as asked for by the gentleman from New York [Mr. SNELL]. This says the statement and also the copy.

Mr. McFARLANE. Or copy.

Mr. BLOOM. And/or.

Mr. SAMUEL B. HILL. It may be that under that language the Treasury Department, with the approval of the President, may make a regulation that they may have the copies only, but you can have one or the other. If you do not get the original, you get a copy.

Mr. BLOOM. Will the gentleman answer this question? Can he have both?

Mr. SAMUEL B. HILL. It says "or."

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COOPER of Tennessee. I think if the gentleman will examine this a little more carefully, he will reach the conclusion that this is a fair statement of the situation created by this provision, that there is to be filed a statement, with the man's income-tax return, giving the information provided in this provision.

Mr. BLOOM. I understand that.

Mr. COOPER of Tennessee. Now, the statement referred to is what the copy refers to further in this same provision. In other words, in simple application it amounts to this: A man files a statement with his income tax, giving six items—his name, the total gross income, the total deductions, net income, total credits against net income for purposes of normal tax.

Mr. BLOOM. That is a specified thing that you are supposed to get in that report—those six things.

Mr. COOPER of Tennessee. That is true.

Mr. BLOOM. Now, is it permissible that any person can go further than that and look at the income-tax return of the individual as well as this?

Mr. COOPER of Tennessee. No. That is the very reason for providing this.

Mr. BLOOM. Then do you not think this report should be changed?

Mr. COOPER of Tennessee. No. There is no necessity for that. In its simple application it means this: When a man's income-tax return is filed, a statement accompanies that, giving those six items. I assume in the administration of the provision, the Treasury Department will simply tear off that statement or detach it from his tax return and will hold those statements available for inspection in some given part of the Treasury Department, and it is entirely separate from his income-tax return.

Mr. BLOOM. The last 3 lines do not say that and do not mean that, because the last 3 lines say that the statement or reports are available.

Mr. COOPER of Tennessee. The statement is what is available, not the tax return at all.

Mr. BLOOM. It reads:

Such statement or copies thereof are to be available for examination and inspection in the office of the collector where filed for at least 3 years.

Mr. COOPER of Tennessee. That simply means that a copy of this statement may be available for this purpose.

Mr. SAMUEL B. HILL. Mr. Speaker, I cannot yield further on this, but I now yield to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Amendment 169 exempts $75 worth of furs. Amendment 170 exempts $25 worth of jewelry. Why the difference?

Mr. SAMUEL B. HILL. That is all they asked for, I presume. Up in the northern countries furs is a matter of necessity, whereas jewelry may not be so considered.

Now, Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a further statement explaining the conference report in detail.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SAMUEL B. HILL. Let me call the attention of the House to certain details in explanation of the conference report. The Senate added 185 amendments to the House bill. This is a smaller number of amendments than was made in the Senate in connection with the Revenue Act of 1932, when the Senate amendments numbered 270. This is also in spite of the fact that the revenue bill of 1934 resulted from a complete analysis and study of the income-tax law with the object of closing all possible loopholes to tax avoidance. Out of the 185 amendments made by the Senate, approximately 135 may be termed as "clerical, perfecting, or minor amendments." Of these minor amendments, the House receded on 87; the Senate receded on 41; and the House receded with an amendment in 7 cases. It is, of course, inevitable that in the case of perfecting amendments the House would make more recessions than the Senate. There are about 50 amendments made by the Senate which are of substantial character or have a bearing on the more important provisions of the bill. Mathematically speaking, the House receded on 18 of these 50 amendments, although in 8 cases out of these 18 amendments the Senate changes are merely perfecting amendments to important new provisions made by the House in respect to existing law. The Senate completely receded on 5 important amendments. With reference to 25 of the amendments of a substantial character, a compromise was reached, or, technically speaking, the House receded with an amendment. In the case of 2 amendments the conference report is in disagreement. I will now take up what I consider to be the substantial amendments in order and make a few brief remarks in regard to each.

Amendment no. 1: This amendment covers the changes in the table of contents in the first part of the bill. This amendment is reported in disagreement, inasmuch as it cannot be correctly stated until disposition is made of the other amendment (no. 13), which is also in disagreement and which covers the proposed 10 percent to be added to the income tax for the year 1934.

Amendment no. 2: The House conferees refused to accept this Senate amendment, which increased the surtax upon all taxpayers with net incomes up to and including $32,000. The Senate amendment would have imposed an additional tax burden of $28,000,000 upon taxpayers. We prevailed upon the Senate conferees to accept a compromise by which this tax burden is increased by only $9,000,000 over that contained in the House bill. Under the compromise the surtax rates proposed by the Senate are decreased in the case of net incomes up to and including $18,000. The rates

in these lower brackets add 1 percent to the House rates, except that rate on incomes between $4,000 and $6,000 remains at 4 percent, the rate in the House bill. An example will show the effect of the conference rates. In the case of a married man with no dependents and with an earned income of $16,000, the tax under existing law amounts to $1,140; under the House bill, $993; under the Senate bill, with the 10-percent increase, $1,326.60; under the Senate bill, without the 10-percent increase, $1,206; and under the conference compromise, $1,044.

Amendment no. 13: This amendment increases everybody's tax for 1934 by 10 percent. We refused to accept this amendment, and it is now in disagreement.

Amendment no. 14: We persuaded the Senate conferees to agree to the provision of the House bill taxing annuities. They agreed to waive their amendment exempting annuities of $500 or less.

Amendment no. 19: We also obtained a substantial concession on this amendment. The Senate denied a deduction for contributions made to certain organizations, a substantial part of the activities of which was participation in partisan politics or carrying on propaganda or otherwise attempting to influence legislation. We were afraid this prohibition was too broad, and we succeeded in getting the Senate conferees to eliminate organizations, a substantial part of the activities of which was participation in partisan politics. Similar concessions were made in amendments nos. 43, 128, and 148, relating to corporations exempt from the income tax and to the allowance of deductions for contributions in the case of estate and gift taxes.

Amendments nos. 17 and 20: These amendments restore existing law, which permits banks to deduct from their gross income interest paid on deposits invested in tax-exempt securities. Your conferees came to the conclusion that the House provision, which denied a deduction in such cases, might seriously hamper the marketing of Government securities and be exceedingly difficult to administer. For the same reason, we agreed to Senate amendment no. 20, which allows to banks and other taxpayers deductions allocable to tax-exempt interest.

Amendment no. 24: The House bill provided a maximum earned income of $8,000. The Senate bill increased this to $20,000. We succeeded in getting a compromise of $14,000 as the maximum earned income.

Amendment no. 29: The Senate conferees tried to get us to agree to this amendment which reduced the tax on the transfer of certain installment obligations. We refused, and the Senate conferees finally agreed to withdraw this amendment.

Amendment no. 38 (publicity): We reached a compromise on publicity of income-tax returns. Under the Senate amendment the President was required to open all income-tax returns for public inspection. This would lead to serious abuses, as it would disclose trade secrets and weaken the value of returns as evidence in litigation, and in addition cause the Treasury considerable administrative difficulties and expense. We got the Senate conferees to accept a compromise provision which requires each taxpayer to file with his return a statement showing (1) his name and address, (2) his total gross income, (3) his total deductions, (4) his net income, (5) his total credits against net income for the purpose of normal tax, and (6) his tax payable. This statement is to be made available for public inspection in the collector's office.

Amendment no. 44: This amendment provided that farmers' cooperative marketing or purchasing associations (1) need not keep ledger accounts of transactions with nonmembers and (2) that the nonmembers may purchase memberships with profit from nonmember business and (3) business done with the Federal Government or its agencies shall not be considered nonmember business. The Senate withdrew the first two points upon advice from the Treasury that they were already covered by existing law. On the third point, we got the Senate conferees to agree to put in a provision to the effect that business done with the United States or any of its agencies shall be disregarded in determining whether the association is entitled to exemption from income taxes.

Amendments nos. 45 and 124: The Senate also accepted our provisions levying additional taxes upon personal holding companies, with slight modifications. It was thought unfair to compel real-estate companies with heavy mortgage indebtedness to distribute earnings accumulated to meet this indebtedness. The Senate excepted "rents" from this provision. The Senate also permitted a deduction for a reasonable reserve for indebtedness incurred prior to January 1, 1934. We agreed to these and other minor changes made by the Senate.

Amendment no. 46: This amendment deals with the additional penalty imposed upon corporations which accumulate surplus to avoid the payment of surtax by their shareholders. With the exception of certain technical amendments, this provision is in the same form as the provision in the House bill. We agreed to these technical changes.

Amendment no. 62: We could not get the Senate conferees to accept the provisions of the House bill taxing dividends paid out of pre-March 1, 1913, surplus and were forced to accept this amendment, which continues the exemption which is allowed under existing law.

Amendments nos. 65 and 67: The Senate also accepted the provisions of the House bill, providing for the treatment of capital gains and losses, except that an additional bracket was added in the case of assets held for more than 10 years. In such cases only 30 percent of the gain or loss is taken into account, instead of 40 percent as provided in the House bill. The Senate also provided for the allowance of capital losses up to $2,000, even though the taxpayer had no capital gains against which to offset them. This took care of the small taxpayer whose only capital transaction was an occasional sale of property. We thought these changes were fair and agreed to the Senate amendments.

Amendment no. 68: We accepted the Senate amendment allowing banks to deduct losses on bonds sold below par against their ordinary income. This is another amendment which it was thought necessary to insure the marketing of Government securities, which are purchased for the most part by banks.

Amendments nos. 71 and 72: The Senate conferees refused to accept the provisions of the House bill which cut the foreign tax credit allowed by existing law in half. It was pointed out that to do this at this time would seriously interfere with the development of American trade abroad and that, under existing law, the credit cannot reduce the tax on American income but only upon foreign income which is subject to heavy taxation abroad. We were forced to agree to these amendments, which restored existing law.

Amendment no. 73 (consolidated returns): The Senate abolished consolidated returns. We persuaded the Senate conferees to agree to an amendment permitting railroads to file consolidated returns. It was felt that an exception ought to be made in the case of railroads, as they are forced to incorporate separately in each State and are under Federal supervision.

Amendment no. 77: We also got the Senate conferees to withdraw this amendment, which eliminated the requirement of withholding at the source in the case of tax-free covenant bonds.

Amendment no. 92: This amendment requires corporations to submit with their returns a list of the names of all officers and employees who receive more than $15,000 a year, and requires the Secretary of the Treasury to report such information annually to Congress. We thought this was a good way to help protect the minority stockholders and agreed to the amendment.

Amendment no. 96: It was found that many taxpayers were avoiding surtaxes by creating trusts in favor of their families which trusts could only be revoked by an advance notice given to the trustee prior to the beginning of the taxable year. This amendment closes up this loophole by taxing such income to the grantor of the trust. We thought

this a good way to stop this sort of tax avoidance and agreed to the amendment.

Amendments nos. 117 and 121: Under the House bill, if a taxpayer omits more than 25 percent of his gross income from his return, the statute of limitations on assessments will remain open indefinitely. It was pointed out that this might be unfair in the case of a taxpayer who makes an honest mistake. For instance, he might report the income in a wrong year or he might fail to report a dividend because he was advised by the officers of the corporation that it was paid out of capital. Accordingly, your conferees agreed to the Senate amendment providing for a 5-year statute in such cases.

Amendment no. 126: Your conferees agreed to this amendment exempting from the estate tax real estate located abroad. It was pointed out that it is an established international principle to tax real estate only in the country where situated.

Amendment no. 127 (estate tax): The Senate bill increased the estate-tax rates on an average about 40 percent, and decreased the exemption from $50,000 to $40,000. We agreed with the rate increase but got the $50,000 exemption of existing law restored.

Amendments nos. 142 and 143: These amendments relate to the provisions in the House bill providing for the creating of a general counsel for the Treasury Department, assistant general counsel, and assistants to the Secretary of the Treasury. The Senate agreed substantially to the House provision except that the assistant general counsel for the Bureau of Internal Revenue is to be confirmed by the Senate and the number of assistants to the Secretary was reduced from 10 to 5 upon the advice of the Secretary of the Treasury that 5 would be sufficient. We agreed to these Senate changes.

Amendment no. 145: The hot-oil provision of the House bill providing for payment of rewards to informers, which was stricken out by the Senate, was restored at our insistence.

Amendment no. 151 (gift tax): The Senate increased the gift tax rates so that they were three fourths of the estate-tax rates and reduced the exemption from $50,000 to $40,000. We accepted the increase in rates but had the exemption restored to $50,000.

Amendment no. 152: The House bill repealed the tax on unfermented fruit juices. This amendment repeals all the taxes on soft drinks, which now have to compete with beer and other liquors. We agreed to this amendment, which will cost us about $5,000,000.

Amendment no. 153: On coconut oil we reached a compromise. The House bill levied a tax of 5 cents per pound upon the first domestic processing of coconut and sesame oil. The Senate reduced the rate of tax to 3 cents a pound and added palm oil, palm-kernel oil, sunflower oil, perilla oil, imported whale oil, imported fish oil (except cod and cod-liver oil), and imported marine-animal oil. Palm oil used in the manufacture of tin plate was exempt and the taxes on such products from the Philippines were paid into the Philippine Treasury instead of that of the Federal Government unless the Philippine Government provided a subsidy to producers of copra, coconut oil, or allied products.

The compromise (1) taxes the oils enumerated in the Senate amendment, except sperm oil, perilla oil, and halibut-liver oil; (2) taxes combinations or mixtures containing substantial quantities of taxable oils with respect to which there has been no previous first domestic processing; (3) retains the rate of 3 cents per pound on all the articles taxable, except that an additional tax of 2 cents (making a total of 5 cents) per pound is imposed on coconut oil (and combinations or mixtures containing substantial quantities of coconut oil) unless the oil is the product of the Philippines or other possessions or produced from materials from the Philippines or other possessions, or was in the United States on or before the 30th day after the enactment of the act or produced from materials in the United States on or before the same day, or was contracted for, or produced from materials contracted for, before April 26, 1934; (4) changes the point of imposition of the tax in the case of imported whale oil, imported fish oil, and imported marine-animal oil to the importation instead of the first domestic processing; and (5) provides for payment to the Philippine treasury of taxes collected on coconut oil, and mixtures containing coconut oil, of Philippine origin or produced from Philippine materials.

Amendment no. 167: The Senate struck out the provision of the House bill eliminating the check tax as of January 1, 1935. At our insistence, the Senate conferees agreed to restore this provision of the House bill.

Amendments nos. 169 to 174: On the excise taxes, we agreed to the following changes made by the Senate:

First. Exempting from the fur tax articles sold for less than $75.

Second. Exempting from the jewelry tax articles sold for less than $25.

Third. Increasing the tax on colored matches from 2 cents to 5 cents per thousand.

Fourth. Taxing long cigarettes of more than 6½ inches in length by counting each 2¾ inches or fraction thereof as a single cigarette.

Fifth. Restoring the capital-stock tax and excess-profits tax which were enacted under the National Industrial Recovery Act.

Sixth. Repealed the tax on the use of boats, which was bringing in very little revenue and raised certain treaty objections.

Amendment no. 173: The Senate wanted to reduce the tax on contracts for future delivery of produce from 5 cents per $100 of value to 1 cent. We compromised on this by reducing the tax to 3 cents.

Amendment no. 175: The Senate tried to put in a provision taxing distilled spirits for industrial purposes. We finally succeeded in getting the Senate conferees to abandon this amendment because of the many administrative difficulties involved.

Amendment no. 176: We agreed to this amendment repealing the tax on candy. This will cost us only about $4,000,000.

In conclusion, I wish to submit, without reading, a statement showing the estimated additional revenue from the bill for the fiscal year 1935 and for a full year of operation:

Estimated yield of tax bill as agreed upon by conference committee exclusive of Couzens' 10-percent horizontal increase

	Fiscal year 1935	Full year of operation
INCREASES		
Capital-stock tax	$15,000,000	$95,000,000
Estate tax	5,000,000	90,000,000
Gift tax	3,000,000	6,000,000
Changes in income-tax rates	15,000,000	25,000,000
Capital gains and losses	18,000,000	30,000,000
Personal holding companies	12,000,000	20,000,000
Reorganization	5,000,000	10,000,000
Consolidated returns	20,000,000	35,000,000
Partnerships	3,000,000	5,000,000
Administrative changes, gasoline, oil, and process	18,000,000	18,000,000
Miscellaneous	12,000,000	20,000,000
Total	126,000,000	354,000,000
Administration of depreciation allowances	85,000,000	85,000,000
Grand total	211,000,000	439,000,000
DEDUCTIONS		
Bank-check tax	22,000,000	
Soft drinks	5,000,000	5,000,000
Furs	8,000,000	8,000,000
Jewelry	2,000,000	2,000,000
Produce futures	3,000,000	3,000,000
Candy	4,000,000	4,000,000
Total	44,000,000	22,000,000
Net total	167,000,000	417,000,000

Mr. Speaker, I reserve the remainder of my time.

Mr. BOYLAN. Will the gentleman yield for a question first?

Mr. SAMUEL B. HILL. I yield for a question.

Mr. BOYLAN. I should like to ask about amendment no. 153. The House receded and agreed to it with an

amendment. Then follows an amendment that, in my opinion, it would take a Philadelphia lawyer to interpret.

Mr. SAMUEL B. HILL. What amendment does the gentleman refer to?

Mr. BOYLAN. Amendment 153, relative to the oil tax. Can the gentleman tell us something about that? There is an involved amendment there.

Mr. SAMUEL B. HILL. Well, we put a 3-cent tax on coconut oil—that is, on the first processing of coconut oil—that comes from the Philippine Islands and other possessions of the American Government. We put a 5-cent processing tax on coconut oil that comes from countries outside of American possessions and the Philippine Islands.

Mr. BOYLAN. Well, you go farther. You pay back to the Philippine treasury——

Mr. SAMUEL B. HILL. We pay to the Philippines the revenues that we get from the processing tax on the coconut oil imported from the Philippine Islands.

Mr. BOYLAN. That seems to me to be a most peculiar kind of amendment.

Mr. SAMUEL B. HILL. That is a law similar to the excise tax on cigars which come from the Philippine Islands. For 30 years that has been the law.

Mr. BOYLAN. We act as a collecting agent for the Philippines, and then we pay it over to them. Is that the procedure?

Mr. SAMUEL B. HILL. That is true. We collect the money and pay it back to the Philippine Government.

Mr. BOYLAN. It seems to me it would be very much involved. I think it should be simplified.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. McDUFFIE. Does the gentleman not believe that under the 3-cent tax or the 5-cent tax there will be very little money paid into the Treasury as the result of this law?

Mr. SAMUEL B. HILL. That is probably true. That is the hope of the dairymen, I will say.

Mr. McDUFFIE. Does the gentleman realize that the Philippine Islands purchase more dairy products from our people than any other nation in the world. You are destroying their purchasing power.

Mr. SAMUEL B. HILL. I have no information on that.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. SHALLENBERGER. The committee has so drafted this amendment that the coconut oil produced in the Philippine Islands will have a decided advantage over oil from the rest of the world. In other words, we give them a 4-cent per pound preferential duty in this bill. So far as the Philippine Islands are concerned, they are taken care of.

Mr. McDUFFIE. What is it selling for now? Is it not less than 3 cents?

Mr. SHALLENBERGER. We know that coconut oil will be consumed in this country to a certain extent and the Philippine oil will have that market.

Mr. McDUFFIE. We do not know that. Japan may take over this soap industry. This means a tariff embargo in the guise of a tax.

Mr. SAMUEL B. HILL. Mr. Speaker, I reserve the balance of my time.

Mr. SHALLENBERGER. Our Government, through the A.A.A., is levying a processing tax on our farm products, hogs, cotton goods, and thereby on the oils that come in competition with imported oils from the Philippines. We return the tax collected on coconut oil and manufactured tobacco to the Philippine treasury. This oil tax is not adverse to the Philippine people, but like all our legislation touching those islands gives to them an especial benefit by guaranteeing to them a protected American market.

Mr. BOYLAN. Mr. Speaker, will the gentleman yield for a question with regard to the tax on coconut oil?

Mr. SAMUEL B. HILL. I yield for a brief question.

Mr. BOYLAN. Instead of collecting the tax and then paying it over to the Philippine government, would it not be far better to exempt Philippine oil from duty?

Mr. SAMUEL B. HILL. That is, of course, a controversial question which we cannot decide here. I might have my opinion and the gentleman might have his opinion.

Mr. BOYLAN. That is the effect of the amendment, is it not?

Mr. SAMUEL B. HILL. We could not in conference make such a change as the gentleman from New York suggests.

Mr. Speaker, I yield 10 minutes to the gentleman from New Jersey [Mr. BACHARACH].

Mr. TREADWAY. Mr. Speaker, before the gentleman from New Jersey begins, may we not have an understanding with regard to time? The gentleman has consumed 30 minutes. Are we to have 30 minutes on the minority side?

Mr. SAMUEL B. HILL. I have used 30 minutes.

Mr. TREADWAY. I understood that we were to have 30 minutes on the minority side.

Mr. McCORMACK. Mr. Speaker, if the gentleman will yield, why would it not be a better proposition to ask unanimous consent that time for consideration of the conference report be extended to 2 or 3 hours?

Mr. SNELL. We tried to do that earlier in the day, but were not successful.

Mr. TREADWAY. We had an agreement with regard to time. I did not understand that the gentleman from Washington wanted to control the entire half hour on this side. I expected, of course, to have yielded to the gentleman from New Jersey exactly the time the gentleman from Washington has yielded to him.

Mr. Speaker, may I ask the gentleman from Washington whether, after the gentleman from New Jersey concludes his statement, I shall have 20 minutes under my control?

Mr. SAMUEL B. HILL. No; but I will yield 20 minutes to the gentleman from Massachusetts [Mr. TREADWAY] to be used by him, or I will yield a total of 20 minutes to such gentlemen on his side of the House as the gentleman from Massachusetts may designate. Let the gentleman from New Jersey proceed. The gentleman knows I wish to be fair.

Mr. TREADWAY. Certainly, I realize that; but it was my understanding that we would have 30 minutes on this side under my control.

Mr. BACHARACH. Mr. Speaker, I must refuse to yield until I finish my statement.

I call attention to the fact that the Chairman of the Ways and Means Committee, prior to our conference, stated that the conferees proposed to stick by the bill as it passed the House.

It has been my privilege to serve a number of times as a member of the conference committee on revenue legislation, but this is the first time that I have refused to sign the report of the conferees.

I have taken this attitude because I am not in sympathy with the provisions of the act as it comes from the conference committee, for it represents practically a complete surrender to the Senate on the part of the House. This is evidenced by the fact that the House receded on some twenty-odd of the more important amendments made by the Senate, while the Senate receded in not more than a half dozen, compromising on about 10 or 12 others.

You will remember that a special subcommittee of the Ways and Means Committee was appointed in the last session for the purpose of making a special study of our revenue laws, with a view to plugging up the leaks, and so forth. This committee labored over a period of 8 or 9 months and made a report to the full committee when we met in December, making certain recommendations and suggestions to be incorporated in the new revenue act, many of which were written into the bill as passed by the House.

We were told, and the country was assured, that there was not to be any increase in taxes or any new taxes, but instead additional and sufficient revenue would be raised by plugging up the holes through which the rich and the wealthy taxpayers were escaping payment of their just taxes.

As far as I can see, the holes which our special committee told us were in our tax laws and should be plugged up are still in the act as it comes back to us from the Senate and the conference committee. Our taxes have been substan-

tially increased in many instances, and practically no attention has been paid to the recommendations of the Ways and Means Committee as embodied in the House bill.

The bill as adopted by the House, which inflicted no new taxes other than the import tax on coconut oil, would provide additional revenue estimated at $258,000,000 in a full year of operation. Under the act as agreed to in conference, the estimated revenue, exclusive of the so-called "Couzens amendment" for an additional 10-percent super income tax, will be $417,000,000, and the difference between these two amounts represents new and additional taxes added by the Senate and agreed to in conference.

If the Couzens amendment, upon which you will be given an opportunity to vote today, is accepted by the House, it will add an additional $55,000,000 to our tax burden, bringing the total estimated revenue under the new bill up to $472,000,000. We were told by the Senate conferees that this additional revenue to be raised by new taxes was made necessary by reason of the passage of the independent offices appropriation bill over the President's veto, increasing Government salaries and increasing compensation and pension payments to our war veterans. Let us just analyze this for a moment: The independent offices bill, as enacted into law, carries increases to veterans in the amount of $76,712,000 and for wages for Government employees $90,000,000, a total of $166,712,500.

To meet that increase in current expenditures, the distinguished body at the other end of the Capitol increase our Federal tax burden by $214,000,000 over and above the increase in revenue under the House bill.

As a matter of fact, the bill as adopted by the House already provided approximately $100,000,000 over and above the cost of increasing veterans' allowances and Government salaries, not considering the savings that will accrue to the Government, estimated at $125,000,000, by the adoption of the independent offices bill.

The bill passed by the Senate was not the handiwork of the Senate Finance Committee; it was written on the floor of the Senate and bears little or no resemblance to the bill reported to the Senate by the Finance Committee. You of the majority party cannot claim this as a Democratic bill, and I am sure that when its provisions become known to the taxpayers you will be glad to deny its parentage. The Republican members of the conference committee, with the exception of one, have refused to sign the conference report. We voted consistently against most of the Senate amendments. Your conferees have signed this report, and your party must accept the responsibility for this legislation by reason of the action of your conferees.

I do not know if anyone will have the temerity to get up here and advocate the acceptance of the Couzens amendment; if so, no doubt it will be pointed out to you that this supertax of 10 percent is only a temporary proposition and is good only for 1 year. I have been here going on 20 years and have seen a number of bills come in here with vicious legislation disguised as 1-year propositions, and the RECORD will bear me out when I say that there has been very little legislation placed on our statute books for 1 year that has not been continued from year to year thereafter. We have a sample of this right in this bill; the capital-stock tax carried in the Industrial Recovery Act was to be repealed with the repeal of prohibition. The House did not incorporate that tax in the House bill, but lo and behold, we find it put back in the bill by the Senate because it is an easy tax to collect. It is easy to write new taxes into a law, but it is quite a different thing to repeal them.

I have not the time to go into all the important amendments added by the Senate and agreed to in conference, but I want to touch on a few of them.

You have heard much about consolidated returns. The House bill continued the filing of consolidated returns but increased the penalty from 1 percent to 2 percent for that privilege. The Senate amendment prohibited the filing of such returns; the conference committee in effect accepted the Senate amendment, reserving the privilege of filing consolidated returns to railroads but to none other.

Why an exception should be made only in the case of railroads is a little beyond my comprehension. The Treasury officials, who are charged with the responsibility of administering the law, are in favor of continuing the filing of consolidated returns, and asked for no change in the law in this respect. I prefer to follow the advice of the tax experts of the Treasury Department in matters of this sort and, therefore, opposed both the Senate amendment and the conference compromise.

Publicity of tax returns: I am unalterably opposed to the Senate amendment and the conference compromise. In my opinion, there is absolutely no need of this new legislation. Under the present law the President has authority to open tax returns for inspection to such an extent as he may deem advisable, and Congress has authority to review tax returns at any time.

The compromise agreed to by the conferees, in my opinion, is as bad as the amendment itself. Under it every taxpayer must file with his return a little card showing the total amount of gross income, total deductions, net income, total credits against net income, income subject to normal tax, total tax before credits against tax, and the tax payable.

It is practically a duplication of one's tax return; we know that few people are able to make out their own tax returns and they will have as much difficulty in making out the little card which must be attached to the return.

If the taxpayer fails to make out the card, the Government will do it for him, to make sure that his neighbor will have an opportunity to snoop around and find out all about one's private affairs, and for this assistance the Government will charge the taxpayer $5. It is a ridiculous proposition on the face of it, and I predict that it will come back to plague its sponsors.

Under the agreement reached by the conferees the lower brackets of the income-tax schedule have been increased beyond necessity, while the rates in the upper brackets and the estate tax are practically confiscatory.

Just when the country is supposedly starting to get on its feet and we have the assurance of the Democratic administration that prosperity is not just around the corner, but has definitely arrived, a monkey wrench is thrown into the machinery by bringing out a tax bill that, in spite of the assurances given to the country that there would be no increase in Federal taxes, substantially increases the general tax burden by putting additional levies not alone upon business and industry but also upon the masses of thrifty individuals who were hoping for relief.

I realize that there is little possibility of having this conference report voted down, but I hope that the House, at least, will sustain the action of its conferees in refusing to accept the Couzens amendment.

I am taking the time of the House merely to point out the fact that the Republican members of conference, with the exception of one of the Senate conferees, refused to concur in the more important amendments made by the Senate to the House bill and vote against their acceptance.

We lay the responsibility for this bill as it goes to the President for signature upon the doorstep of the Democratic administration, where it properly belongs.

ITEMS IN REVENUE BILL ON WHICH THE HOUSE AND SENATE, RESPECTIVELY, RECEDED, AND THOSE WHICH WERE COMPROMISED

House receded: Capital-stock tax, excess-profits tax, estate tax, gift tax, tax on colored matches, abolition of consolidated returns (except as to railroads), capital gains and losses (additional bracket), exemption of dividends out of pre March 1, 1913, earnings, restoration of full credit for foreign taxes, termination of soft-drink tax, fur tax (exemption of articles up to $75), jewelry tax (exemption of articles up to $25), termination of boat tax, termination of candy tax, allowance of capital net loss up to $2,000, exemption of bond losses of banks from capital-loss limitation, enlargement of tax-free reorganization provisions, report to Congress on compensation of corporate officers and employees, personal holding companies (revision), administration of gasoline and lubricating-oil taxes, revision of provisions relating to tax on production of crude petroleum.

Senate receded: Expiration of check tax, reduction of tax on nonbeverage alcohol (leaving rate at $2), withholding in case of tax-free covenant bonds, proposed exemption from tax of annuity payments up to $500, awards to informers ("hot oil").

Compromised: Income-tax rates, earned-income credit, publicity of returns, tax on oils and fats, tax on sales of produce on exchange, General Counsel for Treasury, assistants in Treasury, nondeduction of contributions to propaganda organizations, exemption of farmers' cooperatives (extension).

Mr. McFARLANE. Will the gentleman yield?

Mr. BACHARACH. I yield to the gentleman from Texas.

Mr. McFARLANE. I want to get straightened out on some of the statements the gentleman made, especially as to the vote. That was on the consolidated returns?

Mr. BACHARACH. I could not say whether it was on the consolidated returns or not.

Mr. McFARLANE. I think it was. They refused to reconsider that vote by a vote of 58 to 18.

Mr. BACHARACH. I understand from my colleague from California that that statement is not quite correct, but it is immaterial. The point is that the Ways and Means subcommittee worked here for 8 or 9 months, and they might just as well have stayed home for the amount of good that was done over there. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Speaker, I ask unanimous consent that the time for the discussion of this conference report may be extended 30 minutes beyond the original 1 hour.

Mr. TREADWAY. Mr. Speaker, reserving the right to object, I do not want to intrude on the gentleman's program here, but we asked for an extension of time and the gentleman declined our request before the session opened this morning and declined it during the session. I do not think it is fair now, after I have told the Republican Members that there was no time available, for the gentleman to come in with a last-minute request for an extension of time.

Mr. BEEDY. Mr. Speaker, I object.

Mr. SAMUEL B. HILL. How much time does the gentleman desire to be yielded?

Mr. TREADWAY. I presume I have all the rest of the time.

Mr. SAMUEL B. HILL. I yield the gentleman from Massachusetts [Mr. TREADWAY] 20 minutes.

Mr. TREADWAY. It is understood I may yield the 20 minutes to anyone I see fit?

Mr. SAMUEL B. HILL. It is not so understood.

Mr. TREADWAY. The gentleman is not willing that I should yield any part of the 20 minutes to Republican Members on this side?

Mr. SAMUEL B. HILL. I will yield to whomsoever the gentleman from Massachusetts designates.

Mr. TREADWAY. Will the gentleman yield 2 minutes to the gentleman from Wisconsin [Mr. FREAR]?

Mr. SAMUEL B. HILL. I yield 2 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Speaker, it seems to me that time ought to be controlled by the leader of the minority on this side. However, I thank the gentleman from Washington for giving me this brief time to make a statement.

We have had a publicity law covering tax returns in the State of Wisconsin for many years. The belief there has been that it enables the people as a whole to determine whether certain taxpayers were trying to avoid payment of their taxes either as to amount or as to their general character. That question has been asked here. I do not know what influenced the conferees or what influenced the Members of the Senate, but I do know that publicity has had no adverse effect in Wisconsin. We find in Wisconsin that it has not been hurtful but helpful in tax enforcement. I offered an amendment to that effect in committee, which was defeated when this bill was before our committee.

So far as Wisconsin is concerned, I believe it has been a good thing, and publicity prevents tax evasion. It is framed here so that the restriction will not be harmful, and I do not think it will expose the taxpayers to the danger suggested in the inquiry. Based on the experience of Wisconsin, it is a good amendment and rightfully retained by the conferees.

Mr. TREADWAY. Will the gentleman yield 4 minutes to the gentleman from New York [Mr. FISH]?

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I do not know what can be said in 4 minutes on a bill as important as this huge tax bill. However, I desire to make just a few observations.

The State of New York pays about 33 percent of the Federal income tax, therefore we will pay about 33 percent of this bill, which further increases the burden of taxation. I presume that we will pay a good deal more, because the higher brackets have been raised, most of which come from the State of New York, and it may well be that we will pay 50 percent of this particular bill, owing to the heavy increases in the higher brackets of both the income- and estate-tax payers.

The reason for the bill, of course, is the gigantic expenditures by the Federal Government. May I point out that since 1929 the rich income-tax payer, the fellow in the higher brackets, has almost disappeared, and yet we are endeavoring to tax him more in this bill. I predict we will not get very much in the way of returns. In 1929 there were 38,889 people in this country who had taxable incomes of $50,000 or more a year.

In 1932 this had been reduced to 7,431.

In 1929 there were 513 people who had incomes of over $1,000,000.

In 1932 there were 20 people in the United States who had incomes of over $1,000,000.

I am not opposing estate-tax legislation, because it is a fair and equitable tax and cannot be dodged. Death is inevitable for both rich and poor alike. When the rich die they cannot take their money with them, and that is one time when you can levy taxes upon them that no loophole or lawyer can prevent. But you cannot levy taxes in the highest brackets on the big income-tax payers, because they are naturally going into tax-exempt securities, and until you pass a tax-exempt security amendment the men of great wealth in this country will put their fortunes in such securities and thus avoid paying a 60-percent tax to the Federal Government and 15 or 20 percent more to local governments, such as municipalities, counties, towns, and so forth. This bill amounts to confiscation of wealth and is a virtual capital levy. Everybody realizes it, and the bill will not bring in the returns you expect.

Today is May Day and all over this country in the industrial cities the communists and the socialists and the ultraradicals are denouncing our free institutions, both economic and political, and saying that everything is wrong and rotten and corrupt in America and that we are ruled by rich men and controlled by Wall Street.

I want to say in answer to this that there are very few rich men left today in the United States. I have just read the figures showing there are only 20 men who have a million-dollar income, whereas there were 513 in 1929. That indicates that the distribution of wealth has already been largely effected. When we get through with this legislation there will be none at all and our friends, the communists and the socialists, then will not have anything to talk about.

The main thing they say is wrong with America is that 57 rich men control the Congress and the Government and rule our industrial system. We know this is not a fact, but this being May Day I want to point out that we are increasing the taxes on the rich and we are also trying to pass a stock exchange bill, and when we do both of these things, then the communists and the socialists will not have anything left to talk about. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, will the gentleman from Washington yield 4 minutes to the gentleman from Massachusetts [Mr. McCORMACK]?

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I am very sorry I cannot agree with the report of the conferees in some respects.

I consider that in a depression, when we are trying to get private business back into its normal stride, it is very unwise to impose unnecessarily high tax burdens which, instead of assisting and inspiring business, will have a

deflationary effect. If there is any time when Congress should be careful about the imposition of taxes, it is during conditions such as exist now.

We are putting through legislation for the purpose of increasing the price level—some call it inflation—and at the same time we are passing a tax measure which is purely deflationary in its effect and in its character. This is an inconsistent position.

Reference has been made to the publicity feature involved in this measure. It is nothing but a snooping proposition. The American public does not want publicity on tax returns that will prove harmful in its nature. We had it in 1861, when the first income-tax law was passed to raise revenue to help bear the burdens of the Civil War, and it was repealed in 1862. Public opinion demanded its repeal. Congress passed it again in 1909, and again an aroused public opinion compelled its repeal in 1910. In 1924 an amendment providing for publicity, much milder than the provision proposed by the conferees, was passed, and either in 1925 or 1926 an aroused public opinion again compelled Congress to repeal such legislation. It was simply used by business competitors, by stock salesmen, and others in an abusive way.

There is one State in the Union that has publicity so far as State income-tax returns are concerned—the State of Wisconsin. Every other State in the Union has a provision against publicity, against the activities and enterprises of business men being ascertained by competitors, against the results of unnecessary, unwise, or pitiless publicity. It is absolutely unnecessary on tax returns made by our citizens.

I am opposed to it because it is destructive. There is nothing progressive about such legislation. It is destructive in its character and in its effects.

The repeal of consolidated returns with the exception of railroads is unjustifiable. If it is justifiable to permit consolidated returns with respect to railroads, it is perfectly justifiable, in my opinion, to permit same with reference to other corporations. This is no time to disturb the efforts of private business in its return to normalcy by such legislation.

I realize this privilege has been abused, but we should curb and regulate and control the abuse. We should not undertake to try to remove the abuse by completely eliminating the proper and legitimate use of anything, and that is what the Senate undertook to do when they put this amendment in the bill on the floor of the Senate, and what we are undertaking to do today.

The conferees have had a difficult task, but as I look this report over, it is practically on all major propositions a complete surrender on the part of the House conferees to the amendments that were put on in the Senate, not by the Senate Finance Committee, but written into the bill on the floor of the Senate.

This bill started out as a bill to eliminate tax evasions. The Senate changed it into a bill providing for new taxes, deflationary and harmful, and I hope that the features I have referred to, if the conference report is defeated, will be eliminated. I realize, of course, the difficulty of defeating the conference report and the probability that it will be agreed to, but I cannot restrain myself from expressing my views on at least these two important matters. [Applause.]

Mr. SAMUEL B. HILL. Mr. Speaker, I yield the balance of the time to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, my colleague, the gentleman from Massachusetts [Mr. MCCORMACK], has made a good deal better speech in opposition to the conference report than I am capable of making, and I congratulate him on his remarks. He is absolutely correct in saying that the House yielded to the Senate all down the line on important amendments. It is a Senate floor measure and not a Finance Committee measure. The important items were included in the bill on the floor of the Senate. I think it is important to have this fact in mind when Members come to vote on the conference report.

To prove that statement, let me call your attention to a few figures. We were extremely liberal in the House, and the bill left the House with an estimated yield of $258,000,000. It went to the Finance Committee of the Senate, and when reported by the Finance Committee of the Senate it called for a yield of $330,000,000.

It went from the hands of the Finance Committee to the floor of the Senate, and when the Senate got through with it, with all these various obnoxious amendments, it called for a yield of $480,000,000.

It is true that the bill before you today is estimated to produce $417,000,000. You can calculate for yourselves whether the House Ways and Means conferees rewrote the bill increasing it $160,000,000 or whether the Senate Finance Committee rewrote the bill increasing it over $80,000,000, or whether the men in control of the Senate—and I could name them if parliamentary procedure permitted—wrote this bill.

It is therefore absurd to claim that the House conferees were successful in their support of the House measure. I can see but one reason for the adoption of the conference report. I naturally am not in the confidence of the administration. If the majority of the conferees have been informed that the administration wants that amount of money taken from the taxpayers of the country, I assume that it will be adopted. But if that sum should be collected, the country is entitled to know it as well as the three House conferees on the part of the majority.

The only real merit in the bill is the fact that if the administration wants it, of course it will be adopted.

There has been very little in the open about this bill. It was extremely difficult for the House subcommittee to secure any information whatever, but eventually we were provided with the services of a very efficient gentleman from the Treasury Department in the person of Professor Magill.

A very different procedure was followed by the administration in the preparation of this bill from that adopted in the preparation of the so-called "reciprocal tariff bill." When that bill was under consideration we were flooded with professorial, doctrinaire opinions of departmental assistants, who endeavored to enlighten us with the theoretical views they hold. But when practical information was wanted about the needs of the Treasury it was not at our command.

I know of no time in our history when reduction of taxes would be more desirable than now, when we are endeavoring to put new life into industry. For those who have interests in industry to be confronted with additional burdens of taxation can have but one result, namely, the destruction of initiative and incentive.

In confirmation of this I quote the following editorial from the Berkshire Evening Eagle, of Pittsfield, Mass.:

KILLING THE GOOSE

A declaration is made in Washington that the new revenue bill will lay an additional burden of $200,000,000 on business—an alarming prospect. Here is something definite and tangible to think about. Already it is staggering beneath its load. From one of the most important companies in the country comes a dividend check of 19 cents! Up to now it has been $5. This is the tax story told by a service company nearer home: 1928, $56,266; 1929, $59,648; 1930, $62,671; 1931, $84,974; 1932, $94,170; 1933, $98,567. Upward, upward, ever upward. We have much to fear from the ever-increasing cost of government. There will have to be a showdown and an answer one of these fine days. Business ought to be encouraged, not throttled.

At this point let me quote an extract from a letter which I received this morning from a taxpayer in Massachusetts as emphasizing the effect which this legislation is bound to have on our citizens:

My own wonder is that there has not been a unanimous refusal, concerted, to pay any more taxes anywhere at any time. Such a taxpayers' strike is inevitable either by design or actual inability to pay anything and live, or both. Personally I prefer the direct method of refusal before pauperism forces the indirect way. The enclosed editorial from this morning's Boston Herald says the same thing in better but not less direct words. Government spending must stop and quickly. * * *

No "brain trust" can work anything diametrically opposed to natural phenomena. Old Mother Nature will run her business, equalizing things in her own inimitable way, and no "brain trust" will swerve her one iota from her course, which has been made sufficiently plain through the ages past.

The editorial referred to above follows:

[From the Boston Herald of Apr. 30, 1934]

A VICIOUS POLICY

Business, trade, and commerce must be brought into Boston from the outside and even from far beyond its boundaries and beyond the State and country as well. A vicious policy of waste, extravagance, and high taxes has driven people and business not only to other cities and towns but outside the State. The nonresidents doing business here would be forced out by the imposition of an occupational tax on nonresidents to Boston's great loss. (Mayor Mansfield.)

His honor could have gone a great deal further without overstating the truth. He could have said that most of the taxes proposed in citi hall, the statehouse, and the Capitol at Washington are plus propositions. That is, they do not usually offset other charges. They do not lighten the burden on real estate. They hit the poor as hard as the rich.

Our heavy State income tax, the poll tax which was utilized for a time to finance old-age pensions, the new revenue from liquor licenses, the gasoline taxes which were designed originally for highway building and improvement only—have these improved the condition of the wage earner who owns a home, or the corporation which has heavy realty holdings, or the merchants of Boston, or the thousands who are on their pay rolls?

The upward march of taxes is one answer. Increased borrowings are another. Default in payments of real estate taxes is another. Poverty appeals to Washington are another. Requests for a decrease in appraisals are another. The proposed occupation tax on non-Bostonians, which would add to the load which they are already carrying in their home communities, is still another. It is a grotesque suggestion. Unfortunately, ideas just as damaging have been put on the books. Once there, they usually remain. It is easy enough to legislate them on. It is almost impossible to get them off.

"Why, we Americans don't know what taxation is", say students of the problem and those who have been abroad. Well, we are learning. If the present trend continues, we shall go even beyond our foreign brethren. The figures issued recently by the national industrial conference board indicate this clearly enough. An article yesterday in the New York Times by P. W. Wilson, entitled "Our Tax Burden Nearly as Heavy as Britain's", makes the same point.

These records show that the ratio of taxation to national income has gone up in England from 23 to 25.7 percent; in Germany from 19.3 to 25.2 percent; in the United States, from 11 percent in 1926 to 20.3 percent in 1932. The new deal will accelerate the movement upward. "The comparisons", says Mr. Wilson, "upset important assumptions formerly taken for wranted. Britain is still the most heavily taxed country. But the difference in this respect between her and other countries, especially the United States, is not what it has been assumed to be. The United States on ratio to national income is almost as highly taxed as Germany and four fifths as highly taxed as Britain in 1931."

The remedy for the accumulating evil is discernible, but legislators fear to adopt it. They devise new exactions and authorize freak borrowings, but stubbornly refuse to economize to the extent necessary. What the mayor characterizes as a "vicious policy of waste and extravagance" continues in most places. Remove them, and improvement will be expedited. Go on with them, and the consequences will be disastrous.

Ultimately, taxpayers all over the country would strike in such numbers that the combined military forces of the Nation and the States would be powerless. That is the history of most popular uprisings. The motives which induced them are just as powerful under the new deal as ever before.

Mr. TREADWAY. The House bill was estimated to produce $258,000,000, which was several millions more than the administration asked for. The main object of the bill was to stop legal loopholes which had developed in the administration of the law. The Senate bill, which was the basis of the conference, goes far beyond these stopgaps and places an entirely unnecessary burden on the taxpayers. It is estimated to produce $480,000,000, or $222,000,000 more than the House bill. I see no reason for this tremendous tax levy when indications are pointing to business recovery.

Reference has been made to these various additions. I think they constitute ample reasons why the conference report should be voted down.

Another reason is the provision for publicity of returns. That has been tried under a previous law and found to be a dismal failure, and it was therefore repealed. There is no reason why every individual should see every other man's income-tax return unless it is for the purpose of blackmail or snooping around and getting information they are not entitled to. Congressional committees can secure them now. The Finance Committee of the Senate, the Ways and Means Committee of the House, or any authorized committee of Congress can have every tax return brought to their open door.

Now, the N.R.A. Act of last year had inserted in it a provision which I will read. Section 218 provides:

SEC. 218 (h) Section 55 of the Revenue Act of 1932 is amended by inserting before the period at the end thereof a semicolon and the following: "And all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President."

By what more authority do you want the right to see tax returns than to get your permission from the President of the United States?

Reference has been made to the fact that the State of Wisconsin has a provision in its income tax law for publicity of returns. In this connection I wish to point out that the Wisconsin State Tax Commission, in its annual report for 1930, severely criticized this provision. The report states:

There have been no instances where public inspection has brought forth unreported income, and as to its anticipated effect in producing more correct returns experience has shown that it has had the opposite effect.

* * * * * * *

A survey shows that public examination is almost wholly without any public motive or significance but that advantage is taken of it to serve purely private and personal interests.

Consolidated returns is another subject of great interest. What are the facts in connection with it? The House committee and the House and the Finance Committee of the Senate, everybody, up to the time the vote was taken on the floor of the Senate, favored consolidated returns. The Treasury Department included, but the Senate was allowed to take out consolidated returns, and all that was saved from the wreck finally in the conference was permission for the railroads to file consolidated returns. Is there any good reason why railroads should not take their position alongside of any public-service corporation that is regulated by the laws of the State or the Nation? Why should not public utilities be granted the same rights as the railroads are? The whole subject matter is so unfair that this report should be voted down on that ground also.

I agree with numerous changes that the conferees made in some of these nuisance taxes. If I had supposed that there was any such tremendous sum going to be added to this conference report, I should have favored taking off further taxes of that nature. They reach directly to the people, and the people find great fault with taxes of that nature. If we had supposed that any such thing as this was to be added to this bill in this conference, certainly there would have been proposals to remove others, but we were hamstrung within the limits of the conference, and we could not make those changes.

The only item of any large sum that the House conferees accepted freely and without any discussion whatever was that of the capital-stock and excess-profits taxes, which will raise $95,000,000. I consider that was a breach of good faith. The excess-profits tax and the capital-stock tax were put in the National Industrial Recovery Act last year to finance the $3,300,000,000 public-works program, and it was distinctly agreed and provided in the law that when the eighteenth amendment was repealed those taxes should go off. Yet the very first opportunity to put them back on, they go back on. They were temporary taxes, purely temporary, but they now become permanent; and that is an indication of the method that we can expect to see carried out all through these so-called "temporary emergency propositions" in all of the legislation which we have passed within the last year. You will find a demand to make these features permanent not only in the tax bill but in all the so-called "recovery acts", and this is a good illustration of it.

The income-tax schedule I personally approve, and was very glad to find that we could reach an agreement whereby the lower brackets were given fair and just treatment.

They are increased above what I should like to see up to $20,000, but that was part of the general program of fair advancement, and so we can continue through all of these items.

The estate tax has been referred to. When you get up to 60 percent in an estate tax, where there is necessarily not available cash to pay such a tax, it practically means confiscation. Possibly that is a fair way to distribute the wealth of the country, but nevertheless it does bear the element of confiscation. I hope the conference report will be voted down.

Never was there less information available to Congress or to the public. I assert that the people are beginning to wake up to the fact that we cannot run a government on faith or through evolution or experimentation. It must be done on the basis of sound business and financial judgment.

Such a bill as this will shatter faith, deprive industry of confidence, and lead to chaotic conditions. Bear in mind in voting for this conference report that this is not the total amount of internal-revenue tax. This is a brand-new tax on top of that contained in existing law.

If the Democratic Party wants to assume the responsibility for taking $417,000,000 more out of the pockets of our citizens for the sake of paying for extravagant experiments in government, that is their look-out. As one elected Representative responsible to the voters of his district, I refuse to do so.

I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TREADWAY. Now, let us examine a little into the details of the conference report. This measure was originally conceived as a bill to prevent avoidance of existing taxes. The Ways and Means Committee gave no thought to reporting out a general revenue bill. We advocated no new taxes but simply endeavored to get all that was coming to the Government under existing levies. As the bill comes back to the House from the conference, what do we find? We have what amounts to a general revenue revision. If the Ways and Means Committee had originally proposed a general revision, we no doubt would have given thought to the elimination of the existing nuisance taxes, if we had at the same time proposed increasing existing levies and imposing new ones. As it is, we have both.

INCOME TAXES

Under the House bill, we gave substantial relief to the smaller taxpayer having income from salaries and wages, and at the same time increased the tax somewhat on those having incomes from dividends and partially tax-exempt interest. The Senate felt that the smaller taxpayers were not entitled to the relief which we had given them and increased the tax in the lower and middle brackets. The conference rates are a compromise between the two views. Personally, I can see no justification for the increase over the House bill.

At this point I will include a table showing how the average taxpayer in each income bracket will be affected by the different schedules. This table is based upon the experience of the Treasury Department as regards the proportion of the net income of taxpayers in the various brackets, which is from salaries, wages, and so forth, and that which is from dividends and interest. Tables showing the tax applicable to earned incomes, or to income from dividends, do not present a true picture of the effect of the changes upon the average taxpayer.

The table is as follows:

Total normal tax and surtax after earned-income credit on average incomes as reported for 1932 by net incomes of $5,000 and over, under H.R. 7835 as passed by House and as passed by Senate (before 10-percent additional tax) and under proposal of Apr. 23, 1934, each as compared with total normal tax and surtax under 1932 act

Net-income classes (thousand dollars)	Normal tax and surtax				Percentage increase or decrease over 1932 act under H.R. 7835		
	1932 act	H.R. 7835					
		As passed by House	As passed by Senate (before 10-percent additional)	Conference agreement	As passed by House	As passed by Senate (before 10-percent additional)	Conference agreement
					Percent	*Percent*	*Percent*
5 to 6	$96.73	$75.93	$75.93	$75.93	−21.50	−21.50	−21.50
6 to 7	126.35	98.40	98.40	98.40	−22.12	−22.12	−22.12
7 to 8	174.70	169.28	177.99	169.28	−3.10	1.88	−3.10
8 to 9	232.35	232.24	250.54	231.44	−.05	7.83	−.39
9 to 10	292.15	298.64	343.48	304.52	2.22	17.57	4.23
10 to 11	354.02	364.46	440.64	380.52	2.95	24.47	7.49
11 to 12	423.19	440.10	543.68	463.16	4.00	28.47	9.44
12 to 13	485.81	510.32	641.86	541.10	5.05	32.12	11.38
13 to 14	564.79	597.36	757.02	635.38	5.77	34.04	12.50
14 to 15	643.00	679.30	865.40	724.00	5.65	34.59	12.60
15 to 20	886.97	946.48	1,212.65	1,019.47	6.71	36.72	14.94
20 to 25	1,470.65	1,591.88	1,943.60	1,715.60	8.24	32.16	16.66
25 to 30	2,175.92	2,453.24	2,854.52	2,626.52	12.74	31.19	20.71
30 to 40	3,300.73	3,781.26	4,251.19	4,023.19	14.56	28.80	21.89
40 to 50	5,329.36	6,155.96	6,627.96	6,399.96	15.51	24.37	20.09
50 to 60	7,492.21	8,720.28	9,192.28	8,964.28	16.39	22.69	19.65
60 to 70	10,350.38	11,998.10	12,470.10	12,242.10	15.92	20.48	18.28
70 to 80	13,728.79	15,713.88	16,185.88	15,957.88	14.46	17.90	16.24
80 to 90	17,407.04	19,804.57	20,276.57	20,048.57	13.77	16.48	15.18
90 to 100	21,081.06	23,803.44	24,275.44	24,047.44	12.91	15.15	14.07
100 to 150	32,827.48	36,346.28	36,818.28	36,590.28	10.72	12.16	11.46
150 to 200	54,841.96	60,255.83	60,727.83	60,499.83	9.87	10.73	10.32
200 to 250	77,668.78	84,562.98	85,034.98	84,806.98	8.88	9.48	9.19
250 to 300	96,630.49	104,627.96	105,099.96	104,871.96	8.28	8.76	8.53
300 to 400	133,041.94	144,467.49	144,939.49	144,711.49	8.59	8.94	8.77
400 to 500	177,267.69	190,473.11	190,945.11	190,717.11	7.45	7.72	7.59
500 to 750	237,127.95	256,406.32	256,878.32	256,650.32	8.13	8.33	8.23
750 to 1,000	344,873.82	366,995.57	367,467.57	367,239.57	6.41	6.55	6.49
1,000 to 1,500	591,103.91	637,298.22	637,770.22	637,542.22	7.81	7.89	7.86
1,500 to 2,000	568,523.33	614,424.32	614,924.32	614,684.32	8.07	8.16	8.12

ESTATE-TAX INCREASE

Mr. TREADWAY. The present estate tax imposes a maximum levy of 45 percent. This is increased to 60 percent under the conference agreement.

There are many who feel that the present estate tax is about as far as we ought to go in redistributing wealth through taxation. In many cases the property depreciates between the date of death, when the tax is imposed, and the time of distribution, and by the time the taxes are paid the heirs have very little left. Without some provision guaranteeing against virtual confiscation of estates, I cannot support the increased rates provided in the conference report.

CONSOLIDATED RETURNS

The conference agreement provides for the abolishment of consolidated returns except as to railroads. The House

bill provided for the continuation of the privilege of filing such returns but increased the penalty from 1 perecent to 2 percent. The Senate Finance Committee supported the House provision, but the entire section was stricken from the bill on the Senate floor.

The action of the conference committee in favoring the Senate action, except as it would affect the railroads, overrides the considered views of the Ways and Means Committee, the House of Representatives, the Senate Finance Committee, and the Treasury Department.

PUBLICITY OF RETURNS

The amendment relating to publicity of returns is also a Senate amendment which was inserted on the floor of that body, without consideration by the Finance Committee. The conference agreement is a modification of the Senate amendment and is intended to satisfy those who desire to snoop into their neighbor's affairs.

The Ways and Means Committee of the House, the Finance Committee of the Senate, and the Joint Committee on Taxation—all have the power under existing law to inspect income-tax returns, and there is absolutely no reason for throwing returns open to the inspection of persons who have no business with them.

DIVIDENDS OUT OF PRE-MARCH 1, 1913, EARNINGS

The House has several times included in revenue bills a provision removing the exemption in favor of dividends declared out of corporate earnings or profits accrued prior to March 1, 1913. The Senate has always eliminated the House provision, and the item has gone out of the bill in conference. There is absolutely no justification for the exemption, and the Supreme Court has upheld the power of Congress to tax such dividends. Therefore, I cannot agree with the majority conferees in yielding to the Senate on this provision.

FOREIGN-TAX CREDIT

The House bill reduced the credit for foreign taxes paid by citizens and domestic corporations doing business abroad to one half the present allowance. The Treasury Department, the State Department, and the Department of Commerce—all advocated the retention of the present law as a mean of encouraging our foreign trade. The conference agreement restores the full credit.

TAX ON CHECKS

Under existing law the tax on checks expires July 1, 1935, The House bill moved the expiration date up to January 1, but the Senate eliminated this provision. The conference agreement restores the earlier expiration date. This was one of the few items on which the Senate yielded.

I should have been glad to see this tax repealed at once, as it is one of the most objectionable of the nuisance taxes and doubtless has a tendency to discourage the use of checking accounts, thereby keeping money out of the banks.

TAXES ON SOFT DRINKS AND CANDY

The House bill repealed the tax on unfermented fruit juices, and the Senate struck out the entire soft-drinks tax, together with the tax on candy. The conference agreement retains both these Senate amendments, with which I am in hearty accord.

TAX ON JEWELRY

The conference agreement retains the Senate amendment exempting from the tax on jewelry all articles of jewelry (including clocks) sold by the manufacturer, producer, or importer for less than $25. While I should have been glad to see this tax repealed in its entirety, I am glad to support the Senate provision.

TAX ON FURS

The conference agreement also retains the Senate amendment exempting from the tax on furs all articles of which fur is the component material of chief value, sold by the manufacturer, producer, or importer for less than $75. This tax was particularly objectionable, because it applied to many low-priced garments which were simply trimmed with fur. As long as the fur on the garment was more valuable than any other component material, the article was subject to the tax. As most women's coats have some fur on them, the levy amounted to a tax on cheap clothing.

CONCLUSION

While I am in sympathy with many of the provisions of the bill, I am unable to vote for the adoption of the conference report. I have been a conferee in connection with a number of revenue bills, but this is the first time I have not signed a conference report. I realize that it is impossible to get a bill which is satisfactory to each of us, or which satisfies any one person in every particular, but the objectionable features of the present bill so far outweigh its good features that I cannot give it my support.

I voted for the bill as it was passed by the House, and I could even vote for the bill as it was reported to the Senate by the Finance Committee. The present bill, however, was written on the floor of the Senate by a handful of so-called "Progressives", and did not have consideration and study by either the Finance Committee or the Ways and Means Committee. If a general revenue bill is to be written, let it originate in the Ways and Means Committee in accordance with the constitutional injunction that all revenue bills must originate in the House of Representatives. Let the House have an opportunity to express itself directly upon the subject of new taxes.

Mr. SAMUEL B. HILL. Mr. Speaker, I move the previous question on the conference report.

Mr. McDUFFIE. Mr. Speaker, before the motion is put, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

Mr. SNELL. I reserve the right to object. On what subject?

Mr. McDUFFIE. Upon the conference report.

Mr. SNELL. I am sorry, but I shall have to object to that.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. SNELL) there were—ayes 81, noes 62.

Mr. SNELL. Mr. Speaker, I object to the vote upon the ground that there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is not a quorum present. The roll call is automatic. The Doorkeeper will close the doors, and the Sergeant at Arms will notify absentees. The Clerk will call the roll.

The question was taken; and there were—yeas 253, nays 106, not voting 71, as follows:

[Roll No. 134]

YEAS—253

Adams	Carpenter, Kans.	Dockweiler	Green
Arens	Carpenter, Nebr.	Doughton	Greenway
Arnold	Cartwright	Dowell	Gregory
Ayers, Mont.	Castellow	Doxey	Griffin
Ayres, Kans.	Chapman	Drewry	Hancock, N.C.
Bailey	Chavez	Driver	Hart
Bankhead	Church	Duffey	Harter
Beiter	Clark, N.C.	Duncan, Mo.	Hastings
Berlin	Cochran, Mo.	Dunn	Healey
Biermann	Cochran, Pa.	Durgan, Ind.	Henney
Black	Colden	Eagle	Hildebrandt
Bland	Cole	Edmiston	Hill, Knute
Blanton	Collins, Miss.	Eicher	Hill, Samuel B.
Boehne	Colmer	Ellenbogen	Hoeppel
Boileau	Condon	Faddis	Hoidale
Boylan	Connery	Fernandez	Howard
Brennan	Cooper, Tenn.	Fiesinger	Hughes
Brooks	Cox	Fitzgibbons	Jacobsen
Brown, Ga.	Cravens	Fitzpatrick	James
Brown, Ky.	Cross, Tex.	Flannagan	Johnson, Minn.
Brown, Mich.	Crosser, Ohio	Fletcher	Johnson, Okla.
Buchanan	Cullen	Foulkes	Johnson, Tex.
Buck	Cummings	Frear	Johnson, W.Va.
Bulwinkle	Darden	Frey	Jones
Burch	Dear	Fuller	Kee
Burke, Nebr.	Deen	Fulmer	Keller
Byrns	Delaney	Gambrill	Kennedy, Md.
Cady	DeRouen	Gilchrist	Kenney
Caldwell	Dickinson	Gillespie	Kerr
Cannon, Mo.	Dies	Gillette	Kleberg
Cannon, Wis.	Dingell	Glover	Kloeb
Carden, Ky.	Disney	Goldsborough	Kniffin
Carmichael	Dobbins	Gray	Kvale

Lambeth	Miller	Rankin	Thomason
Lamneck	Milligan	Rayburn	Thurston
Lanham	Mitchell	Reilly	Truax
Larrabee	Monaghan, Mont.	Richards	Turner
Lea, Calif.	Montague	Robertson	Umstead
Lee, Mo.	Montet	Rogers, Okla.	Vinson, Ga.
Lehr	Moran	Romjue	Vinson, Ky.
Lemke	Morehead	Rudd	Wallgren
Lesinski	Mott	Ruffin	Warren
Lewis, Colo.	Murdock	Sabath	Wearin
Lewis, Md.	Musselwhite	Sanders	Weaver
Lindsay	Nesbit	Sandlin	Weideman
Lloyd	Norton	Scrugham	Werner
Lozier	O'Connell	Sears	West, Ohio
Ludlow	O'Malley	Secrest	West, Tex.
Lundeen	Oliver, N.Y.	Shallenberger	White
McCarthy	Owen	Shoemaker	Whittington
McFarlane	Palmisano	Sirovich	Wilcox
McGrath	Parker	Sisson	Williford
McGugin	Parks	Smith, Va.	Williams
McKeown	Parsons	Smith, Wash.	Wilson
McMillan	Patman	Snyder	Withrow
McReynolds	Peavey	Spence	Wolverton
Maloney, Conn.	Peterson	Steagall	Wood, Ga.
Maloney, La.	Pettengill	Strong, Tex.	Wood, Mo.
Mansfield	Peyser	Stubbs	Woodruff
Martin, Colo.	Pierce	Studley	Young
Martin, Oreg.	Polk	Tarver	Zioncheck
May	Ramsay	Taylor, Colo.	
Mead	Ramspeck	Terry, Ark.	
Meeks	Randolph	Thom	

NAYS—106

Adair	Eaton	Kocialkowski	Rogers, N.H.
Allen	Edmonds	Kopplemann	Schuetz
Andrew, Mass.	Englebright	Lanzetta	Seger
Andrews, N.Y.	Evans	Lehlbach	Shannon
Bacharach	Fish	Luce	Sinclair
Bacon	Focht	McCormack	Snell
Bakewell	Ford	McDuffie	Somers, N.Y.
Beedy	Foss	McFadden	Stokes
Blanchard	Gavagan	McLean	Strong, Pa.
Bloom	Gifford	McLeod	Sutphin
Bolton	Goodwin	Mapes	Swick
Britten	Goss	Marshall	Taylor, Tenn.
Brunner	Granfield	Martin, Mass.	Terrell, Tex.
Carter, Wyo.	Haines	Merritt	Thomas
Chase	Hancock, N.Y.	Millard	Thompson, Ill.
Christianson	Harlan	Moynihan, Ill.	Tinkham
Claiborne	Hartley	O'Brien	Traeger
Clarke, N.Y.	Higgins	O'Connor	Treadway
Coffin	Hollister	Perkins	Utterback
Connolly	Holmes	Plumley	Walter
Cooper, Ohio	Hope	Powers	Welch
Crowther	Jenkins, Ohio	Ransley	Whitley
Culkin	Kahn	Reece	Wigglesworth
Darrow	Kelly, Ill.	Reed, N.Y.	Wolcott
De Priest	Kennedy, N.Y.	Rich	Wolfenden
Dirksen	Kinzer	Richardson	
Dondero	Knutson	Rogers, Mass.	

NOT VOTING—71

Abernethy	Corning	Huddleston	Schulte
Allgood	Crosby	Imhoff	Simpson
Auf der Heide	Crowe	Jeffers	Smith, W.Va.
Beam	Crump	Jenckes, Ind.	Stalker
Beck	Dickstein	Kelly, Pa.	Sullivan
Boland	Ditter	Kramer	Sumners, Tex.
Browning	Douglass	Kurtz	Swank
Brumm	Doutrich	Lambertson	Sweeney
Buckbee	Ellzey, Miss.	McClintic	Taber
Burke, Calif.	Eltse, Calif.	McSwain	Taylor, S.C.
Burnham	Farley	Marland	Thompson, Tex.
Busby	Gasque	Muldowney	Tobey
Carley, N.Y.	Greenwood	Oliver, Ala.	Turpin
Carter, Calif.	Griswold	Prall	Underwood
Cary	Guyer	Reid, Ill.	Wadsworth
Cavicchia	Hamilton	Robinson	Waldron
Celler	Hess	Sadowski	Woodrum
Collins, Calif.	Hill, Ala.	Schaefer	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Woodrum (for) with Mr. Hess (against).
Mr. Sullivan (for) with Mr. Ditter (against).
Mr. Farley (for) with Mr. Muldowney (against).
Mr. Celler (for) with Mr. Cavicchia (against).
Mrs. Jenckes of Indiana (for) with Mr. Doutrich (against).
Mr. Corning (for) with Mr. Wadsworth (against).
Mr. Crowe (for) with Mr. Brumm (against).
Mr. Kramer (for) with Mr. Taber (against).
Mr. Carley of New York (for) with Mr. Buckbee (against).
Mr. Swank (for) with Mr. Tobey (against).
Mr. Browning (for) with Mr. Waldron (against).
Mr. Prall (for) with Mr. Kurtz (against).
Mr. Gasque (for) with Mr. Turpin (against).

General pairs:

Mr. Dickstein with Mr. Beck.
Mr. Underwood with Mr. Guyer.
Mr. McSwain with Mr. Simpson.
Mr. Huddleston with Mr. Eltse of California.
Mr. McClintic with Mr. Lambertson.
Mr. Busby with Mr. Burnham.
Mr. Douglass with Mr. Kelly of Pennsylvania.
Mr. Greenwood with Mr. Stalker.
Mr. Sumners of Texas with Mr. Carter of California.
Mr. Oliver of Alabama with Mr. Reid of Illinois.
Mr. Auf der Heide with Mr. Collins of California.
Mr. Jeffers with Mr. Shoemaker.
Mr. Crosby with Mr. Marland.
Mr. Schulte with Mr. Schaefer.
Mr. Ellzey of Mississippi with Mr. Cary.
Mr. Sweeney with Mr. Hamilton.
Mr. Allgood with Mr. Imhof.
Mr. Smith of West Virginia with Mr. Thompson of Texas.
Mr. Griswold with Mr. Robinson.
Mr. Beam with Mr. Burke of California.
Mr. Crump with Mr. Sadowski.
Mr. Hill of Alabama with Mr. Taylor of South Carolina.
Mr. Abernethy with Mr. Boland.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

THE TAX BILL

Mr. SAMUEL B. HILL. Mr. Speaker, I ask unanimous consent that Senate amendment no. 13 be now considered.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

On page 2, line 13 of the bill, insert the following:

"SEC. 14. INCREASE OF TAX FOR 1934

"In the case of an individual the amount of tax payable for any taxable year beginning after December 31, 1933, and prior to January 1, 1935, shall be 10 percent greater than the amount of tax which would be payable if computed without regard to this section, but after the application of the credit for foreign taxes provided in section 131, and the credit for taxes withheld at the source provided in section 32."

Mr. SAMUEL B. HILL. Mr. Speaker, I move that the House insist upon its disagreement to the Senate amendment no. 13.

Mr. O'MALLEY. Mr. Speaker, I offer a preferential motion. I move to recede and concur in the Senate amendment no. 13.

Mr. SAMUEL B. HILL. Mr. Speaker, this is the so-called "Couzens amendment." It imposes a tax of 10 percent upon the total amount of the normal and the surtax of a particular individual for the year 1934. In other words, after you have calculated your tax, both normal and surtax, under the rates as shall be established in the tax structure, you will then add 10 percent of that total amount to your tax for the year 1934. It applies only to individuals and not to corporations; and it applies to estates in trust.

The conferees of the House are in agreement in resisting this Senate amendment. We feel it was absolutely without warrant or justification. We have not been requested by the administration to levy the tax or to raise more revenues from a general tax revision bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. SAMUEL B. HILL. In just a moment. It imposes one of the greatest burdens upon the taxpayers that has ever been imposed either in war time or in peace time; and certainly now, when there is no such thing, generally speaking, as profiteering in business, when tax sources have almost dried up, I feel very strongly that we should not impose this additional burden upon the taxpayer.

I now yield to the gentleman from Wisconsin.

Mr. O'MALLEY. The gentleman stated that the administration had not made any indication that it wanted this additional 10 percent to carry on the expenses of recovery. The administration has not made any opposition to it, as far as I know, nor have I seen in the papers that the administration is opposed to a 10-percent emergency tax to help pay the cost of recovery.

Mr. SAMUEL B. HILL. Mr. Speaker, I hope the House will vote to support the motion to disagree to this Senate amendment.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. JOHNSON of Texas. Does this amendment apply to the small income tax as well as to the large income tax?

Mr. SAMUEL B. HILL. It applies to every individual taxpayer. It does not apply to corporations, but it applies to the individual taxpayer, small and large.

Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. McDUFFIE].

Mr. McDUFFIE. Mr. Speaker, I have not risen for the purpose of discussing the matter under immediate consideration but with the hope that I may call the attention of the House to the coconut-oil provision of the conference report which has just been adopted, in the hope that before this Congress adjourns some measure may be adopted that will at least relieve the Congress, the American people, and the President of the United States from the attitude of failing to keep faith with the Filipino people.

Some weeks ago the President of the United States and others in authority, both in this country and in the Philippine Islands, including all factions in the islands, entered into a solemn agreement which was finally enacted into law by the Congress, under which processes were laid down for the accomplishment of the independence of the Philippine Islands. This is a "consummation devoutly to be wished" both here and in the islands. Under the terms of that Act, importations from the islands are to remain as they are until the Commonwealth government is established, which will be done within 12 months. Automatically, upon the establishment of the Commonwealth government, the free importation of Philippine goods is curtailed 40 percent, and at the end of 5 years an export tax is applied on all Philippine products.

When the tax bill was under consideration in the Senate the President of the United States, moved by his solemn agreement with the Filipino people, suggested in a letter to Senator HARRISON, the Chairman of the Finance Committee of the Senate, that the tax on coconut oil would be a violation of the spirit of the Independence Act which had just been passed. May I read to you from the CONGRESSIONAL RECORD of April 10 at page 6317 the statement of Senator HARRISON at the time the letter to him from President Roosevelt was read to the Senate, and I should like also to quote the President's letter in this regard:

Senator HARRISON said:

When this matter was before the Committee on Finance I voted against the amendment that is written in the bill because, even though my people are very much interested in cottonseed oil, and I had been appealed to to vote for it, I thought it was a violation of the Independence Act that we had passed for the Philippines; and I was fearful that it might invite a Presidential veto of a very important bill if we did not at least provide an exemption of the average importations from the Philippines of copra and coconut oil. So I talked to the President about this matter, and I received from him this letter, which I desire to read:

"I am advised that H.R. 7835, the revenue bill, now under consideration before your committee, contains a provision imposing an excise tax on coconut oil.

"Now that the Philippine independence bill has been approved, and insofar as the United States is concerned, represents definite commitments to the government and the people of the Philippine Islands, the provisions of section 6 will govern future trade relations with the Islands. Paragraph (b) of this section contemplates that there shall be no restriction placed upon Philippine coconut oil and copra coming into the United States until after the inauguration of the government of the Commonwealth of the Philippine Islands. It is my review that the imposition of an excise tax on coconut oil would be a violation of the spirit of this section of the independence act, and that such provision should be eliminated from the revenue bill.

"May I respectfully suggest that your committee be advised of the language which I used in regard to the economic phase of the independence bill in my recent message to Congress."

From the letter of the President you can readily see the embarrassment that must come to the President, as well as to the legislative branch of the Government, by the passage of this act, which, even before the ink is hardly dry upon the Independence Act, and which, I take it, is at least in the nature of a contract entered into between this Government and our dependent peoples in the Far East, violates the letter and the spirit of our solemn agreement on the question of independence for the Filipino people.

Today, the first day of May in America, but yesterday, the first day of May over there, and on the thirty-sixth anniversary of Admiral Dewey's victory at Manila Bay, a new nation was born in the Orient. It so happened that some of us, marvelous as it may seem, heard over the radio at 10 o'clock last night the proceedings of the joint session of the Philippine Legislature as it unanimously accepted the Independence Act recently passed by Congress. This means, I am sure, since all major political factions of the islands are seemingly united in support of the act, that the first great step leading to ultimate and complete independence will be approved by the Filipino people and a constitution similar to ours will be set up for them within a year from this day. These 14,000,000 people, who have progressed as no other people of the Orient have done, due to American influence and the fine cooperation of the people of the islands, have set in motion the machinery that will soon permit them to take their place in the world as an independent nation. Congratulations are in order, both to our Nation and the Filipino people. They are a fine, progressive race who have demonstrated their ability to manage their own affairs and take their place in the great family of nations with all the responsibilities of a self-governing people.

How unfortunate it is that we, the guardians of these people, are seemingly misled by propaganda and such legislative farmers as Mr. Loomis, Mr. Gray, and other farm representatives into the belief that Philippine oil or coconut oil from the Philippine Islands vitally and seriously competes with farm products in this country. The limitations of this hour will not permit me to go into a detailed discussion of that competition. I call your attention to the facts set forth in the statement I shall insert in the RECORD. Many of our own people believe that it competes in an appreciable degree with cottonseed oil, but I have never found a man who knew to just what extent that competition extends. The producer in the livestock business or the raiser of a steer weighing 1,000 pounds would have, as a benefit of this bill, the value of that steer advanced only 5 cents. The joker in this bill is that there is no tax to be applied on tallow. The benefits, small as they are, if there be any for any American industry, to come from this tax which is an embargo tariff in the guise of an excise tax, will go to the packers and rendering plants of this country. Certainly I have no objection to the prosperity of any industry in America. Indeed, I long to see all industry make fair and reasonable returns, but I do object to taxing one bloc of people under the American flag for the exclusive benefit of another bloc under the same flag. Tallow has already increased in price as a result of this legislation. The rendering plants that make tallow from refuse of kitchens, restaurants, and so forth, are having much prosperity. Here today we are making a law that will add to the cost of the users of soap, curtailing the means of livelihood of 3,000,000 of people, small operators, and bring little to our Treasury.

The small amount of benefit accruing to the farmer from this bill is not commensurate with the great principle involved. Mr. Speaker, in the name of 14,000,000 dependent people—as many as there are in the Republic of Mexico—who are under our flag not of their own volition, who have free trade with us not of their own volition, who are wards, if you please, I protest against the tax on coconut oil. These people buy more dairy products from this country than any other nation in the world buys, yet we are today curtailing that buying power. These people buy much of our cotton, and they are our eighth best customer. Nearly 3,000,000 of these people will be unable, as a result of this legislation, to continue to buy the very things our farmers sell them. By the imposition of this tax you are destroying the second largest industry of these people; you are doing it in the face of a promise, or contract, which they in good faith have already carried through.

They have been benefited, it is true, by the influence of American ideals in the Orient. It should be said to our credit and theirs that no colonization in the world can compare with the colonization by the American people in the Philippine Islands. They have reached that status, socially and economically, where they can now take their place in the sun as a great nation. It is unfortunate, I say, that representatives of the American people, at both ends of the Capitol, have seen fit to impose this tax against

them immediately upon the passage of the bill initiating their complete independence. [Applause.]

Not only the President of the United States, but the Secretary of War, the Secretary of Agriculture, the Chief of the Bureau of Insular Affairs, the Governor General of the Philippine Islands have repeatedly urged against this tax. I wish to include under leave granted, as a part of these remarks the statement of the Secretary of War, made before the Senate Finance Committee, also other letters and statements.

STATEMENT OF HON. GEORGE H. DERN, SECRETARY OF WAR, BEFORE THE COMMITTEE ON FINANCE, UNITED STATES SENATE, RELATIVE TO THE REVENUE BILL (H.R. 7835), MARCH 16, 1934

Mr. Chairman, on February 15, 1934, I sent you a letter for the consideration of your committee which I presume has been made a part of the record of these hearings. In this letter I expressed briefly my views relative to the provision contained in section 602 of H.R. 7835 which imposes an excise tax of 5 cents per pound on coconut oil.

With the approval of the President, I now desire to supplement my statement contained in that letter, and to reiterate my recommendations that this provision be eliminated from the bill.

Our trade relations with the Philippine Islands are governed by provisions contained in successive tariff laws relating to this trade. Prior to 1909 there was a tariff of 75 percent on Philippine products entering the United States. The provision of the Treaty of Peace with Spain that permitted Spanish ships and goods free entry into the Islands for a period of 10 years was an obstacle to free trade. At the expiration of this 10-year period, however, free trade, with certain limitations or quotas on sugar, tobacco, and rice, was established under the Tariff Act of 1909.

The Tariff Act of 1913 removed all of the limitations imposed by the Tariff Act of 1909 and provided practically for free trade between the Islands and the United States. The provisions of the 1913 act are contained in subsequent tariff acts and have remained continuously in force as an apparently settled national policy in dealing with the Philippine Islands. Under that policy trade between the Philippine Islands and the United States has been greatly stimulated to the mutual advantage of both peoples.

The history of our occupation of the Philippine Islands during the past 35 years constitutes a brilliant chapter in the accomplishments of the United States. The administration of the islands under the United States has been of immeasurable benefit to the Filipino people. It presents to the world an entirely new philosophy in dealing with overseas dependencies. The great progress made in their general economic development has been largely due to the policy of free and unrestricted trade between the islands and the United States. This trade has been the principal means of developing the present standard of life in the islands above that of the surrounding areas. For example, according to the statement of a former Governor General of the Philippine Islands, "the standard of living of the Filipino laborer is at least 300 percent higher than that of his neighbor in China. It is much higher than that of any similar labor in the other surrounding countries like Java or Singapore."

The coconut industry is one of the vital factors of Philippine life. Coconut oil and copra from which the oil is made in the United States are products of the second industry of the Philippine Islands. Coconut oil produced in the Philippine Islands and coconut oil produced in the United States from Philippine copra constitute about 68 percent of the coconut oil consumed in the United States, the remainder being made from copra brought in from foreign countries duty free. The proposed excise tax, if collected in full on the amount of coconut oil received from the Philippine Islands in 1933, would amount to about $29,732,000, which is as much as the entire revenues received by the insular government for 10 months of the same year ($29,685,767). This would certainly be a heavy burden to place upon a single industry in any part of our country. The imposition of such a tax would not be in keeping with the policy which Congress up to now has uniformly followed in the enactment of legislation affecting the vital interests of the islands. The proposed tax will impose a burden on several million Filipinos far out of line with the benefits that may be expected to accrue to the people of the United States. It is contrary to the principle of reciprocal trade. I do not believe the situation in the United States demands undue sacrifices on the part of any of our overseas dependencies except insofar as the principle of fair and equal treatment to all areas under the American flag may demand sacrifices.

Due to the existence of free trade between the United States and the Philippine Islands, the bulk of the external trade of the islands is with the United States (total of about 72 percent). Over 81 percent (5-year average) of the Philippine exports are sent to the United States and about 63 percent of the external purchases of the Philippine Islands are made in the United States, thus showing a good reciprocal trade relationship.

The Philippine Islands stand first as purchasers of United States dairy products with which coconut oil is alleged to compete. Our dairy industry should not overlook this fact when it advocates an excise tax which presumably will adversely affect our export market for dairy products. The Philippines also stand first in the purchase of United States cotton textiles. Other items of importance are tobacco products, paper, rubber, iron and steel, electrical and sugar-mill machinery, automobiles, chemicals, drugs, books, etc. A complete list of the articles imported into the Philippine Islands from the United States would embrace almost the entire list of articles raised and produced in this country. All of these goods are admitted to the Philippine Islands free of duty while imports from other countries are forced to pay an average of approximately 20 percent ad valorem. I repeat that any restriction in the use of coconut oil in the United States would have a correspondingly adverse effect on Philippine purchases from the United States. Coconut oil ranks second in value of Philippine products sent to the United States.

On March 2 the President sent a message to Congress relative to Public, No. 311, Seventy-second Congress (Philippine Independence Act), which has again been introduced in the Congress with certain proposed amendments (S. 2935 and H.R. 8424). With reference to the economic provisions of that act the President said:

"To change, at this time, the economic provisions of the previous law would reflect discredit on ourselves."

Section 6 (a) thereof authorizes an annual quota of 200,000 tons of coconut oil to be shipped to the United States, and, of course, contemplates that this oil shall have free access to our markets except as provided in the act. Imposing an excise tax on this product of the Philippine Islands and on duty-free copra from foreign countries is equivalent to levying a tariff thereon. Such action would, in effect, change the agreement implied in section 6 (a) of Public, No. 311, Seventy-second Congress, to the detriment of the Filipino people. When accepted the terms of this act presumably become a sort of contract between the two countries, which should not be changed without mutual agreement. This fact would seem of itself to be a firm objection to placing an excise tax on coconut oil at this time.

A careful study of this subject leads to the following conclusions:

1. The following interests would thereby be adversely affected:

(a) Several million Filipinos who are dependent on this industry for a livelihood. Eight Provinces of the Philippine Islands depend almost exclusively on coconuts. Thirty out of the forty-nine Provinces of the islands would be crippled in their first or second industry. Obviously, the property-tax revenues of the Philippine government and of its subdivisions would be seriously affected, causing embarrassing fiscal problems. Schools would probably have to be closed and other public services discontinued or curtailed.

(b) The American shipping interests would suffer. The round trip of oil tankers carrying mineral and other oils to the Orient return loaded with coconut oil, which makes these trips profitable. Other cargoes help to fill ships, resulting from purchases made in the United States from the proceeds of coconut oil and copra.

2. Whatever benefits might accrue to the United States from this tax would be at a burdensome cost to the Filipino people. Have we the moral right to try to build up one group of our producers by tearing down another group which also lives under the American flag?

3. In view of the declared purposes of this Government as regards Philippine independence, the Filipino people have the right to expect of us fair and considerate legislation that will enable them to work out the formula for the establishment of a free and independent government under which their economic, political, and social institutions as developed under American guidance shall have a reasonable chance to survive. We have the responsibility of helping them to work out this formula of independence. In the meantime the Filipinos are under American sovereignty and are entitled to fair trade relations. The enactment of this provision relative to coconut oil would be out of line with the policy which Congress has uniformly followed, namely, that of according fair and equal treatment to all areas under our flag.

I have here a number of radiograms received from the Governor General of the Philippine Islands which, if they have not already been included, I recommend be made a part of the record of these hearings.

In conclusion I desire to quote the following extracts from a radiogram (no. 57, Feb. 9, 1934) received from the Governor General of the Philippine Islands:

"The proposed tax is equal to 200 percent of the current price of the product and is more likely to destroy the Philippine coconut industry than to produce any substantial revenue. * * *

"Financially this means the bankruptcy of 8 important provinces mainly dependent on the coconut industry and the questionable success of 10 others. The resulting decline in revenues will imperil essential government services and interest payments on provincial bonds in the area affected. * * * Socially it will entail wide-spread distress and dissatisfaction among the people. It is suggested that any benefit that may accrue to domestic interests from such a measure cannot outweigh or equalize the wholesale harm and distress that it will cause here." * * *

In another message (No. 83, Feb. 24, 1934) the Governor General states:

"Intimate contact with the situation locally forces on me the conclusion that the unlimited application of the tax will provoke a near disaster in the economy of the Philippines."

Mr. McDUFFIE. We have tried for 30 years without success to use cottonseed oil in the making of soap. The only competition with cottonseed oil by coconut oil is its use in the manufacture of oleomargarine and some of the table oils. More than 70 percent of the coconut oil imported into America goes into the manufacture of the finer soaps and we have

been unable to find a successful substitute for coconut oil for this industry. Less than 19 percent of the coconut oil imported competes in edible products. As proof that coconut oil does not appreciably compete with cottonseed oil, figures of the Department of Commerce show that when cottonseed oil was selling at a cheaper price than coconut oil, the consumption of coconut oil greatly increased. Only 3 percent of the total oils and fats used in America is coconut oil; and yet if we believe the legislative farmers referred to, and on whose pay roll I know not, nor have I personally inquired, we are led to believe that the farmers of the country, especially the dairy farmers, are to be greatly benefited as a result of this tax.

The fact that the conferees have placed a 5-cent tax on coconut oil imported from all other countries, and a 3-cent tax on that imported from the Philippine Islands, was, of course, all the conferees could do. The House passed the 5-cent tax under a rule, as you recall, which permitted no amendments and we were not privileged to try to eliminate this item from the bill. The Senate made the tax 3 cents and provided also that all moneys collected from this tax would be returned to the Philippine government. Unfortunately there will be little money collected from a tax on coconut oil coming into America from the Philippine Islands. This oil sells for 3 cents a pound and less today, and, of course, it will find a market in other countries, probably Canada, and most likely Japan.

This tax is a blow to the manufacturers of soap in America. It is a blow to American labor engaged in those plants. In my judgment, I repeat, it is unjustified and unworthy of the American people, whose policy with the Philippine Islands has very properly been a generous and fair one. This provision of the bill, in my judgment, would fully justify the President in exercising his veto power in order that a great nation might live up to its pledged word. As Commissioner GUEVARA well said today, "With one hand we hand them independence, and with the other hand we strike a severe blow at their economic welfare." No nation in the world can regard this as fair treatment. This Congress should retrace its steps by a resolution in sofe form, either permitting the Agricultural Administration to levy a tax, if necessary, which it doubtless now has the power to do, or to give the President discretionary power in dealing with the tax, or provide the fair and just thing, which would be language that complies with section 6 of the independence act relative to importations from the Philippine Islands.

I should like to include here a letter written by Commissioner GUEVARA to the President which has my entire approval, and which I think fairly sets forth the effect of this bill, as well as the attitude of the Filipino people.

The letter follows:

APRIL 16, 1934.

The PRESIDENT,
The White House,
Washington, D.C.
(Through the Secretary of War.)

DEAR MR. PRESIDENT: Following my conference today with the Secretary of War on the excise tax on Philippine coconut oil, I am leaving this letter with him with the request that he be good enough to submit it to your distinguished consideration.

I desire to associate myself with Your Excellency, the Secretary of War and various Members of Congress in declaring that the excise tax in question is a violation of the terms, the spirit, and the plan of the Tydings-McDuffie Act, which the American Government has just offered the Filipino people as their new organic law, and as the covenant that shall govern the political and economic relations between the United States and the Philippines before complete Philippine independence is achieved.

If such violation is permitted to stand, I am afraid it would set a precedent for similar violations respecting other Philippine products, and that would simply mean inaugurating in the Philippines while still under the American Flag, the reign of poverty and penury, chaos and confusion, uncertainty and more uncertainty.

Philippine industries would be destroyed before they could even start an orderly readjustment, which in itself is a mighty difficult operation, from the present tariff-protected to the unprotected basis during the 10-year transition period contemplated in the Tydings-McDuffie Act.

Mr. President, as the CONGRESSIONAL RECORD will show, the coconut oil excise tax has been posed as a question of the American farmer versus the Filipino farmer, and Members of Congress were frank in saying that they were for the former. As the Philippines have no vote in Congress and not even a voice in the Senate, it was to be expected that a more judicial attitude would be taken on questions affecting the Philippines.

There are proofs overwhelming that between American agriculture and the Philippines there are infinitely more points of harmony and mutual benefit than competition and conflict. What is needed is a calm examination of their mutual interests.

In the debate in the Senate it was repeatedly stated that taxing the Philippine coconut oil is merely placing the Filipino copra producer on a comparable basis with the American farmer with respect to the processing tax under the A.A.A. May I point out the difference between the two cases by saying that the processing tax accrues directly to the American farmer while the coconut oil excise tax goes to the Philippine government, which, under the Norris amendment, is prohibited from subsidizing the coconut industry under penalty of forfeiting the tax.

The provision to give the tax that may be collected to the Philippine government does nothing but raise false hopes for more revenue. The rate of 5 cents a pound is equivalent to 130 percent ad valorem. The steep price increase would inevitably force the consumption of coconut oil in American industries to the very minimum. We have the word of the proponents of the tax that coconut oil is not indispensable except in certain industries which use perhaps less than 5 percent of the coconut oil now consumed.

The net effect of the tax would be to reduce the coconut oil and copra exports of the Philippines to the United States to a very small proportion of the present amounts and the corresponding increase of copra surplus in the Philippines for disposal at depressed prices in the markets of the world.

The Filipino copra producer would get less from his product than he is getting now, which is already near the starvation basis, and the Philippine government would not get the revenue, but instead would probably be the loser as its present substantial income from the sales' tax on copra and coconut oil suffers considerable diminution.

I am, therefore, urging you to take the necessary action not only to save a major industry in the Philippines but also to save the Tydings-McDuffie Act from virtual disintegration.

Faithfully yours,

PEDRO GUEVARA,
Resident Commissioner from the Philippine Islands.

Enclosure: New York Times Editorial, April 13, 1934.

Mr. McDUFFIE. I also set out below a letter from former Commissioner Quezon, now president of the Philippine Senate, to the Secretary of War.

WASHINGTON, D.C., *April 3, 1934.*

Hon. GEORGE H. DERN,
Secretary of War, Washington, D.C.

MY DEAR MR. SECRETARY: It has come to my attention that there is talk of a compromise whereby the excise taxes in section 602 of the 1934 revenue bill would be placed in line, according to the proponents of the idea, with the Tydings-McDuffie bill, by allowing the importation into the United States excise tax free of 200,000 long tons of coconut oil from the Philippines, 100,000 of which will enter in the form of copra and the other 100,000 tons in the form of oil.

Let me point out that this would be a most serious violation of the terms of the Tydings-McDuffie bill. The Tydings-McDuffie bill provides for the duty-free entry into the United States of 200,000 long tons of coconut oil in the form of oil and there is no question of a limitation on the amount of copra which can be shipped from the Philippines to the United States. I desire, first, to point out that if there is any such compromise made the Filipino should be allowed to ship in such oil as he supplies the United States with in the form of coconut oil. In other words, the Philippine mills must be allowed to produce this oil, thereby providing employment for Philippine labor and giving the Filipino the profit and the Philippine government the revenue from taxation, which will accrue from crushing the oil in the islands.

If the bill is so altered that we must ship both copra and oil into the United States, then the amount of business which can be done by our oil mills in the Philippines will be so small that they will not be able to carry on. The total amount of oil which we could ship to the United States under the Tydings-McDuffie bill would be 448,000,000 pounds. If this be cut in half, we could then ship only 224,000,000 pounds of oil, whereas our Philippine mills actually shipped to the United States last year in the form of oil 316,000,000 pounds.

We cannot agree to any limitation of the amount of copra which we can ship from the Philippines. The bill provides no such limitation, and it would be suicide for the Philippine copra producers if the amount which they could ship were limited to a quantity necessary to supply 100,000 long tons of oil to the United States in the form of copra.

I cannot too strongly impress upon you that, so long as the Filipino is producing more than 200,000 long tons of coconut oil per annum, or more than enough copra to supply this amount of oil, there is no means whereby the price of coconut oil to the Filipino can be increased to the point whereby he can collect any increase in price of Philippine coconut oil, even if 200,000 tons of Philippine coconut oil were exempted from the excise tax. This would be because the Filipino would be in no position to exact a higher price for his oil from the American buyer than he would from the buyer in other international markets. Before he would be in a position to exact this higher price he would

have to cut down sufficient of his trees so that he would be producing only 200,000 long tons of coconut oil per annum; and we cannot do this, as the farmers in our copra-producing provinces have no other means of earning their livelihood.

Last year the Philippines shipped to the United States alone in the form of coconut oil and oil in the form of copra, 600,000,000 pounds of oil. In addition to this we sold 30 percent of our copra in international markets. It is our surplus above the 200,000 long tons, which would set the price of our oil, and on the basis of United States importations alone you can see that for 1933 we had a surplus of 112,000,000 pounds of oil, and to this we would be obliged to add the oil in the copra exported to Europe and other copra-crushing regions.

Very respectfully,

MANUEL L. QUEZON.

Also a cablegram from American Chamber of Commerce at Manila:

SIGNAL CORPS, UNITED STATES ARMY,
Manila, April 4, 1934.

NLT SECRETARY WAR,
Washington, D.C.:

We cannot emphasize too strongly our conviction that excise tax coconut oil and copra will result in serious economic difficulties here and will be reflected not only through Filipino distress and actual suffering but in all American trade and activities. We feel this tax is unfair to islands, and its projected advantages are far outweighed by serious consequences involved. We rely on sense of justice of the Senate to prevent this discriminatory legislation against American soil.

AMERICAN CHAMBER OF COMMERCE.

The Governor General, Frank Murphy, on April 10, cabled the Secretary of War as follows:

APRIL 10.

SECRETARY WAR,
Washington, D.C.:

Reference your 161. Press dispatches indicate serious attention being given to an amendment exempting from the proposed excise tax 520,000,000 pounds or 232,100 long tons of Philippine coconut oil and/or equivalent Philippine copra. This low exemption would create a distinctly difficult situation in the Philippines due to the fact that we exported to the United States in 1933 155,019 long tons of oil and 204,713 long tons of copra, which at the accepted rate of extraction of 65 percent is equivalent to 133,063 long tons of oil, giving a total in terms of oil of 288,082 long tons. From the foregoing it will be seen that there will be a forced reduction of about 20 percent. I suggest the following be considered by the Secretary of War and by others to whom he wishes to refer the matter: The Philippine government's position is taken in consonance with the Tydings-McDuffie Act, which the Philippine government interprets as containing an implied guaranty that the Philippines will not suffer for the period of the act any greater economic restriction than those therein imposed. In respect to the coconut industry the Tydings-McDuffie Act is interpreted as guaranteeing the duty-free admission into the United States of 200,000 long tons of Philippine coconut oil and no limitation whatsoever on Philippine copra. The modification of the economic terms of this act by means of excise or other taxes either directly or indirectly will be interpreted as an infringement of the implied guaranties and will cause a concussion of economic and political motives which is highly undesirable. I believe that this viewpoint of the situation cannot be too strongly emphasized.

MURPHY.

I also quote the following letter to Senator HARRISON from the Secretary of War:

MARCH 23, 1934.

Hon. PAT HARRISON, *Chairman*
Committee on Finance, United States Senate,
Washington, D.C.

DEAR SENATOR HARRISON: In connection with the proposed excise tax on coconut oil (sec. 602 of the revenue bill H.R. 7835), reference is made to the views of the Committee on Ways and Means as set forth in that committee's report to accompany H.R. 8687 entitled "A bill to amend the tariff act of 1930" (H.Rept. 1000, 73d Cong., 2d sess., Mar. 17, 1934). The following statement appearing on page 15, under Modern Procedure, would appear to be pertinent to the provisions of section 602 of H.R. 7835:

"Particular notice should be taken, moreover, of the fact that the President may seek from other countries promises that their excise duties shall not be such as to nullify the results of their promises to modify their tariff duties. * * *

"In order that the necessary reciprocity may be accorded, the President is empowered to promise that existing excise duties which affect imported goods will not be increased during the term of any particular agreement. It should be carefully noted, however, that the President is given no right to reduce or increase any excise duty."

Under the provisions of section 17 of the Philippine independence bill which has now passed both Houses the act will become effective when accepted by concurrent resolution of the Philippine Legislature or by a convention called for that purpose. Section 6 thereof will govern future trade relations between the Philippine Islands and the United States. The proposed excise tax on coconut oil will, therefore, immediately become an infringement of the implied agreement between the two countries.

I am bringing this to your attention in the hope that it may be possible for your committee to give further consideration to this subject with a view to eliminating from the revenue bill the provisions for an excise tax on coconut oil.

Very sincerely,

GEO. H. DERN, *Secretary of War.*

The New York Times said editorially of this provision of the tax bill:

The effect upon the Filipinos, if this breach of good faith is allowed to stand, will certainly be harmful. * * * Our Congress is indifferent to what may truthfully be called the "plighted word" of the United States Government.

The San Francisco Chronicle said of the plan to return to the Philippine government proceeds from the tax:

It does not in any way touch the evils that would flow from the levy. It would not save the Pacific coast coconut-oil-refining industry or the steamship lines between the islands and the United States or help the soap and cosmetic manufacturers that use coconut oil. Nor would it cure the injustice to the Philippines, which is its pretense, for it would do no good to the island coconut-oil producers put out of business. In the face of the opposition of the whole administration, from the President down, and of Secretary of Agriculture Wallace's considered statement that this prohibitive tax on coconut oil is not the answer to the dairyman's problem, the determination in Congress to jam this measure through becomes a very strange thing.

The South Bend Tribune had this to say:

From the Federal revenue viewpoint, there would be no material benefit in that taxation. The benefit promised to American agriculture is grossly exaggerated.

The New York Herald Tribune, in referring to the injustice of the act, said:

The iniquity of this act lies not only in its injustice, but in its cynicism. The ink is scarcely dry on the signature of the new independence bill, which specifically safeguards the Filipinos against the arbitrary closing of the American markets for Philippine products when the Senate passes this measure, which violates the basic principle underlying the independence bill. Its effect on the Filipino people may well be imagined. With one hand Congress offers independence in a form not desired by the Filipinos and with the other it destines them to ruin. The coconut industry has been built up on the American market, to which coconut oil has always had free entry.

I have quoted these statements, and let me say that there is no soap-manufacturing industry in my district, and most of my constituents are farmers, in an effort to call attention of the Congress and the country to the attitude in which we have placed ourselves, not only in the opinion of those of us in Congress who have given some thought and study to this problem, but it appears that many fair-minded citizens outside of the Congress believe that we are doing an un-American thing in an un-American way.

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, as I pointed out a few minutes ago when we had the conference report before us, that it was the largest tax measure in the peace-time history of our country and that we were, very largely, soaking the rich, and that as a result, there being so few rich people left, we will not receive the returns anticipated.

I think it is only fair, however, in discussing tax measures to let the people back home know the truth, and that is that while we are trying to raise money by soaking the rich we are at the same time soaking the poor, and even the unemployed. We are actually helping to destroy productive industry and retarding recovery. I present as my main witness the speech of Franklin D. Roosevelt made at Pittsburgh on October 19, 1932:

Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and hence in hordes of the hungry tramping the streets and seeking jobs in vain. Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) in broad cessation of employment. There is not an unemployed man, there is not a struggling farmer whose interest in this subject is not direct and vital. * * *

* * * If, like a spendthrift, it (the Government) throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing to the limit of the people's power to pay, and continues to pile up deficits, it is on the road to bankruptcy. * * *

This statement was made by Franklin D. Roosevelt as a candidate for the Presidency; and he goes on to say:

I shall approach the problem of carrying out the plain precept of our party, which is to reduce the cost of the current Federal Government operations by 25 percent. Of course, that means a complete realignment of the unprecedented bureaucracy that has assembled in Washington in the past 4 years.

* * * Now, I am going to disclose to you a definite personal conclusion which I adopted the day after I was nominated in Chicago. Here it is: Before any man enters my Cabinet he must give me a twofold pledge of—

(1) Absolute loyalty to the Democratic platform and especially to its economy plank.

(2) Complete cooperation with me, looking to economy and reorganization in his Department.

I regard reduction in Federal spending as one of the most important issues of this campaign. In my opinion, it is the most direct and effective contribution that Government can make to business.

That, of course, was a campaign speech. After he was elected to office, however, the President of the United States, instead of reducing Federal expenditures increased the national debt by $10,000,000,000, and has established 37 new Commissions, and employed some 40,000 more officeholders. This administration has entered upon an orgy of waste and extravagance, and the spending of billions of dollars on socialistic experiments without any knowledge or apparent care where the money was coming from to pay the bills. The American taxpayers have already been bled white and most sources of revenue have been exhausted. The only tax left is a 2-percent sales tax, and that is inevitable, although it will not come anywhere near balancing the Budget. The only way to balance the Budget is to stop the huge congressional appropriations to plow under and destroy crops and the birth control of pigs and other unsound experiments. This is what Governor Ely, of Massachusetts, has to say with regard to solving the problem we are now discussing—the way to reduce taxes, to encourage business, to employ those who are unemployed. The Governor of Massachusetts, an outstanding Democrat, said, only a few days ago:

If a rather complete abandonment of the very expensive measures for recovery were announced to the American people tomorrow, we would shortly see a return to normal conditions.

I submit that the Governor of Massachusetts is a fairly reputable and competent witness to present to this House. My argument is simply that we are not going to accomplish anything by soaking the rich. We are just driving them into tax-exempt securities by such a program. Yesterday the distinguished gentleman from Missouri [Mr. DICKINSON] reported unfavorably a resolution from his committee in which I had asked that the names of all those who have over $100,000 in tax-exempt securities should be made known. That resolution was reported adversely by the Ways and Means Committee; but, I submit, that if you want some kind of constructive action, pass a resolution providing for a constitutional amendment before we adjourn doing away with tax-exempt securities. [Applause.]

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I offered my preferential motion to recede and concur in the Senate amendment because I believe the American people cannot be fooled by political byplay on the tax question.

This Congress has obligated the American people to pay millions and millions of dollars for the recovery program. Any man or woman in this country who objects to paying 10 percent additional on his or her income tax for a year or two when they are fortunate enough in these times to have an income on which to pay a tax is not patriotically in support of the recovery program.

The political thing to do, of course, is to tell the voters back home in the coming campaign, "I spent all kinds of money for you; I gave you everything for which you asked, and then I refused to make sufficient provision for paying the bills."

It is the duty of the Congress to levy taxes in sufficient amount to pay not only the ordinary and necessary expenses of government but also the extraordinary and emergency expenses such as the cost of the depression and our legislative attempts to overcome it. Likewise, it is the duty of the Congress to be fair with the American people and not put them in the position of contracting debts and then refusing to raise the money to pay them. I believe that the people of this country want to pay for the things they get from government as they go along and not live beyond their means. Naturally, it is a nice thing to vote huge appropriations for C.W.A., P.W.A., A.A.A., and all other activities designed to give employment and take us out of the depression. It is a difficult thing in the face of a campaign, after 2 years of appropriation making, to turn around and render the bill, but the bill must be rendered and no fair-minded person, in my opinion, objects to paying a small additional tax for the benefits the recovery program has brought about so far.

Of course, the political thing to do is to vote for all appropriations and against all taxes, but that is not the practical, the honest, the courageous, or the fair thing to do if the American people hope to be kept a solvent Nation and the Budget is to be balanced and stay balanced.

Mr. TRUAX. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from Ohio for a question.

Mr. TRUAX. Does the gentleman realize that 95 percent of the people of this country pay no income tax? The gentleman from New York says that this is a plan to soak the rich. If so, 95 percent of the men on this side ought to vote for it and a good many on that side.

Mr. O'MALLEY. This question of soaking the rich is entirely aside from the question of taxing the people who have the income. If we do not tax the people who have money, who are we going to tax? Where are we to get the money? How are we going to pay our way as we go along? Are we going to adopt the honest policy of paying our way as we go, or are we going to continue to make political thunder out of tax bills by authorizing all sorts of expenditures on one hand but on the other hand tell the citizens of this Nation that these expenditures do not have to be met by taxes?

I cannot imagine anyone unwilling to contribute 10 percent additional on any income they are fortunate enough to be able to pay in the next 2 years in order to help the American people get back on their feet. I think every man in this Congress would be willing to do that part to help meet our national burden. If we want to go into a campaign and say that we prevented higher taxes, that would make a very nice campaign talk, but in the face of our huge expenditures we would be insincere and not accepting our constitutional duty to keep our country a solvent nation. I do not think we could go to the American people on that kind of an issue and get reelected, if it is reelection we are seeking by defeating this 10-percent emergency tax. If at any time this emergency tax provides too much revenue, the Congress meets again next January and it can be taken from the bill. If the revenues under the bill justify it, and the Director of the Budget so advises, this tax can be eliminated only 8 months or so from now. But in the meantime, with this emergency tax provision we are playing fair with the people and providing some of the means to pay our way as we go along and pay the interest on these billions of dollars of bonds that have been issued to bring about recovery and employment. I do not believe there is anyone in this country who is not willing to pay 10 percent added income tax when they have a job and an income sufficient to pay taxes on at all. If anyone is unwilling to do that much to continue our remarkable progress toward the day when every man is employed, then we are indeed a nation of selfish individuals.

If a man is fortunate enough, with 10,000,000 unemployed still walking the streets of this country, to have an income sufficiently large to pay $25 taxes to the Government under the ordinary rates of this bill, I cannot conceive of his objection to paying $2.50 additional for a year or two to help continue a program that will mean the eventual employment of these still jobless 10,000,000 of our fellow Ameri-

cans. Of course, 10-percent additional tax on a man who pays a tax of a million dollars is $100,000 more than he will pay if this amendment is defeated; but $100,000 additional taxes, if distributed in C.W.A. or P.W.A. work, would employ 100 heads of dependent families for 1 year at $1,000. This is twice as much wages as is enjoyed by 50 percent of even the workers now employed in this country, if statistics are worth anything.

Mr. BOYLAN. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from New York.

Mr. BOYLAN. The gentleman knows that the bill before us contains an increase of approximately 50 percent over the bill which passed the House.

Mr. O'MALLEY. I hope it will amount to a 50-percent increase in revenue when the taxes are finally collected, because if it does not we will certainly have a badly unbalanced Budget.

Mr. BOYLAN. Is that not enough, without adding another 10 percent? There is added 50 percent to the bill as it passed the House.

Mr. O'MALLEY. The gentleman does not object to contributing 10 percent additional to his taxes in order to pay for the various things which we have obligated the American people to pay for?

Mr. BOYLAN. The gentleman is contributing 50 percent in comparison to the bill passed by the House.

Mr. O'MALLEY. I cannot agree with the gentleman.

Mr. BOYLAN. If the gentleman will compare the bills, he will see that that is true.

Mr. O'MALLEY. The bill as passed by the House did not provide enough to pay for the ordinary expenses of running the Government.

Mr. BOYLAN. We had a very competent subcommittee of our Ways and Means Committee working on the matter, and they said it was sufficient.

Mr. O'MALLEY. We have a better bill now than when it left the House. As it originally came before us under the gag rule, it lowered taxes on incomes in which our own salaries are involved. This emergency tax would, of course, nullify in part that reduction.

Mr. BOYLAN. Does the gentleman think it is correct to write a revenue bill on the floor?

Mr. O'MALLEY. That is where it should be written—on the floor—if the intent and purpose of the Constitution giving the whole Congress the right to express itself on taxes is to be preserved without gag rules preventing all the Representatives of all the people expressing themselves directly on the vital proposition of taxation.

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, of course, it is always unpopular to vote for a tax bill, but the taxes which are being levied in this bill are not being placed upon the American people today when we pass the bill. They are placed upon the shoulders of the American people when Congress, time without number, continued to pass appropriation bills without regard to how the money was to be obtained. It is very easy to pass appropriation bills because we can always find people who want money from the Treasury of the United States, but it is exceedingly difficult to pass a tax bill because we cannot find anyone who wants to pay taxes.

The Couzens amendment in the Senate puts an unbearable tax burden upon the American people, but forget not the fact it is not a starter of the tax burden that is going to be put upon the backs of the American people in order to pay off the debts which this Congress has already incurred. [Applause.] Talk about this being a high tax bill! The total amount of new revenue is $480,000,000, even with the Couzens amendment; yet this Congress has increased the expenditures of government more than $480,000,000 during this session, and when we came here the Government was running behind.

We hear much talk about the evil of tax-exempt securities. It is not the man or the woman who buys the tax-exempt securities who is responsible for the tax-exempt securities. It is the Congress that will make appropriations and then not provide the revenue with which to meet the appropriations. Congress is responsible for the tax-exempt securities. The tax-exempt securities in this country today are held by people who are not meeting their responsibility in government, and that is a responsibility that is upon the shoulders of every Member of Congress who has sat here and made appropriations without providing the revenue with which to meet them. Every dollar of deficit must of necessity mean a dollar of tax-exempt securities. Today somewhere between 25 and 30 percent of the property of this country is tax exempt, and the percentage is increasing day by day, because Congress insists upon making appropriations without providing the revenue with which to meet them. This bill does not meet all of our appropriations; however, it helps toward paying our way.

I am going to vote for this amendment, not because I like to but because it is on the way to a balanced Budget. With the appropriations already made, remember this, the day is never coming when America is going to collect enough money from the income tax to liquidate. The sales tax is already ordained and there is no way to escape it, because Congress has made appropriations and has not provided revenue with which to meet them.

England has balanced her budget and is on her way to prosperity, and this country will never be on its way to prosperity until America balances its Budget. The unemployed are never going to be put back to work until the Government of the United States is a solvent institution, and before that day comes some Congress is going to have the courage to pass a tax bill much greater than this one.

We should not turn down even the Couzens amendment, because it points the way, at least, to sound finance, and sound finance alone points the way to a return to prosperity in this country of yours and mine; and if this be not true, then all the wisdom of the ages has been repudiated overnight. [Applause.] I thank you.

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland [Mr. LEWIS].

Mr. LEWIS of Maryland. Mr. Speaker, I do not rise with the thought that I have any special information to contribute to this discussion. Indeed, I am claiming your attention for only a moment to speak through the voice of duty on this occasion.

Let us not forget that we, more responsible than any other body under the flag for the success of our institutions, have duties to perform; and one of the duties—it ought not to be an unpleasant duty—is to match the revenue for payment with obligations we, ourselves, have contracted. Within a month a vote was taken in this body by which some $200,000,000 was added to the obligations of the Treasury. We promised to pay that much more to our former soldiers and to the servants of the Republic. If this Couzens amendment prevails, it can add not more than some $50,000,000 to the revenues in discharge of the duty we then imposed upon the Treasury. Are we going to discharge that duty?

Let us not forget a most important thing. This country is hanging now from a single thread, the thread of confidence, which still holds, in the credit of the Government of the United States. If that thread breaks, God only knows what may become of us.

This factor of confidence I know is an invisible one, like the blessed atmosphere that sustains our lives. It is invisible, yes, but it is factual and indispensable and anything we may do to build up that confidence will contribute to the restoration for which we are striving and praying. Meanwhile the duty we fail to discharge which weakens that confidence is but applying a sharp blade to the thread of Government credit which still sustains our hopes.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. LEWIS of Maryland. I do not have time. I thank the gentleman instead for his most courageous and timely address.

Now, with respect to the burden—let us speak sincerely about the burden—this alleged burden upon the small taxpayer. Take the case of a married couple in the United

States, with no children, having a net income of $3,000. Their tax under existing law is but $20 and in this conference report it is reduced to $8. In Great Britain the same couple would pay, not $8 or $20, but $318. The flag that flies over the Empire of Great Britain does not fly over a chancelry its House of Commons has consigned to the "red." Let that House of Commons be an example for this House of Commons this very day. [Applause.]

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker, I was interested in the remarks made by the distinguished gentleman from Maryland when he spoke about the enormous debt burden hanging on the people of this country. This burden hangs most heavily on the man or the woman who has not income sufficient to pay Federal income taxes.

I can take you into 80 counties in my State of Ohio, and you cannot find a dozen men or women in those counties who have incomes of $3,000 a year. You probably noted the headlines in this afternoon's paper, the Wall Street brokers make $2,000,000,000 while the investors lose $65,000,000. This is the sword of Damocles that is hanging over our heads today. They did not pay taxes on that $2,000,000,000 which they made. J. P. Morgan did not pay his taxes, Kuhn-Loeb did not pay their taxes, nor did the Lamonts and the rest of the multimillionaire racketeers and pirates of Wall Street. I say to you if you go on much longer, if you leave this enormous debt load on the shoulders of the farmer whom we seek to relieve by the passage of the Frazier bill, if you leave this tremendous debt load on the shoulders of laboring men and of small business men who have their life savings tied up in closed banks, whom we seek to relieve with the McLeod bill, which is opposed in this House you will meet disaster. Whenever you get down to the crux of this problem and give the people the kind of money they formerly had and that they want now—silver—whenever you tax every fortune over $1,000,000, 95 percent and whenever you take a fortune like Richard Mellon's, who died with $200,000,000, and authorize the Government to take $190,000,000 of that fortune and leave $10,000,000 to his offspring who never earned a dollar of it, then you will be getting to the base of the tax problem of this great country of ours.

And when I hear gentlemen on this floor whose incomes I have no doubt run away up beyond $100,000 making complaints and crying about a little, lousy, measly increase of 10 percent on their enormous incomes, it reminds me of the time when I used to feed hogs on my farm—you always found a few who had longer snouts, more drive and push, guzzling all the swill in the trough. [Laughter.]

That is the situation of the aristocratic wealth in this country today. They oppose the Frazier-Lemke bill, they oppose the McLeod bill, they oppose all labor bills, and ask you to deliver hog-tied, gagged, and bound the 120,000,000 people to the tender mercies of the Wall Street crowd for all time to come.

That is not my idea of a tax bill. Who opposes this? Not the farmer, not the wage earners, but it is opposed by some insidious lobby down here trying to pull the teeth and clip the claws of the Fletcher-Rayburn stock bill. I want to compliment SAM RAYBURN for his courage and tenacity in framing the language of his bill so that it will pull the teeth and clip the wings of the Wall Street pirates. [Applause.]

That same group, my friends, are today opposing the petition to discharge the committee on the McLeod bill.

Personally I am a poor man wholly dependent upon my salary to keep my family and myself. I have always had to work for a living. Despite this, I am willing to pay the extra 10 percent that the Senate amendment will cost me, if by so doing I can relieve to that humble extent the tax burden that has crushed some poor devil to the ground. I am willing to pay my 10 percent if by so doing I can extract 10 percent more of the huge fortunes of the idle rich.

Back in 1870 Mr. Carlyle said there were only two classes of people—first, the idle holders of idle capital and, second, the struggling masses who create all of the wealth, and in the final analysis, pay all of the taxes. I belong to the struggling masses. I am not attempting to fool myself as to what class I belong to. I know what hardship is. I know what poverty is, and I know what it is to lie awake at night worrying and racking my brain how to pay interest, and how to meet notes of the money lenders and Shylocks the next day.

Therefore, in this fight, I am speaking for the struggling masses. I am championing the rights of the broken-down farmer, the unemployed wageworker, the bankrupted small business man, the veterans of the Spanish-American War, the veterans of the World War. I am speaking for the 8,000,000 or 10,000,000 men who are yet unemployed, and who must depend on Government doles or charity to support themselves and their families.

It is with extreme regret that I must add that at the present moment these struggling masses still lie stricken before the mailed fists of the money kings of Wall Street, of the big bank racketeers in your State and in my State, and of the most offensive, the most ruthless, the most indefensible of all, the international banking racketeers, who now seek to regain the special privilege and right to rob and plunder the masses which was lost to them by legislation passed by this Congress under the leadership, and upon the insistence of that great friend of the common people, President Franklin D. Roosevelt.

Today we are confronted in glaring headlines of the nawspapers by the astounding information that the stock brokers of Wall Street made $833,000,000, while the investing public, known to these buccaneers on the high seas of finance as "lambs" and "suckers", lost more than $65,000,000 from 1928–33, the same period during which the Wall Street brokers made gross profits of more than $2,000,000,000 on the stock exchange.

Gross receipts of some exchange houses during that period would include that effervescent boom years of 1925–29, and the tail-spin that followed totaled $2,153,218,671. Expenses were $1,262,007,668, leaving a net profit to the Wall Street dealers of $891,211,003. Deducting $102,838,240 in bad accounts, the actual net earnings were $788,372,763. If the $44,794,923 net profits of the odd-lot firms are added, the total would be $833,167,686.

All of these figures are given by that fearless and courageous investigator, Ferdinand Pecora.

During this period of debauchery of the public purse these Wall Street crooks spent $1,000,000 on what they called public relations. I would call it public bribes and hush money. This enormous amount of ill-gotten money was accumulated by the brokers through their commissions on the sale of stock. These amounted to nearly one billion five hundred and three million. Then like the Shylocks of old they collected usurious interest amounting to nearly $320,000,000.

In addition to that, New York Stock Exchange members operating as individuals obtained gross profits of $92,723,731. Their net profits were $72,885,461. These are some of the vulgar buzzards who have been lobbying for weeks against the Fletcher-Rayburn bill. They infest the National Capitol like a horde of Egyptian locusts. To be approached by one of these vampires is tantamount to an insult to your intelligence, integrity, and honesty. Personally, if one of them should approach me, instead of playing the Good Samaritan act and turning the other cheek to be smacked, I would make these smackers think they had been "smuck" with a Florida hurricane.

This crowd of modern John Silvers are still looking for more treasure, more loot, more plunder. They oppose this amendment to levy 10 percent more taxes on their stolen fortunes. They organized the National Economy League to rob the soldier, slander his memory, and debauch his widow and orphan. They oppose the soldiers' bonus. They oppose the McLeod bill, which proposes to pay off depositors in

closed banks. They oppose my bill which is based on the principles of the McLeod bill, but which limits pay-offs in full to $2,500 and includes all banks, including State banks and other member banks of the Federal Reserve System. This would be helping the common people, so they oppose it.

They confidently boast that there will be no inflation or expansion of the currency in this session of Congress. Hence they can go ahead with their legalized economic murder and slaughter of distressed farmers and unemployed workmen.

They are confiscating and stealing the homes of these worthy people at the rate of 3,000 each time the sun rises and sets. That is why they oppose all inflationary measures, and all measures that will plant money down at the grass roots of agricultural and industrial production. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Speaker, a parliamentary inquiry. The question is on receding and concurring in amendment no. 13 on the motion of the gentleman from Wisconsin.

The SPEAKER. That is right.

Mr. SAMUEL B. HILL. If that motion should be voted down, then the question would recur on my motion to insist on the disagreement.

The SPEAKER. That is correct.

Mr. SAMUEL B. HILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Wisconsin [Mr. O'MALLEY] to recede and concur.

The question was taken; and on a division (demanded by Mr. O'MALLEY) there were 45 ayes and 167 noes.

Mr. O'MALLEY. Mr. Speaker, I ask for the yeas and nays.

The question of ordering the yeas and nays was taken, and 32 Members arose.

The SPEAKER. Not a sufficient number, and the yeas and nays are refused.

So the motion of Mr. O'MALLEY was rejected.

Mr. SAMUEL B. HILL. Mr. Speaker, I move that the House insist on its disagreement to amendment no. 13, and on that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BOYLAN. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. BOYLAN. As I understand, the question recurs on the motion that the House insist on its disagreement to amendment 13.

The SPEAKER. That is correct.

Mr. O'MALLEY. And an "aye" vote is to insist upon the disagreement.

The SPEAKER. The gentleman is correct.

The question was taken; and there were—yeas 283, nays 77, not voting 70, as follows:

[Roll No. 135]

YEAS—283

Adair	Brown, Ga.	Coffin	Doughton
Adams	Brown, Mich.	Colden	Doxey
Allen	Brunner	Cole	Drewry
Andrew, Mass.	Buchanan	Collins, Miss.	Driver
Andrews, N.Y.	Buck	Colmer	Duffey
Arnold	Bulwinkle	Condon	Duncan, Mo.
Ayres, Kans.	Burnham	Connery	Durgan, Ind.
Bacharach	Byrns	Connolly	Eagle
Bacon	Cady	Cooper, Ohio	Eaton
Bailey	Caldwell	Cooper, Tenn.	Edmiston
Bakewell	Carden, Ky.	Cox	Edmonds
Bankhead	Carmichael	Cross, Tex.	Eicher
Beedy	Carpenter, Kans.	Crowther	Ellenbogen
Beiter	Carter, Calif.	Culkin	Ellzey, Miss.
Berlin	Carter, Wyo.	Cullen	Eltse, Calif.
Biermann	Cartwright	Cummings	Englebright
Black	Castellow	Darden	Evans
Blanchard	Chapman	Darrow	Faddis
Bland	Chase	Dear	Fernandez
Blanton	Chavez	Deen	Fiesinger
Bloom	Christianson	Delaney	Fish
Boehne	Church	De Priest	Fitzgibbons
Bolton	Claiborne	DeRouen	Fitzpatrick
Boylan	Clark, N.C.	Dies	Flannagan
Brennan	Clarke, N.Y.	Dirksen	Focht
Britten	Cochran, Mo.	Dobbins	Ford
Brooks	Cochran, Pa.	Dockweiler	Foss
Foulkes	Knutson	O'Connell	Spence
Frey	Kocialkowski	O'Connor	Steagall
Fuller	Kopplemann	Oliver, N.Y.	Stokes
Gambrill	Lamneck	Owen	Strong, Pa.
Gavagan	Lanham	Palmisano	Stubbs
Gifford	Lanzetta	Parker	Studley
Gillespie	Larrabee	Parks	Sumners, Tex.
Gillette	Lea, Calif.	Parsons	Sutphin
Glover	Lehlbach	Patman	Swick
Goldsborough	Lehr	Perkins	Tarver
Goodwin	Lewis, Colo.	Peterson	Taylor, Colo.
Goss	Lindsay	Pettengill	Terrell, Tex.
Granfield	Luce	Peyser	Terry, Ark.
Gregory	Ludlow	Plumley	Thom
Griffin	McCarthy	Powers	Thomas
Haines	McCormack	Ramsay	Thomason
Hancock, N.Y.	McDuffie	Ramspeck	Thompson, Ill.
Hancock, N.C.	McFadden	Randolph	Tinkham
Hart	McGrath	Rankin	Traeger
Harter	McKeown	Ransley	Treadway
Hartley	McLean	Rayburn	Umstead
Hastings	McLeod	Reece	Utterback
Healey	McReynolds	Reed, N.Y.	Vinson, Ga.
Higgins	Maloney, Conn.	Rich	Vinson, Ky.
Hill, Samuel B.	Maloney, La.	Richards	Walter
Hoeppel	Mansfield	Richardson	Warren
Holdale	Marshall	Robertson	Wearin
Hollister	Martin, Mass.	Robinson	Weaver
Holmes	Martin, Oreg.	Rogers, Mass.	Werner
Howard	May	Rogers, N.H.	West, Ohio
Jacobsen	Mead	Rudd	West, Tex.
Jenkins, Ohio	Meeks	Sabath	White
Johnson, Tex.	Merritt	Sanders	Whitley
Johnson, W.Va.	Millard	Sandlin	Whittington
Jones	Milligan	Schulte	Wigglesworth
Kahn	Montague	Sears	Wilcox
Kee	Montet	Seger	Williford
Kelly, Ill.	Moran	Shallenberger	Wilson
Kennedy, Md.	Morehead	Shannon	Wolcott
Kennedy, N.Y.	Moynihan, Ill.	Sisson	Wolfenden
Kenney	Musselwhite	Smith, Va.	Wolverton
Kinzer	Nesbit	Snell	Wood, Ga.
Kleberg	Norton	Snyder	Wood, Mo.
Kloeb	O'Brien	Somers, N.Y.	

NAYS—77

Arens	Greenway	McClintic	Secrest
Ayers, Mont.	Harlan	McFarlane	Shoemaker
Boileau	Henney	McGugin	Sinclair
Brown, Ky.	Hildebrandt	Mapes	Sirovich
Burke, Nebr.	Hill, Knute	Martin, Colo.	Smith, Wash.
Cannon, Mo.	Hope	Miller	Strong, Tex.
Cannon, Wis.	Hughes	Mitchell	Taylor, Tenn.
Carpenter, Nebr.	Imhoff	Monaghan, Mont.	Thurston
Cravens	James	Mott	Truax
Crosser, Ohio	Johnson, Minn.	Murdock	Turner
Dickinson	Johnson, Okla.	O'Malley	Wallgren
Dingell	Kniffin	Peavey	Weideman
Dondero	Kvale	Pierce	Williams
Dowell	Lambeth	Polk	Withrow
Dunn	Lee, Mo.	Reilly	Woodruff
Fletcher	Lemke	Rogers, Okla.	Young
Frear	Lesinski	Romjue	Zioncheck
Gilchrist	Lewis, Md.	Ruffin	
Gray	Lozier	Sadowski	
Green	Lundeen	Schuetz	

NOT VOTING—71

Abernethy	Crosby	Jeffers	Simpson
Allgood	Crowe	Jenckes, Ind.	Smith, W.Va.
Auf der Heide	Crump	Keller	Stalker
Beam	Dickstein	Kelly, Pa.	Sullivan
Beck	Disney	Kerr	Swank
Boland	Ditter	Kramer	Sweeney
Browning	Douglass	Kurtz	Taber
Brumm	Doutrich	Lambertson	Taylor, S.C.
Buckbee	Farley	Lloyd	Thompson, Tex.
Burch	Fulmer	McMillan	Tobey
Burke, Calif.	Gasque	McSwain	Turpin
Busby	Greenwood	Marland	Underwood
Carley, N.Y.	Griswold	Muldowney	Wadsworth
Cary	Guyer	Oliver, Ala.	Waldron
Cavicchia	Hamilton	Prall	Welch
Celler	Hess	Reid, Ill.	Woodrum
Collins, Calif.	Hill, Ala.	Schaefer	
Corning	Huddleston	Scrugham	

So the motion to further insist on the disagreement of the House to Senate amendment no. 13 was agreed to.

The Clerk announced the following pairs:

Additional general pairs:

Mr. Corning with Mr. Wadsworth.
Mr. Woodrum with Mr. Hess.
Mr. Sullivan with Mr. Ditter.
Mr. Farley with Mr. Muldowney.
Mr. Celler with Mr. Cavicchia.
Mrs. Jenckes of Indiana with Mr. Doutrich.
Mr. Crowe with Mr. Brumm.
Mr. Kramer with Mr. Taber.
Mr. Carley of New York with Mr. Buckbee.
Mr. Swank with Mr. Tobey.
Mr. Browning with Mr. Waldron.
Mr. Prall with Mr. Kurtz.
Mr. Gasque with Mr. Turpin.
Mr. Taylor of South Carolina with Mr. Beck.

Mr. Auf der Heide with Mr. Collins of California.
Mr. Douglass with Mr. Kelly of Pennsylvania.
Mr. Underwood with Mr. Guyer.
Mr. Montague with Mr. Lambertson.
Mr. McSwain with Mr. Simpson.
Mr. Oliver of Alabama with Mr. Reid of Illinois.
Mr. Greenwood with Mr. Stalker.
Mr. McMillan with Mr. Welch.
Mr. Burch with Mr. Scrugham.
Mr. Keller with Mr. Kerr.
Mr. Disney with Mr. Lloyd.
Mr. Fulmer with Mr. Schaefer.
Mr. Sweeney with Mr. Thompson of Texas.
Mr. Griswold with Mr. Marland.
Mr. Busby with Mr. Smith of West Virginia.
Mr. Abernethy with Mr. Allgood.
Mr. Jeffers with Mr. Beam.
Mr. Huddleston with Mr. Cary.
Mr. Dickstein with Mr. Hamilton.
Mr. Boland with Mr. Crosby.
Mr. Hill of Alabama with Mr. Burke of California.

Mr. DONDERO changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. JOHNSON of Oklahoma. Mr. Speaker, my colleague from Oklahoma [Mr. SWANK] is unavoidably detained on account of illness.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Page 1, after line 5, strike out the table of contents as follows:

"TABLE OF CONTENTS

"TITLE I. INCOME TAX

"*Subtitle A. Introductory provisions*

"Section 1. Application of title.
"Section 2. Cross-references.
"Section 3. Classification of provisions.
"Section 4. Special classes of taxpayers.

"*Subtitle B. General provisions*

"Part I. Rates of tax

"Section 11. Normal tax on individuals.
"Section 12. Surtax on individuals.
"Section 13. Tax on corporations.

"Part II. Computation of net income

"Section 21. Net income.
"Section 22. Gross income.
"Section 23. Deductions from gross income.
"Section 24. Items not deductible.
"Section 25. Credits of individual against net income.

"Part III. Credits against tax

"Section 31. Taxes of foreign countries and possessions of United States.
"Section 32. Taxes withheld at source.
"Section 33. Credit for overpayments.

"Part IV. Accounting periods and methods of accounting

"Section 41. General rule.
"Section 42. Period in which items of gross income included.
"Section 43. Period for which deductions and credits taken.
"Section 44. Installment basis.
"Section 45. Allocation of income and deductions.
"Section 46. Change of accounting period.
"Section 47. Returns for a period of less than 12 months.
"Section 48. Definitions.

"Part V. Returns and payment of tax

"Section 51. Individual returns.
"Section 52. Corporation returns.
"Section 53. Time and place for filing returns.
"Section 54. Records and special returns.
"Section 55. Publicity of returns.
"Section 56. Payment of tax.
"Section 57. Examination of return and determination of tax.
"Section 58. Additions to tax and penalties.
"Section 59. Administrative proceedings.

"Part VI. Miscellaneous provisions

"Section 61. Laws made applicable.
"Section 62. Rules and regulations.
"Section 63. Taxes in lieu of taxes under 1932 act.
"Section 64. Short title.

"*Subtitle C. Supplemental provisions*

"Supplement A. Rates of tax

"Section 101. Exemptions from tax on corporations.
"Section 102. Tax on personal holding companies.
"Section 103. Tax on other corporations improperly accumulating surplus.
"Section 104. Tax on citizens and corporations of certain foreign countries.

"Supplement B. Computation of net income

"Section 111. Determination of amount of, and recognition of, gain or loss.
"Section 112. Recognition of gain or loss.
"Section 113. Adjusted basis for determining gain or loss.
"Section 114. Basis for depreciation and depletion.
"Section 115. Distributions by corporations.
"Section 116. Exclusions from gross income.
"Section 117. Capital gains and losses.
"Section 118. Loss from wash sales of stock or securities.
"Section 119. Income from sources within United States.
"Section 120. Unlimited deduction from charitable and other contributions.

"Supplement C. Credits against tax

"Section 131. Taxes of foreign countries and possessions of United States.

"Supplement D. Returns and payment of tax

"Section 141. Consolidated returns of corporations.
"Section 142. Fiduciary returns.
"Section 143. Withholding of tax at source.
"Section 144. Payment of corporation income tax at source.
"Section 145. Penalties.
"Section 146. Closing by Commissioner of taxable year.
"Section 147. Information at source.
"Section 148. Information by corporations.
"Section 149. Returns of brokers.
"Section 150. Collection of foreign items.

"Supplement E. Estates and trusts

"Section 161. Imposition of tax.
"Section 162. Net income.
"Section 163. Credits against net income.
"Section 164. Different taxable years.
"Section 165. Employees' trusts.
"Section 166. Revocable trusts.
"Section 167. Income for benefit of grantor.
"Section 168. Taxes of foreign countries and possessions of United States.

"Supplement F. Partnerships

"Section 181. Partnership not taxable.
"Section 182. Tax of partners.
"Section 183. Computation of partnership income.
"Section 184. Credits against net income.
"Section 185. Earned income.
"Section 186. Taxes of foreign countries and possessions of United States.
"Section 187. Partnership returns.
"Section 188. Different taxable years of partner and partnership.

"Supplement G. Insurance companies

"Section 201. Tax on life-insurance companies.
"Section 202. Gross income of life-insurance companies.
"Section 203. Net income of life-insurance companies.
"Section 204. Insurance companies other than life or mutual.
"Section 205. Taxes of foreign countries and possessions of United States.
"Section 206. Computation of gross income.
"Section 207. Mutual insurance companies other than life.

"Supplement H. Nonresident alien individuals

"Section 211. Gross income.
"Section 212. Deductions.
"Section 213. Credits against net income.
"Section 214. Allowance or deductions and credits.
"Section 215. Credits against tax.
"Section 216. Returns.
"Section 217. Payment of tax.

"Supplement I. Foreign corporations

"Section 231. Gross income.
"Section 232. Deductions.
"Section 233. Allowance of deductions and credits.
"Section 234. Credits against tax.
"Section 235. Returns.
"Section 236. Payment of tax.
"Section 237. Foreign insurance companies.
"Section 238. Affiliation.

"Supplement J. Possessions of the United States

"Section 251. Income from sources within possessions of United States.
"Section 252. Citizens of possessions of United States.

"Supplement K. China Trade Act corporations

"Section 261. Credit against net income.
"Section 262. Credits against the tax.
"Section 263. Affiliation.
"Section 264. Income of shareholders.

"Supplement L. Assessment and collection of deficiencies

"Section 271. Definition of deficiency.
"Section 272. Procedure in general.
"Section 273. Jeopardy assessments.
"Section 274. Bankruptcy and receiverships.
"Section 275. Period of limitation upon assessment and collection.
"Section 276. Same; exceptions.
"Section 277. Suspension of running of statute.

"Supplement M. Interest and additions to the tax

"Section 291. Failure to file return.
"Section 292. Interest on deficiencies.
"Section 293. Additions to the tax in case of deficiency.
"Section 294. Additions to the tax in case of nonpayment.

"Section 295. Time extended for payment of tax shown on return.
"Section 296. Time extended for payment of deficiency.
"Section 297. Interest in case of jeopardy assessments.
"Section 298. Bankruptcy and receiverships.
"Section 299. Removal of property or departure from United States.
"Supplement N. Claims against transferees and fiduciaries
"Section 311. Transferred assets.
"Section 312. Notice of fiduciary relationship.
"Supplement O. Overpayments
"Section 321. Overpayment of installment.
"Section 322. Refunds and credits.
"TITLE II. AMENDMENTS TO ESTATE TAX
"Section 401. Revocable trusts.
"Section 402. Prior taxed property.
"Section 403. Citizenship and residence of decedents.
"TITLE III. AMENDMENTS TO PRIOR ACTS AND MISCELLANEOUS
"Section 501. Period for petition to board under prior acts.
"Section 502. Recovery of amounts erroneously refunded.
"Section 503. Statute of limitations on suits for refund.
"Section 504. Overpayments found by the Board of Tax Appeals.
"Section 505. Bankruptcy and receiverships.
"Section 506. Retroactivity of regulations, rulings, etc.
"Section 507. Examination of books and witnesses.
"Section 508. Sale of personal property under distraint.
"Section 509. Discharge of liens.
"Section 510. Jeopardy assessments.
"Section 511. Gifts of property subject to power.
"Section 512. General counsel for the Treasury.
"Section 513. Assistants in the Treasury.
"Section 514. Penalties and awards to informers with respect to illegally produced petroleum.
"Section 515. Postal rates.
"TITLE IV. EXCISE TAXES
"Section 601. Fruit-juice tax.
"Section 602. Tax on certain oils.
"Section 603. Taxes on lubricating oil and gasoline.
"Section 604. Tax on production of crude petroleum.
"Section 605. Tax on refining of crude petroleum.
"Section 606. Termination of bank-check tax.
"TITLE V. GENERAL PROVISIONS
"Section 701. Definitions.
"Section 702. Separability clause.
"Section 703. Effective date of act."

and insert in lieu thereof the following:

"TABLE OF CONTENTS

"TITLE I. INCOME TAX

"*Subtitle A. Introductory provisions*

"Section 1. Application of title.
"Section 2. Cross-references.
"Section 3. Classification of provisions.
"Section 4. Special classes of taxpayers.

"*Subtitle B. General provisions*

"Part I. Rates of tax

"Section 11. Normal tax on individuals.
"Section 12. Surtax on individuals.
"Section 13. Tax on corporations.
"Section 14. Increase of tax for 1934.

"Part II. Computation of net income

"Section 21. Net income.
"Section 22. Gross income.
"Section 23. Deductions from gross income.
"Section 24. Items not deductible.
"Section 25. Credits of individual against net income.
"Section 26. Credits of corporation against net income.

"Part III. Credits against tax

"Section 31. Taxes of foreign countries and possessions of United States.
"Section 32. Taxes withheld at source.
"Section 33. Credit for overpayments.

"Part IV. Accounting periods and methods of accounting

"Section 41. General rule.
"Section 42. Period in which items of gross income included.
"Section 43. Period for which deductions and credits taken.
"Section 44. Installment basis.
"Section 45. Allocation of income and deductions.
"Section 46. Change of accounting period.
"Section 47. Returns for a period of less than 12 months.
"Section 48. Definitions.

"Part V. Returns and payment of tax

"Section 51. Individual returns.
"Section 52. Corporation returns.
"Section 53. Time and place for filing returns.
"Section 54. Records and special returns.
"Section 55. Publicity of returns.
"Section 56. Payment of tax.
"Section 57. Examination of return and determination of tax.
"Section 58. Additions to tax and penalties.
"Section 59. Administrative proceedings.

"Part VI. Miscellaneous provisions

"Section 61. Laws made applicable.
"Section 62. Rules and regulations.
"Section 63. Taxes in lieu of taxes under 1932 act.
"Section 64. Short title.

"*Subtitle C. Supplemental provisions*

"Supplement A. Rates of tax

"Section 101. Exemptions from tax on corporations.
"Section 102. Surtax on corporations improperly accumulating surplus.
"Section 103. Rates of tax on citizens and corporations of certain foreign countries.

"Supplement B. Computation of net income

"Section 111. Determination of amount of, and recognition of, gain or loss.
"Section 112. Recognition of gain or loss.
"Section 113. Adjusted basis for determining gain or loss.
"Section 114. Basis for depreciation and depletion.
"Section 115. Distributions by corporations.
"Section 116. Exclusions from gross income.
"Section 117. Capital gains and losses.
"Section 118. Loss from wash sales of stock or securities.
"Section 119. Income from sources within United States.
"Section 120. Unlimited deduction for charitable and other contributions.

"Supplement C. Credits against tax

"Section 131. Taxes of foreign countries and possessions of United States.

"Supplement D. Returns and payment of tax

"Section 141. Fiduciary returns.
"Section 142. Withholding of tax at source.
"Section 143. Payment of corporation income tax at source.
"Section 144. Penalties.
"Section 145. Closing by Commissioner of taxable year.
"Section 146. Information at source.
"Section 147. Information by corporations.
"Section 148. Returns by brokers.
"Section 149. Collection of foreign items.

"Supplement E. Estates and trusts

"Section 161. Imposition of tax.
"Section 162. Net income.
"Section 163. Credits against net income.
"Section 164. Different taxable years.
"Section 165. Employees' trusts.
"Section 166. Revocable trusts.
"Section 167. Income for benefit of grantor.
"Section 168. Taxes of foreign countries and possessions of United States.

"Supplement F. Partnerships

"Section 181. Partnership not taxable.
"Section 182. Tax of partners.
"Section 183. Computation of partnership income.
"Section 184. Credits against net income.
"Section 185. Earned income.
"Section 186. Taxes of foreign countries and possessions of United States.
"Section 187. Partnership returns.
"Section 188. Different taxable years of partner and partnership.

"Supplement G. Insurance companies

"Section 201. Tax on life-insurance companies.
"Section 202. Gross income of life-insurance companies.
"Section 203. Net income of life-insurance companies.
"Section 204. Insurance companies other than life or mutual.
"SECTION 205. Taxes of foreign countries and possessions of United States.
"Section 206. Computation of gross income.
"Section 207. Mutual insurance companies other than life.

"Supplement H. Nonresident alien individuals

"Section 211. Gross income.
"Section 212. Deductions.
"Section 213. Credits against net income.
"Section 214. Allowance of deductions and credits.
"Section 215. Credits against tax.
"Section 216. Returns.
"Section 217. Payment of tax.

"Supplement I. Foreign corporations

"Section 231. Gross income.
"Section 232. Deductions.
"Section 233. Allowance of deductions and credits.
"Section 234. Credits against tax.
"Section 235. Returns.
"Section 236. Payment of tax.
"Section 237. Foreign insurance companies.

"Supplement J. Possessions of the United States

"Section 251. Income from sources within possessions of United States.
"Section 252. Citizens of possessions of United States.

"Supplement K. China Trade Act corporations

"Section 261. Credit against net income.
"Section 262. Credits against the tax.
"Section 263. Income of shareholders.

Mr. SAMUEL B. HILL. Mr. Speaker, this has to do solely with the table of contents and is made necessary by the action of the House with reference to the amendment just voted on.

I move that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur in the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert:

Section 167. Income for benefit of grantor.
Section 168. Taxes of foreign countries and possessions of United States.

Supplement F. Partnerships

Section 181. Partnership not taxable.
Section 182. Tax of partners.
Section 183. Computation of partnership income.
Section 184. Credits against net income.
Section 185. Earned income.
Section 186. Taxes of foreign countries and possessions of United States.
Section 187. Partnership returns.
Section 188. Different taxable years of partner and partnership.

Supplement G. Insurance companies

Section 201. Tax on life insurance companies.
Section 202. Gross income of life insurance companies.
Section 203. Net income of life insurance companies.
Section 204. Insurance companies other than life or mutual.
Section 205. Taxes of foreign countries and possessions of United States.
Section 206. Computation of gross income.
Section 207. Mutual insurance companies other than life.

Supplement H. Nonresident alien individuals

Section 211. Gross income.
Section 212. Deductions.
Section 213. Credits against net income.
Section 214. Allowance of deductions and credits.
Section 215. Credits against tax.
Section 216. Returns.
Section 217. Payment of tax.

Supplement I. Foreign corporations

Section 231. Gross income.
Section 232. Deductions.
Section 233. Allowance of deductions and credits.
Section 234. Credits against tax.
Section 235. Returns.
Section 236. Payment of tax.
Section 237. Foreign insurance companies.
Section 238. Affiliation.

Supplement J. Possessions of the United States

Section 251. Income from sources within possessions of United States.
Section 252. Citizens of possessions of United States.

Supplement K. China Trade Act corporations

Section 261. Credit against net income.
Section 262. Credits against the tax.
Section 263. Affiliation.
Section 264. Income of shareholders.

Supplement L. Assessment and collection of deficiencies

Section 271. Definition of deficiency.
Section 272. Procedure in general.
Section 273. Jeopardy assessments.
Section 274. Bankruptcy and receiverships.
Section 275. Period of limitation upon assessment and collection.
Section 276. Same—Exceptions.
Section 277. Suspension of running of statute.

Supplement M. Interest and additions to the tax

Section 291. Failure to file return.
Section 292. Interest on deficiencies.
Section 293. Additions to the tax in case of deficiency.
Section 294. Additions to the tax in case of nonpayment.
Section 295. Time extended for payment of tax shown on return.
Section 296. Time extended for payment of deficiency.
Section 297. Interest in case of jeopardy assessments.
Section 298. Bankruptcy and receiverships.
Section 299. Removal of property or departure from United States.

Supplement N. Claims against transferees and fiduciaries

Section 311. Transferred assets.
Section 312. Notice of fiduciary relationship.

Supplement O. Overpayments

Section 321. Overpayment of installment.
Section 322. Refunds and credits.

TITLE IA. ADDITIONAL INCOME TAXES

Section 351. Surtax on personal holding companies.

TITLE II. AMENDMENTS TO ESTATE TAX

Section 401. Revocable trusts.
Section 402. Prior taxed property.
Section 403. Citizenship and residence of decedents.
Section 404. Real estate situated outside the United States.
Section 405. Estate-tax rates.
Section 406. Nondeductibility of certain transfers.

TITLE III. AMENDMENTS TO PRIOR ACTS AND MISCELLANEOUS

Section 501. Period for petition to board under prior acts.
Section 502. Recovery of amounts erroneously refunded.
Section 503. Statute of limitations on suits for refund.
Section 504. Overpayments found by the Board of Tax Appeals.
Section 505. Bankruptcy and receiverships.
Section 506. Retroactivity of regulations, rulings, etc.
Section 507. Examination of books and witnesses.
Section 508. Sale of personal property under distraint.
Section 509. Discharge of liens.
Section 510. Jeopardy assessments.
Section 511. Gifts of property subject to power.
Section 512. General counsel for the Treasury.
Section 513. Assistants in the Treasury.
Section 514. Penalties and awards to informers with respect to illegally produced petroleum.
Section 515. Postal rates.
Section 516. Commissioner as party to suit.
Section 517. Nondeductibility of certain gifts.
Section 518. Liability of fiduciary.
Section 519. Venue of appeals from Board of Tax Appeals.
Section 520. Gift tax rates.

TITLE IV. EXCISE TAXES

Section 601. Termination of soft-drink tax.
Section 602. Tax on certain oils.
Section 602½. Processing tax on certain oils.
Section 603. Taxes on lubricating oil and gasoline.
Section 604. Producers' tax on crude petroleum.
Section 605. Tax on refining of crude petroleum.
Section 606. Termination of bank-check tax.
Section 607. Enforcement of liability for taxes collected.
Section 608. Tax on furs.
Section 609. Tax on jewelry, etc.
Section 610. Tax on cigarettes.
Section 611. Tax on matches.
Section 612. Stamp tax on sales of produce for future delivery.
Section 613. Termination of tax on use of boats.
Section 614. Termination of tax on candy.

TITLE V. CAPITAL-STOCK AND EXCESS-PROFITS TAXES

Section 701. Capital-stock tax.
Section 702. Excess-profits tax.
Section 703. Capital-stock tax and excess-profits tax imposed by National Industrial Recovery Act.

TITLE VI. GENERAL PROVISIONS

Section 801. Definitions.
Section 802. Separability clause.
Section 803. Effective date of act.

The SPEAKER. The question is on the motion of the gentleman from Washington to recede and concur with an amendment.

The motion was agreed to.

H.R. 7835—EXTENSION OF REMARKS

Mr. SAMUEL B. HILL. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks in the RECORD on the conference report and the amendments in disagreement.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I desire to state briefly my views in favor of Federal old-age pension and insurance legislation in this country. I deplore the fact that the United States has to share with China and India the national ignominy and disgrace of providing no system of pensions or insurance for its aged indigent citizens.

State old-age pension laws, fostered by a noble fraternal organization, the Fraternal Order of Eagles, are a right step toward a national system, the same as exists in all the other great civilized nations of the world.

OLD-AGE PENSIONS AND INSURANCE IN FOREIGN COUNTRIES

I desire to describe briefly the measures adopted in foreign countries to provide a competence for old age, together with data, where obtainable, of the actual operation of the various systems. The descriptive reports for these countries were prepared by the consular representatives of the United States Department of State in the several countries concerned, in accordance with an outline and a memorandum of instructions prepared by the Bureau of Labor Statistics. This study may therefore be regarded as substantially complete, except as regards the Soviet Union, for which country the Bureau has no first-hand information.

The data show that in 39 countries (exclusive of the Soviet Union) one or more systems of pensions or insurance for old age have been established. These countries are enumerated below.

Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, Cuba, Czechoslovakia, Denmark, France, Germany, Great Britain, Greece, Greenland, Guernsey (Isle of), Hungary, Iceland, Irish Free State, Italy, Japan, Lithuania (Memel Territory), Luxemburg, Netherlands, Newfoundland, New Zealand, Norway, Paraguay, Poland, Portugal, Rumania, South Africa (Union of), Spain, Sweden, Switzerland, Uruguay, Yugoslavia.

TYPES OF PLANS

The systems of old-age care are of three main types as regards contribution and benefit:

First. Voluntary insurance: In essence this is merely a system under which the Government sells annuities under more favorable rates than the private insurance companies.

Second. Compulsory insurance: Under this system contributions to a general insurance fund are made by two or all the three parties concerned—the State, the employers, and the employees. Usually, all three parties contribute, as in Great Britain, Germany, and in France. This fund is managed by public authority, and out of it determined benefits are paid to each employee under the system when he attains a certain age.

Third. Public pensions: Here the cost of the system is borne wholly by the public, and pensions are paid to citizens reaching a certain age, without other means of support, and without regard to whether they are or have been employed workers.

Of these three types of systems, the first, voluntary insurance, needs least comment. It has been introduced in only five countries (Canada, France, Italy, Netherlands, and Switzerland), and it has not succeeded, as a rule, in obtaining any large coverage.

As already indicated, the method of approach to the problem of old-age dependency is very different under compulsory insurance and under the public pension. The following points of difference may be emphasized as of particular importance: Under a public-pension system aid is given only in case of actual dependency, and then only in accordance with the need of the individual as established to the satisfaction of the administrative agency. The theory under the compulsory-insurance system is quite different. Under such a system the aim is to accumulate, for all working citizens, against their retirement from industry, an insurance fund which will support them in their old age. The old-age benefits thus received by a retired worker are therefore not dependent upon the degree of dependency or upon proof of need. On the other hand, this system provides only for persons who are or have been workers; it does not cover dependent persons who, for various reasons, may have reached old age without ever having had employment within the meaning of the law.

The compulsory-insurance principle has at present by far the greatest acceptance. In general, the public pension system is favored by the British dominions and the Scandinavian countries and dependencies (except Sweden). The compulsory-insurance system is now in force in the principal industrial countries of Europe, such as France, Germany, Great Britain, and Italy; of these, France and Great Britain also have a pension system.

COVERAGE OF SYSTEM

Not all the systems adopted are complete in their coverage. Thus, in Switzerland only certain cantons have adopted such systems, and in Brazil such legislation applies only to employees of public utilities. Also it is to be noted that in a few instances systems of different character and coverage are in effect in the same country.

In the great majority of countries, however (including the principal industrial countries of Europe, such as England, Germany, and France), the systems in effect cover either the whole population or the whole working population, subject to certain requirements of income, residence, and so forth.

Public old-age insurance or pensions are intended for and applied to the economically lowest groups of the population, principally wage earners and low-salaried employees but may include independent workers, including small employers, employing up to five or six workers. In order to determine these insurable or pensionable groups, the laws set certain economic limits on the basis of earnings, income, or value of property owned. These economic limits vary from country to country even more widely than the age limits.

However, a number of countries, having introduced a public compulsory-insurance system for the low-income groups of the population, have established a secondary, higher-income limit for voluntary insurance; that is, persons whose earnings or incomes are above the limit for compulsory insurance and below the secondary higher limit may come under the compulsory-insurance act if they so desire. Experience shows that these classes do, to some extent, take advantage of such a provision.

AGE LIMIT

There is no generally accepted age limit at which old-age pensions or benefits shall become payable. Not only does the age limit vary from country to country, but often within the same country different age limits are set for the sexes and for different occupational groups; in some insurance systems the age of retirement is dependent on years of service and amount of contributions made.

In general, it may be said that the age limits in European countries vary from 50 to 70 years, the prevailing limits being from 60 to 65 years. In the non-European countries the age limits, on the whole, appear to be somewhat lower than in Europe.

The age limit for women is in many cases fixed 5 years lower than for men.

For more hazardous occupations, such as transport and mining, often a lower age limit is set than for other less hazardous occupations.

In general, the lowest age limits occur under voluntary-insurance systems and the highest under straight-pension systems, while the compulsory-insurance systems occupy a middle position in this respect.

The recent legislative tendency in regard to the age limit seems to be toward flexibility, a certain amount of discretion being left to the administrative authorities to fix age standards within the upper and lower limits set by the law.

CONTRIBUTIONS AND BENEFITS

In case of compulsory insurance the contributions are made either as a certain percentage of wages or salaries or as a definite sum of money to be contributed either weekly or monthly. Public contributions to insurance funds are either proportioned to the contribution shares of the insured and their employers, or are in the form of grants representing definite sums of money either per insured or per beneficiary, or lump sums transferred periodically to the insurance fund.

Some foreign countries have resorted to special taxation and other special means of raising money for the benefit of the insurance or pension funds. The European countries, however, seem to avoid special taxation for public-insurance funds.

Old-age benefits or pensions are usually established at a point which will provide merely the bare necessaries of life or a minimum of comfortable subsistence. As this minimum varies from country to country, from time to time, and even as between economic groups in the same country, the amount of benefit or pensions paid in different countries and for different groups of persons in the same country varies greatly.

With a few exceptions, the benefits and pensions are considerably lower than the wages or salaries earned before old-age retirement. As a rule, in the case of insurance systems the amount of benefit is based upon the amount of contributions made in behalf of the insured, while the amount of contribution is based upon a certain percentage of wages or salary, or of income in the case of independent workers.

In order closely to relate earning ability with contributions, varying numbers of graded wage or income classes are often set up. As, however, minute classification complicates administrative work, there is a tendency either to decrease the wage classes to a smaller number or to do away with them entirely, leaving only the upper insurable or pensionable income limits.

In a number of European countries the ordinary or regular benefits or pensions are rather small, especially in view of the increasing cost of living and depreciation of money value, in post-war years. Various increases and additional benefits have therefore been introduced, usually termed "bonuses", "allowances", "supplementary benefits", "special grants", and so forth.

SURVIVORS' BENEFITS

Most of the old-age insurance or pension systems made provision for dependent survivors, such as widow or widower, orphans, parents, and so forth.

Usually the amount of the widow's benefit is one half of the benefit of her deceased husband.

Almost all insurance systems provide that the total benefit for survivors may not exceed the benefit of the deceased.

STATISTICS OF OPERATION

The table following shows, for each country for which data are available, the number of persons covered by the various systems, the number of beneficiaries, and the average benefit:

Extent of coverage and benefits of old-age pension and insurance systems in specified countries

Country and system	Population	Year to which figures apply	Number of persons covered by system	Number of beneficiaries		Average yearly old-age and invalidity benefit
				Insured	Survivors	
Argentina:						
Railway employees	10,904,022	1929	143,843	[1] 22,408	[2]	[1] $440
Bank employees		1929	9,205	[1] 410	[2]	[1] 291
Public-utility-company employees		1929	41,908	[3]	[3]	[3]
Australia: Pensions	5,495,734	1930	5,495,734	155,196	----------	242
Austria: Salaried employees	6,675,283	1929	228,882	9,543	10,741	354
Brazil: Public-utility-company employees	40,272,650	[4]	140,435	6,930	3,867	366
Canada:						
Pensions	9,934,500	1931	[3]	57,930	----------	200
Voluntary insurance		1930	10,183	[3]	----------	[3]
Chile:						
Wage earners	4,364,395	1931	1,203,500	663	[3]	21
Salaried employees		1930	80,220	----------	----------	----------
Cuba:						
Maritime employees	3,607,919	1929	50,000	877	----------	[3]
Railway employees		1931	45,000	2,569	787	[3]
Czechoslovakia:						
Salaried employees	14,523,186	1930	359,374	14,314	17,608	
Wage earners		1929	2,305,959	605	2,451	14
State railway employees		1929	132,888	62,773	[3]	98
Miners		1929	129,644	84,760	[3]	57
Denmark: Pensions	3,434,555	1929	3,434,555	99,461	----------	160
France:						
Seamen	40,745,874	1930	170,000	59,800	7,500	129
Ship's cooks, stewards, etc.		1930	36,000	[3]	[3]	[3]
Voluntary insurance		1930	[3]	800,000	[3]	13
Railway employees		1928	446,000	170,000	[3]	168
Miners		1929	425,000	[3]	[3]	[3]
Noncontributory pensions		1929	566,000	[3]	[3]	[3]
General insurance scheme		1930	8,217,636	----------	----------	----------
Germany:						
Wage earners	62,348,782	1929	18,000,000	[5] 2,049,000	1,178,000	[1] 85
Salaried employees		1930	3,500,000	125,576	100,790	[1] 185
Bank employees		1930	66,067	[1] 11,042	[3]	[1] 190
Miners		1930	676,383	205,447	167,905	[6] 130 [7] 317
Great Britain:						
Noncontributory pensions	44,173,704	1930	[3]	1,373,331	----------	113
Contributory insurance		1928	[8] 16,500,000	[8] 587,772	[3]	[8] 127
Greece: Wage earners and salaried employees	6,204,468	1927–28	191,925	22,676	[3]	[9]
Greenland: Eskimos' pensions	[9] 10,000	1929	[3]	500	----------	27
Guernsey, Isle of: Pensions	40,529	[4]	[3]	500	----------	73
Hungary: Wage earners and salaried employees	8,603,922	1929	[5] 669,471	----------	----------	----------
Irish Free State: Pensions	2,972,802	1928	[3]	[c] 114,709	----------	107
Italy: Compulsory insurance	41,168,000	1929	5,500,000	174,588	11,284	33
Japan: Voluntary insurance	62,938,200	1928–29	178,036	[3]	----------	[3]
Lithuania (Memel Territory): Compulsory insurance	141,645	1929	[8] 25,148	416	[3]	27
Luxemburg: Wage earners	285,524	1928	[10] 50,000	3,830	951	[1] 20
Netherlands:						
Compulsory insurance	7,625,938	1930	2,547,099	133,257	25,769	61
Voluntary insurance		1929	[8] 179,264	223,080	----------	60
Newfoundland: Pensions	264,089	[4]	3,200	3,000	----------	50
New Zealand: Pensions	1,407,165	1931	[3]	[8] 26,909	----------	200
Paraguay: Railway employees	791,469	[4]	916	95	[3]	364
Poland:						
Salaried employees	30,212,962	1928	225,081	1,854	3,245	[1] 147
Manual workers (former German territory)		1928	926,000	70,066	45,909	[1] 19
Railroad workers (former German territory)		1928	86,586	5,211	9,080	[1] 36
Miners (former Austrian territory)		1928	11,325	3,687	927	[1] 20
Portugal: Wage earners and salaried employees	5,628,610	[4]	[11] 2,000,000	----------	----------	----------
South Africa, Union of: Pensions	6,933,652	1930	[3]	[12] 36,167 [13] 16,551	----------	[12] 139 [13] 86
Spain: Compulsory insurance	22,760,854	1930	3,395,212	----------	----------	----------
Sweden: Compulsory insurance	6,120,080	1929	3,728,000	318,000	[3]	43
Switzerland:						
Canton of Neuchatel	[3]	1929	11,523	884	[3]	103
Canton of Vaud	[3]	1929	52,503	297	----------	40
Canton of Glarus	[3]	1929	19,055	209	----------	31
Canton of Appenzell a/Rh.	[3]	1928	38,604	----------	----------	----------
Uruguay:						
General system	1,850,129	1930	[3]	33,828	----------	[14] 124 [15] 99
Public-service employees		1930	51,500	2,746	688	594
Bank employees		1929	1,787	71	33	[3]
Limited-liability-company employees		1930	157,900	215	51	1,141
Journalists		1930	4,100	11	3	428

[1] Includes those receiving survivors' benefits also.
[2] Included with insured.
[3] *No data.*
[4] "Present."
[5] Data are for 1930.
[6] Wage earners.
[7] Salaried employees.
[8] Under health insurance acts; figures for old-age insurance slightly less.
[9] Estimated Eskimo population.
[10] Under social insurance.
[11] Estimated.
[12] White.
[13] Colored.
[14] Natives or Uruguay.
[15] Foreign born.
[b] Includes 41,504 miners.
[c] Includes 2,650 blind.

NOTE.—Foregoing data quoted from Bulletin No. 561 of the United States Bureau of Labor Statistics.

Mr. Speaker and Members of the House, I hope that the day is not far distant when we will have a nationalized old-age pension and insurance system in America, so that no American citizen will ever be compelled to eat the bitter bread of charity or enter a charitable institution.

Mr. O'CONNOR. Mr. Speaker, today I reluctantly voted against the conference report on the tax bill. Almost invariably have I supported the action and judgment of our committees of the House, but in this instance I found it impossible to follow my usual course. Of course, a vote against the adoption of the conference report was not a vote against the tax bill as adopted in the House, or as finally adopted. I voted for the tax bill as it passed the House. A vote against the adoption of the conference report was merely a vote to send the bill back to conference for further consideration of the differences between the two Houses.

I was impelled to vote as I did for the reason that I believe that the House conferees were too liberal in yielding to certain amendments adopted on the floor of the Senate, and especially those pertaining to the elimination of consolidated returns, which elimination I understand the administration opposed, and the publicity of income-tax returns, and the tariff on coconut oil, and so forth.

While the bill itself as finally agreed upon in conference will compel the American people to pay practically twice as much in taxes as the administration or the House committee or the House itself felt was necessary at this time, I could have tolerated the increase as well as the increases in the inheritance taxes which I feel are somewhat unreasonable, if it were not for the amendment pertaining to the publicity of income-tax returns. I have heretofore voted against any such an un-American provision. The fact that the publication of how much our citizens pay in income taxes may give rise to blackmail, suckers' lists, or kidnapers' lists does not influence me as much as the firm conviction I have that such a public announcement violates the personal privacy of our citizens. Surely there must be some small right of privacy which should be retained for our citizens. While the Government is entitled to know how much we earn or receive as income, such information should not be public property of every Wall Street confidence man or every racketeer.

If it were only because of the amendment providing for the publicity of income-tax returns, I would feel amply justified in the action I took in voting against the adoption of the conference report in the hope that the conferees and the managers on the part of the Senate might reconsider this proposal and relieve our citizens from this gross un-American invasion of their private affairs.

EXTENSION OF REMARKS

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to extend the remarks I made today in the RECORD by including therein a letter from the President, written to Senator HARRISON, together with a radiogram from the Philippine Islands to the Secretary of War and communications from other people who have made a study of this problem.

The SPEAKER. Is there objection?

There was no objection.

THE COUZENS AMENDMENT

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks upon the tax bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, the main object of the income tax bill, according to its framers in the House, was the plugging of loopholes through which the wealthiest men of the country, the leaders of finance, wholly escaped Federal income taxation, and it is complained that the Senate amendments have diverted the bill from this main object and converted it into a new and heavy income-tax measure.

The term "loophole" in connection with the existing income tax law strikes me as a misnomer. The term "loophole" is defined to be a narrow aperture or opening. Its original use was a peephole through which to watch the maneuvers of the enemy and to fire through. This seems to me entirely too restrictive a term to apply to tax laws which enable the greatest fortunes in the country to entirely escape taxation. Even tunnels would not take in enough space to define such avenues of escape. Both loopholes and tunnels imply some structural bounds, something to find loopholes in or dig tunnels through.

Even though this bill had its inception in the disclosures before the Banking and Currency Committee of the Senate, that the 20 kings of finance composing the House of Morgan, and the kings of finance composing Kuhn-Loeb & Co., and other money magnates, pay no income taxes because the law does not require them to pay any, and was designed to plug up the so-called "loopholes" or block the fugitive tunnels, this situation is not the real test by which to determine the propriety or necessity of the Senate amendments, boosting the House provisions from $258,000,000 to $470,000,000.

The real test is whether the Government needs the money. If it does, it ought to be raised. The answer to the question whether the Government needs the money is an all-time record in the way of a national debt, amounting to $30,000,000,000 and projected to $32,000,000,000 within a year. This debt now draws interest in round numbers to the amount of $1,000,000,000 a year, and projected to twelve hundred and fifty million dollars a year. The question of balancing the Budget, which is stressed by many as the only road to recovery and prosperity, may be left out of such an account. Even with this added tax of $470,000,000, there is no likehood of balancing the Budget. One need not weary his brains with figures and calculations. One can just shut his eyes and know that the additional taxes laid in the Senate amendments will not be too much and will not be enough.

In order to lay the additional taxes over the provisions of the House bill the Senate made nearly 200 amendments. The House conferees accepted the great majority of these amendments and composed the differences on all the others which involved tax increases, except one. As to all these changes, therefore, it makes no difference at this stage of the game what the original idea of the bill was. At this time there is disagreement only on one change made by the Senate in the House bill, and against the acceptance of this change the House has recorded its will by a vote of 283 to 79 and has sent this item back to conference between the two Houses.

That, Mr. Speaker, is a pretty substantial expression of the will of the Houses. As one of the 79 who voted against sending this item back to conference, which was tantamount to a vote for the Senate amendment, I want to address myself briefly to the consideration of that amendment and the reasons impelling my vote.

I have found it a pretty good plan to think over these controversial points in a quiet hour, provided a Member of Congress can find any such time as a quiet hour. I have found it a pretty good plan to keep an ear to the argument as it develops instead of waiting for the appeal of the last man to address the jury. By this process I had decided even before the conference report came before the House that Senate amendment no. 13, known as the "Couzens amendment", which imposes for the year 1934 only an additional tax of 10 percent over and above the amount levied by the regular taxes in the bill, should be approved. Reduced to an illustrative figure, the man who has to pay $10 without this amendment will have to pay $11 with it. The regular amount of his payments will be increased just 10 percent for 1 year. This is estimated to produce an additional revenue of $55,000,000. The elimination of the amendment will cut the total from $470,000,000 to $415,000,000 in round numbers.

The author of the amendment, in presenting his amendment to the Senate, is quoted in the CONGRESSIONAL RECORD of April 11, at page 6401, as follows:

> The tax provided for in the amendment ranges from 80 cents additional tax on the man with an income of $3,000 a year up to $57,000 on the man who has an income of $1,000,000 a year.

This statement illustrates better than mine the small amount of this additional tax and the spread of it from the lowest to the highest bracket.

Representative DAVID A. LEWIS, of Maryland, a member of the Ways and Means Committee of the House, stated some significant facts during the debate. One of his statements was as follows:

> Take the case of a married couple in the United States, with no children, having a net income of $3,000. Their tax under existing law is but $20, and in this conference report it is reduced to $8. In Great Britain the same couple would pay not $8, or $20, but $318.

It is small wonder that the British Government has balanced its budget.

However, Mr. Speaker, I am not pleading for high taxes. The considerations which move me are these: The income tax is conceded to be the fairest and most equitable form of taxation. The taxpayer pays only according to his ability. If he does not get the income, he does not pay the tax. This exempts 98 out of every 100 people. Only 2 percent of the people would pay any of this added 10 percent of tax. They would pay it because they had something which 98 percent of the people do not have, to wit, a taxable income. I sincerely hope that I shall have the good fortune to remain in the 2-percent class. At times I have fallen out of it, and the experience was much more painful than paying income taxes. My only financial misgiving is that the time may come when I will not have to pay an income tax.

On top of this, the Government needs the money. It needs it to pay principal and interest on $30,000,000,000 of tax-free, interest-bearing bonds. It needs it to pay $4,000,000,000 of current expenditures. It needs it not simply to attain a balancing of the Budget, but to preserve the credit of the Government of the United States.

Every monopoly of the United States has paid dividends throughout this historic, this unprecedented depression. The wealth of the United States has been reduced by half. The remaining half is mortgaged for more than it is worth. But every monopoly has paid and is still paying dividends. The recipients of these dividends, which are produced by all of the people and received by a few of them, can and should bear the additional burden of this much-needed taxation. Any man with a taxable income can and should do the same thing.

Mr. Speaker, I am not able to apprehend the reasoning of the House in rejecting this tax. I do not question its motives. I know the Members who voted to reject it are just as conscientious as those who voted for it. They fear the effects of the added burden. They are apprehensive that it will be resented. They fear that the man who puts his name on the roll call in favor of this added burden will have to pay for it with many votes at the polls. I do not concur in this view, and would not be governed by it if I did. There is no partisanship in the action of the House. A majority on both sides voted to reject the so-called "Couzens amendment."

Mr. Speaker, one final reason moves me. This amendment reflects the action of the progressive Members of both parties at the other end of the Capitol. Their action has been beneficially reflected in all the history-making legislation of the Seventy-third Congress. I find it impossible to escape the sympathies and reactions which bind me to this group. I consider progressivism the hope of America. Progressivism is blazing the trail for the new deal and the new day, if there is any such goal. I believe there is. If I did not believe this, I would fold up; my interest in national affairs would die for want of a faith on which to live.

RIVERS AND HARBORS

Mr. MANSFIELD. Mr. Speaker, yesterday General Markham, Chief of Engineers of the Army, delivered an informative address before the National Rivers and Harbors Congress. I ask unanimous consent to extend my remarks in the RECORD and to include that address.

The SPEAKER. Is there objection?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Maj. Gen. E. M. Markham, Chief of Engineers, United States Army:

Mr. President and gentlemen, it is a privilege and an honor to talk to this membership of the National Rivers and Harbors Congress. I believe that the history of these congresses dates from the first convention held in Baltimore in 1901, and that since your reorganization in 1906, the influence has been of major proportions upon comprehensive and intelligent improvement of our most valuable and productive natural assets, our rivers and harbors.

As you know, the Corps of Engineers acts as the technical advisor of the Government in determining the possibilities of our waterways development and in planning their improvement. The Congress normally approves the plans, provides the funds, and is the directing authority. Associations such as yours represent important public interests in such improvements and in their manner of execution. Your responsibilities and our responsibilities are both heavy. It is therefore doubly fitting that we have this opportunity to meet, to discuss our problems, and to exchange our views.

Although the members of the National Rivers and Harbors Congress are doubtless acquainted with the procedure under which river, harbor, and flood-control projects are investigated, it seems pertinent to grasp this opportunity to point out again the careful and painstaking investigations and studies behind an adopted project. First, such a project must have the demonstrable conviction of local interests as to its desirability. Through their initiative, legislation by Congress must be secured authorizing the Corps of Engineers to conduct a preliminary examination and survey. The first or preliminary investigation is made by the district engineer assigned to the locality. His report is reviewed by the division engineer, and in turn by the older, more experienced members of the Board of Engineers for rivers and harbors. If the report on this preliminary examination is unfavorable, Congress is advised at once. If the aspects are favorable, the Board recommends a more detailed survey to include a determination of costs and potential transportation or other savings. Upon the approval of the Chief of Engineers, the local district engineer conducts such a detailed survey. His second report is reviewed by the division engineer and by the Board of Engineers and passed to the Chief of Engineers, who submits it with appropriate recommendations to the Secretary of War for transmission to Congress.

These reports are carefully studied by the Committee on Rivers and Harbors of the House of Representatives with hearings at which proponents and opponents are given full opportunity to present their views. The recommendations of the committee are included in a river and harbor bill presented to Congress for its action. There are no public projects today in the country, nor so far as known, in any country, which are given the extensive analysis and study which apply to these river-and-harbor improvements before their adoption as Federal projects; and while there may be individual cases which have not fully realized their expectations, by and large, for the sums disbursed and the results obtained, it is doubtful if any expenditures by the Federal Government give to the people of the United States as large a return, measurable in dollars and cents, as the improvements of our waterways for navigation and for flood control.

Prior to 1928, the annual appropriation for the maintenance and improvements of our rivers and harbors averaged from $40,000,000 to $50,000,000 and for flood control about $10,000,000. In the 5 years prior to the passage of the National Industrial Recovery Act, approximately $400,000,000 was expended on rivers and harbors, and $158,000,000 on flood control. The augmented program under the National Industrial Recovery Act, to the end, amongst other things, of ameliorating unemployment, has provided $250,000,000 for river-and-harbor improvements, which, with regular appropriations available to the Department, has resulted in a total of approximately $350,000,000 being available for obligation during this fiscal year. Of this sum about $256,000,000 has been allocated to improvements primarily in the interest of navigation; $73,000,000 has been allocated to flood-control projects. The funds cited have made possible the direct employment of over 60,000 persons and the indirect employment of something like 200,000.

Funds from the Administration of Public Works were received during the period from August 1, 1933, to the end of that year. A determined effort was made by the Corps of Engineers to expedite the preparation of plans and specifications so that work might be started without delay and maintained under vigorous prosecution. I am proud to report to you that at the present time practically this entire amount made available has been obligated, with work actively under way on all projects. This record, unprecedented, has been made possible only by the tireless and loyal efforts of a wide-spread organization of civilians and commissioned officers of Engineers, the very uncommon effort and loyalty of whom justifies the repeated public expression of my admiration and appreciation. The Department has also had the highly effective cooperation of the contractors who proceeded under many adverse conditions to start work promptly and to push it energetically. The speed with which this work was placed under way has not been at any expense of proper engineering study and design. The projects in execution have received the same careful attention in all engineering details that has characterized the work of the Department in the past. It ought to interest the public to know that this program is under way at an overhead expense of less than 4½ percent.

There are a total of 97 operations scattered throughout the United States now in execution under the supervision of the Engineer Department supported by allotments from the Administration of Public Works. A brief enumeration of the major projects will not be amiss, perhaps.

ATLANTIC COAST

On the Atlantic coast, 2 highway bridges and 1 railway bridge are under construction across the Cape Cod Canal to permit of widening to meet the increasing demands of navigation. In New York Harbor, 30-foot channels have been provided in Staten Island Sound, in Newark Bay, and in Jamaica Bay, and interior channels have been extended and facilities materially improved to accommodate the port's annual commerce of 170 million tons, valued at $10,000,000,000. The anchorage facilities at Boston have been enlarged. A 35-foot Delaware River channel to Philadelphia has been completed; this channel, at a depth of 25 feet, is under extension from Philadelphia to Trenton. The New Haven Harbor, James River, Charleston and Brunswick Harbors, the St. Johns River to Jacksonville, Fort Pierce Inlet and Miami Harbors, are all under improvement looking to better navigational facilities.

The major portion of the protected inland waterway route for small boats along the Atlantic coast is practically completed with work actively under way on the section from Cape Fear River to Charleston, S.C., and on the section from Jacksonville to Miami. Work has been started on the canalization of the Savannah River and of the Cape Fear River.

GULF COAST

On the Gulf coast, the 32-foot project for Mobile is essentially complete, and work is under way at Pensacola, Tampa, Gulfport, St. Andrews Bay, Brazos Island, Galveston, Houston Ship Channel, Texas City, Freeport Harbor, Port Aransas, and on the Sabine-Neches waterway. The Pensacola to Mobile Bay and New Orleans to Sabine River sections of the Gulf Intracoastal waterway have been completed and are open to navigation, with the new Harvey Locks opposite New Orleans providing a modern connection to the Mississippi River. Work is also under way on the Sabine River to Corpus Christi section of the Gulf Intracoastal. The flood control for the Lake Okeechobee region is a very important activity in this section on which material progress has been made in the past year.

PACIFIC COAST

On the Pacific coast improvements are in active progress at San Diego, Los Angeles, and Long Beach, San Francisco, Columbia River to Portland and Vancouver, Willapa River, Grays Harbor, Tacoma Harbor, Richmond Harbor, San Joaquin River, Wrangell Narrows, and on the great navigation and power dam at Booneville, Oreg. Flood control of the Sacramento River has been an important Federal project since 1910 and the Federal Government has already expended over $12,000,000 in its execution.

GREAT LAKES

On the Great Lakes increased depths have been secured, or contracted, at the important ports of Agate Bay, Duluth-Superior, Ashland, Marquette, Port Washington, Green Bay, Milwaukee, Calumet and Indiana Harbors, Lake St. Clair Channels, and at Toledo, Lorain, Sandusky, Cleveland, Ashtabula, Conneaut, Fairport, Huron, Buffalo, and Ogdensburg; the deepening and widening of connecting channels has been continued with the work completed, or well advanced, on the St. Mary's River, St. Clair River, Detroit River, and Niagara River.

INLAND WATERWAYS

The extension and improvement of our national waterway system has not been neglected in the Public Works program. The facilities on the Ohio River system, with its annual commerce of 30,000,000 tons, are under betterment by way of new locks and dams at Montgomery Island and Gallipolis, replacing six of the existing locks and dams; on the Kanawha, by the construction of two new locks and dams; and on the Green and Barren, the Allegheny, the Cumberland, and the Illinois waterway.

A large flood control and navigation storage reservoir is in construction on the Tygart River which will ameliorate the floods and increase low-water discharge of the Monongahela River. The upper Mississippi project has been greatly extended by completion of 3 locks and dams and of 13 other locks well under way. The 6-foot channel from the mouth of the Missouri River to Kansas City has been opened to navigation and is being rapidly extended to Sioux City. The construction of the huge storage reservoir at Fort Peck, Mont., designed to insure an adequate low-water supply for a channel 8 to 9 feet in depth is being pushed vigorously.

Important Territorial ports of Hawaii, Puerto Rico, and Alaska are likewise being improved under this program.

The brief summary above given comprises but major projects. In addition, there are a great number of lesser ones, in the sense that the expenditures involved are comparatively small, which will contribute materially toward increased transportation savings and better navigational conditions.

FLOOD CONTROL

Progress on the authorized flood-control projects on the Mississippi River and its tributaries, on the Sacramento River, and on Lake Okeechobee and the Caloosahatchee River has been substantially accelerated as part of the Public Works program. In addition, a flood-control project on the Winooski River, Vt., is in execution with personnel of the Civilian Conservation Corps, under the direction of the Engineer Department. As well, an extensive cooperative flood-control plan is being placed under way in the Muskingum Valley, Ohio, with a Federal contribution of $22,900,000. The first major allotment of funds received from the Administration of Public Works was $7,000,000 for the Mississippi flood-control plan, and within a week over 3,000 men were at work. Total allotments from the Public Works Administration combined with regularly appropriated funds have made an aggregate of approximately $70,000,000 available for this project during the present fiscal year and has enabled an extension of its protective value to thousands of lives and to property of tremendous value.

The Department has prepared and placed before the Administration of Public Works a list of projects which, if consummated, would complete all navigation and flood-control plans reported to Congress. The number of projects in this list total 184. Funds in the amount of $342,000,000 could be used advantageously for their prosecution during the next few years.

A study and analysis of the commercial statistics and costs of our harbor facilities show that our water commerce reached a maximum in 1929 of over 880 million tons. This commerce has, of course, been somewhat reduced during the years of economic depression. But there is no reason to doubt a resumption of our expanding water-borne transportation with the end of this depression period. Our commerce of 880 million tons was carried on waterways maintained by the Federal Government at a total cost of less than 3½ cents per ton. Our inland rivers, canals, and connecting channels showed a similar commerce in 1931 of over 677 million ton-miles, with maintenance charges of less than 3 mills per ton-mile. These figures, I believe, exhibit clearly the significance of our navigation waterways as related to the very commercial existence of the Nation. The Federal disbursements for maintenance of the system, as reflected in commercial tons, or ton-miles, of traffic, fully demonstrate the low cost to the Government, and the great benefit to the Nation, derived from its investment in the improvement of these facilities.

When I came to Washington last fall as Chief of Engineers, I was, of course, familiar with the River and Harbor Act of January 21, 1927, assigning to this Department the duty of making surveys in accordance with House Document No. 308, Sixty-ninth Congress, first session, with a view to the formulation of general plans for the most effective improvement of navigable streams of the United States and their tributaries for the purposes of navigation, the development of water power, the control of floods, and the needs of irrigation, since I had been in intimate contact with many of the field investigations. In addition, I knew of the many river-and-harbor investigations undertaken by the Department under congressional authorization. I had no conception, however, of the extent of the data derived from these sources and the amazing amount of detailed information available to the Department on the water resources of the country.

Two hundred streams have been investigated under the provisions of House Document No. 308.

The majority of these surveys have been reported to Congress. This information has been invaluable to the Engineer Department, and to the other Departments, in the formulation of the Public Works program, and with the additional data available from special investigations, represents perhaps the most comprehensive study of the natural water resources of a country ever undertaken. Federal projects totaling $99,000,000 have been adopted by the Administration of Public Works, founded on plans contained in these surveys, and the assembled data have materially aided that Administration in its study of possible proposals. Based upon the reports referred to, and with other data available to the Department, we have drawn up a comprehensive list of projects, 1,600 in number, with a total estimated construction cost of $8,000,000,000. The physical features of the projects and their value to the public interests affected are set forth in the reports of the engineering investigations. The financial arrangements and the authorization necessary for the initiation of construction work remain to be provided. For each project listed the ratio of cost to benefit, and the estimated land and damage costs, is indicated. Some of these projects do not appear to be so favorably situated at this time with respect to cost and benefits. But it is obvious that the relation between the costs and benefits is a changing function. For example, growth in population adds to the importance of flood-control works by increasing the damages from overflow and correspondingly the benefits of protection; irrigation installations, which may not be desirable at the moment, may become so by reason of increases in population or greater demands for additional agricultural lands; it may be advantageous for those now occupying worn-out lands to shift to more fertile fields which, by irrigation or otherwise, insure to the cultivator a larger margin of profit; water-power projects may be advisable or not, depending upon fluctuating demands; markets for power depend both upon the prospects of industry and population and upon the costs of power from other sources. Any of these factors may change at any time.

If power can be generated and delivered sufficiently cheap, the development of a market will be hastened. As the population of the United States expands, economical transportation will become more and more necessary, and the demand for improved navigation facilities will follow. If the past is a criterion of the future, prosecution of many of these projects will be urged at an earlier date than is now generally realized.

Engineering plans for many of the projects in question are given in exhaustive reports of the investigations and surveys to which reference is made, covering a period of 7 years. It should be manifest that complicated technical studies of this nature and magnitude could be effectively conducted only by a closely knit organization composed of personnel equipped with skill, judgment, and integrity, and supervised and controlled by a single directing

administrative head, in other words, an organization such as the Corps of Engineers.

The digestion of such a mass of detail as is involved in their engineering studies, and the acquirement of a ground knowledge of the characteristics of the myriad localities concerned, would demand many years of repeated effort and travel and calculation and cost. It is thought that the summation of the conclusions of the Army Engineer organization may be accepted as a reliable guide for the future development of the water resources and waterways of the country.

The actual annual rates at which expenditures should be made for the prosecution of the many projects studied by the Corps of Engineers should depend upon economic and employment conditions during different periods of time. These rates can be varied to meet the emergencies and fluctuating needs of such periods. would involve an annual construction cost of $160,000,000.

Please do not understand that I am recommending at this time the adoption of such a great number of projects as discussed. I merely desire to point out that the studies undertaken by the Engineer Department have been the means of preparing a list of such projects, specific in their elements and estimates, which may be regarded as appropriate for future selection and appropriation, and which might well be accepted as a guide for the comprehensive development over a period of years of our waterways in the combined interests of flood control, navigation, irrigation, and power.

In concluding I cannot express too strongly my conviction that the rivers and the harbors of the United States are among the Nation's greatest assets, and that their improvement by the Federal Government has been and will continue to be an unmixed blessing. The improvements that are needed and justified for navigation and for flood control by reason of the local and general benefits they will produce deserve your earnest attention and the attention of the public throughout the country.

I am grateful for the opportunity of addressing you and will hope that my remarks may be found to be helpful in the deliberations and conclusions of your convention.

NAZI PROPAGANDA

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, I am in receipt of a letter from the American headquarters of the Nazi organization, Friends of the New Germany, urging me to attend a mass meeting in Madison Square Garden, New York City, Thursday, May 17.

I shall not attend the gathering. I am, of course, firmly and unalterably opposed to nazi-ism and to any organization seeking to eulogize, defend, or excuse the evil doings of the vicious and oppressive government of Hitler. No more monstrous and barbarous regime has ruled a nation in modern times.

For the great mass of the German people—honest, thrifty, hard-working, and kindly folk possessing the sturdy virtues of a splendid race—I have deep respect. As a friend of the German people—and of the peoples of all lands—I am necessarily the bitter foe of the cruel and half-insane dictatorship today exercised over them by Hitler. I shall be glad indeed when they throw off the yoke of this outrageous tyranny.

The mass meeting of the Nazi organization in New York is but a part of the sinister, subtle, and scheming propaganda being conducted throughout the United States by Nazi agents. Both in military groups actually engaged in drills with arms and in groups using camouflaged names and pretending altruistic purposes, the Nazi-ists are seeking to build up a terroristic army in this country that can some day be used for the establishment of an American Hitlerism.

I have already called attention to the letters sent to Congressmen praising Dr. William A. Wirt, calling the "brain trust" too radical, and obviously the work of Nazi propagandists or of manipulators with similar objectives. These letters have come from Binghamton, Norwich, Cherry Valley, and other points in New York, from Benton Harbor, Detroit, and Niles in Michigan, and from cities and towns in other States.

We should be keenly on the alert against this insidious effort to mold the minds of people and to deceive them with cunning and specious misrepresentations, and we should watch with eagle eye the unscrupulous machinations of Hitlerites in America.

THE VINSON BILL AGAINST WAR

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, the peace policy does not satisfy those who revel in destruction and find pleasure in despair. It may not satisfy the fire-eater or the swashbuckler [laughter and applause], but it does satisfy those who worship at the altar of the god of peace. It does satisfy the mothers of the land; but, my friends, this policy does satisfy the mothers of the land at whose hearth and fireside no jingoistic war has placed an empty chair. It does satisfy the daughters of this land, from whom brag and bluster have sent no husband, no sweetheart, and no brother to the moldering dissolution of the grave. It does satisfy the fathers of this land and the sons of this land, who will fight for our flag and die for our flag when reason primes the rifle.

My colleagues, the peace policy does not satisfy these junkers; if we fight for every degree of injury, this means perpetual war, and this is the policy of these war junkers—deny it if you can. Their policy would allow the United States to keep the sword out of the scabbard as long as there remains an unrighted wrong or an unsatisfied hope between the rising and the setting of the sun. It would make America as dangerous to itself and to others, as destructive and uncontrollable as a raging maniac. They would give us a war abroad each time the fighting cock of the European weathervane shifted with the breeze. They would make America the cockpit of the world. It would mean the reversal of our traditional policy of government.

How long do you suppose we would be allowed to meddle in European affairs while denying Europe the right to meddle in American affairs? The policy of the war junkers is a dream. It never could be a possibility. Their claim is not even advanced in good faith; it is simply a demand for funds for war profits wrung from the aching hearts of the people. Rome in all her glory tried it; Portugal, once the policeman of the world, tried it; Spain tried it; and they all crashed to a devastating ruin under the system. We should profit by the experience of the ages and avoid ambitions whose reward is sorrow and whose crown is death.

In their greed and desperation for unholy profits they try to create an issue out of national honor. Surely this high emotion should not be twisted into gaining unholy profits for the war junkers and desolation and death for the unprotected masses. Where and from whom do these junkers receive their commissions as keepers and interpreters of the honor of this Nation? Who gave them a monopoly of the brain or the emotions of the human heart? What rights do they possess which nature has denied to other men?

They proceed on the theory that the noisiest man in the land is the best patriot in the land.

These Junkers, fearful within, blustering without—they whistle to keep up their courage and hope the world will read in their faces what is not in their hearts. The real warrior today is the man of peace, who neither whistles to deceive his neighbors nor flaunts his patriotism to win the Pharisee's crown of self-praise. When danger confronts this Nation and its citizenship is outraged, the man of the street, the toiler in the fields, the artisan in the shops, the man who shoulders his musket and marches away at his country's call will need no one to tell him, no one to show him where duty lies and manhood calls. The men who do the fighting will demand no slimy war contracts with unholy profits wrung from the desolation and misery of their fellow neighbors.

Compared with the blood-smeared pages of Europe our records are comparably clean. Stolen wealth does not fill our Treasury or ravished territory swell our domain. Our greatness has been built on the resources of nature and the toil of our people. The song of the reaper, not the dying shriek of the soldier—the mart of trade, not the crack of the rifle, has won us our place in the sun.

These men came from the ranks of democracy as silently as Putnam left his plow, and back to democracy they go as silently as the southern heroes whose horses Grant returned.

These self-seeking profiteers and war junkers talk of national honor as if by some divine commission they had been appointed to this high place. If this be national honor, then let us wreck the Public Treasury and bind all men in bondage and chain them to the chariot of Mars, the god of war. No, no, my friends; real honor and real dishonor can be felt, and are felt, by the lowliest toiler in the land as acutely and as accurately as by even a great lawyer or a Presidential candidate. It is an elemental instinct which knows without knowing why and which enables even the unschooled to know right from wrong, justice from injustice, principle from prejudice, and passion from reason. When the honor of our country is outraged the people will know it without any political leader or war junker telling them. When our country is assailed, the great mass of people who will have to do the fighting will not have to be called to war. They will call themselves to war. These profiteers who are constantly inciting our people to war to swell their own coffers—but who spend their own time safely removed from peril—in society saloons, in libraries, as swaggering devotees of fashion—who would fight our battles on the carpet of parlor trenches or in restaurants and clubs or amid the dangers of afternoon teas—are all in favor of huge appropriations for destruction of life; but the men who must fight where the cannon roars and the bullet sings and death stalks—their wives, their sons, and their daughters, and the mothers who gave them being, all know that "peace on earth, good will to man" is the path that leads to human happiness.

The last war set the world aflame and stopped the march of progress for a century. Would anyone have it so again, in order to flaunt our war strength and assert "virile Americanism"? Is this the much-talked-of "national honor"? Is this the prize for which we sacrificed our best youth and thrust sorrow into every home? Is this the glittering bauble for which we gave 12,000,000 human lives? Is this the thing that makes might right and repudiates the doctrines of the lowly Nazarene? Is this the "Sermon on the Mount"?

The passions of men die; the truth lives. The sublimest picture in history is that of a plain American citizen striving with the weapons of reason and humanity against the navies and armies of the contending nations and bringing them in accord with the principles of international law. The standard of peace and justice now floats in the air of freedom and is enshrined in the hearts of our people. The matchless craft of a real pacifist not only will avoid war but will also lead the world into the ways of universal peace. What is peace but the assertion of moral progress? From the smouldering ruins of a thousand cities, over the graves of millions of brave men, out of the blackness of battle smoke, the people of the earth recognize the dim outlines of the soul of America in the patient and humane wisdom of the Man of Peace.

Of what avail is the wealth of our beloved land if it must be consumed in the destructiveness of war? Of what profit the travail of human progress for 10,000 years, had not the influence of the schoolmaster and the Christian teacher been felt? Their achievements to elevate the minds of men are as naught if they are cast into the cruel maws of war. But the plain millions, of all creeds and nationalities, recognize in their efforts the imperishable glories of a Christian civilization. It glorifies the peasant and the king alike. The schoolmaster becomes the statesman; the minister becomes the emancipator; the emancipator, the pacificator of the world.

Thus do nations accomplish the destiny of democracy. The commanding fact of the modern age is the spread of intelligence. The schoolhouse has conquered ignorance. The printing press has transformed the purposes of man. Education has qualified him for a better existence. The Bible has made him a moralist. Men know now that the world is big enough to support the human family in peace and comfort. In America justice has made its greatest progress because all men have a part. War cannot stop this inevitable march. The best opinion of the best men, by the force of example and mutuality of interest, becomes the opinion of all men.

Out of the ruins and sufferings of the last great mistake will arise a temple of justice whose dome will be the blue vault of heaven; its illuminant, the eternal stars; its pillars, the everlasting hills; its ornaments, the woods and bountiful fields; its music, the rippling rills, the sound of the birds, the laughter of happy childhood; its diapason, the roar of industry; its votaries, the people of the earth; its creed, on which hang all the laws of the prophets, "Do unto thy neighbor as unto thyself." On the walls of the National Museum hangs a picture of the famous warriors who had struck terror into the heart of mankind at various periods of history. Alexander the Great is there, Caesar is there, Hannibal is there, Napoleon is there, and on each side of this sinister group lie in endless rows the sheeted dead of war.

A vision arises before my mental gaze, representing hands, myriads of hands, humanity's hands from the grave, hands stretching up toward the sky, gnarled hands of labor and withered hands of age, eager hands of youth and helpless hands of babes, rugged hands of men and delicate hands of women—hands of aspiration, stretching upward to the sky from divine inspiration toward happiness and peace.

These two pictures symbolize the question. One need not believe blindly in peace, but surely all Christian men and women must believe profoundly in it. The responsibility for war rests with government, but its penalties fall on untold millions of guiltless people. A practice which calls for wholesale killings of human beings must surely meet with the disapproval of Christian people. The individual and family loss cannot even be dreamed of. The flower of our manhood is seized and crushed and the physical and mental caliber of posterity thereby decreased. The best are selected for death or wounds, insanity, and crippling, and the next generation consists largely of children of the weaker. It is not only fiendishly cruel but hopelessly inefficient. Let the war junkers follow the lords of war, who ride among the corpses of mankind. Let the great heart of our church people follow the path of peace, which leads to the inspiration of humanity that aspires to higher things.

RIVER-AND-HARBOR DEVELOPMENT

Mr. FOULKES, Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, the announcement that the existing system of river-and-harbor development is likely to be abandoned at the suggestion of Secretaries Wallace, Ickes, Dern, and Perkins; that a new nationally coordinated system will probably be substituted; and that the Board of Army Engineers may be eliminated, with regional boards under a central authority, substituted, is a welcome one. I am heartily in favor of the proposal.

A board of scientific men, who are thoroughly familiar with river-and-harbor matters, flood control, and related topics, is needed to supervise these important matters.

Control of waterway development by a board of military chiefs with the militaristic caste of mind is undemocratic and unintelligent. The custom of letting generals and colonels govern river-and-harbor improvements and maintenance is a silly and an unjustifiable one. The war-makers have had too much to say about governmental affairs for a long time and it will be a commendable step in the right direction if they are required to surrender some of their power and take a back seat. What is required in this instance is a board with scientific and technical ability, not a group of men with jingoism and sabre-rattling uppermost in their minds.

River-and-harbor expansion has for years been a sort of "racket" in the hands of the men whose principal delight is international slaughter. The abolition of the Army Engineering Board, composed of aristocratic West Point

graduates and thinking more of the next war than of peacetime development of our waterways, is to be highly recommended.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On April 19, 1934:

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes.

On April 21, 1934:

H.R. 8402. An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

On April 23, 1934:

H.R. 8018. An act to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of, levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes.

On April 26, 1934:

H.R. 8471. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

On April 30, 1934:

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended;

H.R. 7748. An act regulating procedure in criminal cases in the courts of the United States;

H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America;

H.R. 232. An act for the relief of Anna Marie Sanford;

H.R. 666. An act for the relief of Charles W. Dworack;

H.R. 1398. An act for the relief of Lewis E. Green;

H.R. 2512. An act for the relief of John Moore;

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7425. An act for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.;

H.R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931;

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark.;

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.;

H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River;

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore;

H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24; and

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H.J.Res. 332. Joint resolution to provide appropriations to meet urgent needs in certain public services, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

The message also announced that the Senate had agreed to a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 14. Concurrent resolution authorizing the Clerk of the House of Representatives, in the enrollment of H.R. 8617, the legislative appropriation bill, to make a correction in Senate amendment no. 21.

PERMANENT AND INDEFINITE APPROPRIATIONS

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes in order to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, it is not the intention, and never the practice, of the Committee on Appropriations to suddenly spring any bill of length and complexity on the House. Therefore I take this occasion to notify the House that a suspension of the rules will be moved on the bill, H.R. 9410, on next Monday. This is a bill on which a subcommittee of the Committee on Appropriations has put in 6 weeks very hard work, dealing with permanent and indefinite appropriations. That subcommittee consisted of Messrs. GRIFFIN, MCMILLAN, PARKS, CARY, GOSS, and WIGGLESWORTH. Never in my life have I known a subcommittee of the Committee on Appropriations to put in such painstaking and sincere work on any bill.

It develops there is no difference of opinion in that subcommittee about the salutary effect that will result in the passage of this bill. It was reported to the main Committee on Appropriations this morning. There was no difference in that committee. They heard the Comptroller General and others interested, and the Comptroller General unhesitatingly says that permanent, indefinite appropriations produce extravagance and uncertainty, and divest Congress of all control over appropriations or accounting as to how the money is expended, and whether its continued expenditure is on worth-while projects.

Therefore, I ask those interested to read the report, which is available, or to read such part of the hearings, as you desire, which are also available. If you will read only Mr. McCarl's testimony in whom we all have confidence, you will be convinced.

Mr. BLANTON. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BLANTON. This bill stops 367 indefinite, permanent appropriations, does it not?

Mr. BUCHANAN. Correct; 367 of them; and some of them as old as 1799.

Mr. BLANTON. And by stopping this money from going out of the back door of the Treasury, where to nobody knows, and forcing all money to come through the front

door of the Treasury, with Congress investigating and passing on each sum, this bill will save this Government eventually millions of dollars each year. There ought not to be a vote against this bill. I heartily endorse all that my colleague from Texas [Mr. BUCHANAN] has said about it.

Mr. BACON. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BACON. As ranking minority member of the Committee on Appropriations, I wish to endorse everything the gentleman from Texas [Mr. BUCHANAN] has just said.

Mr. BUCHANAN. I thank the gentleman.

SECURITIES EXCHANGE BILL OF 1934

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9323) 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 motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 9323, the securities exchange bill, with Mr. TAYLOR of Colorado in the chair.

The Clerk read the title of the bill.

Mr. RAYBURN. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. LEA].

Mr. LEA of California. Mr. Chairman, this measure is a new venture in Federal regulation. I do not regard it as premature. I regard it as tardily recognizing conditions that make it the duty of the Federal Government to regulate such matters. The reason for this legislation, as I view it, is amply demonstrated by a history of our economic developments in the past 15 years. We have been passing through a new economic period in our country. Stock exchanges have become the market places of the Nation. A large portion of the wealth of the country represented by stock certificates and bonds finds its market in these stock exchanges. The list prices of the stock exchanges are published even in fourth-class newspapers of the Nation. All over the United States hundreds of thousands of American citizens read those papers. They hurriedly pass over the glaring headlines that may tell of the latest sensations, to read the news of the stock market. They are interested, because they are investors or speculators to an unusual degree. It is claimed that 10,000,000 people, citizens of this Republic, scattered to the remotest sections, are holders of shares, and interested in the market on the exchanges.

This bill, although it is called a bill to regulate national security exchanges, is much broader in its practical operation. In fact, the object of this measure is not merely to regulate the exchanges—that is only incidental to its purpose. The real purpose of this regulatory measure is to protect the investors of the United States against fraud and imprudent investments, and to give integrity to the securities by the sale of which American business must be financed.

The great abuses that have occurred through the use of the stock market in recent years is illustrative of the fact that power always carries with it susceptibility to abuse. The stock exchange is not a reprehensible organization in the business life of our country. It is not an unnecessary burden on the business of the Nation. It performs a very useful service. It is the outgrowth of the development of the economic forces of this country.

Above everything else, this is the corporate age of America. This is the age in which people have resorted to corporate investments as the most practical and in many respects the most desirable manner of carrying on the business of the United States.

It is estimated that about half the wealth of the United States is represented by the securities issued by corporations and by the wealth that is in the banks in the form of deposits. These security exchanges afford a liquid market that has no comparison in the past history of the world. A large percentage of the total wealth of America, as illustrated by the bonds and stocks of corporations, has a definite price on the exchanges today and every business day of the year. It may be a manufacturing plant in New Jersey, a sugar-production plant in Utah, or a gold mine in Alaska, but they are alike financed through a stock exchange in a distant city. Every day in the year, at least, at some cash price the securities of that corporation are salable. Every holder of these stocks and bonds knows that he can convert them into cash today at whatever may be the price on those exchanges.

A system which gives liquidity to a large proportion of the investments of the American people is a marvelous institution. I do not say this in praise; neither do I say it in condemnation of the exchange. I state the fact. We must properly appraise this function of the exchange in order to pass legislation to regulate and control, not for the purpose of destroying but for the purpose of protecting, for the constructive purpose of conserving the business of the United States. If this legislation is successful in carrying out the purpose for which it is designed, it will give greater stability, more credence, and greater integrity to the stocks listed on the exchanges of the country. They will be more valuable.

The stocks and bonds of the corporations and the bank accounts of this country constitute liquid assets and a convenient form of investment. Before the corporate phase of American business developed, the man with a few hundred or a few thousand dollars at his command was frequently at a loss to know what to do with it. The chances were he did not have sufficient money with which to go into business on his own account, or if he had sufficient money, did not have the business experience and perhaps not the time to manage a small business. In recent years, under quantity production, expanding trade and industries, the stock market has invited him to become a purchaser of its securities. The stock market furnished a convenient method of investing with the hope of security and a prospect of a fair or possibly a speculative return.

A problem that will more acutely develop, particularly if this bill functions as intended, will be the tendency of the stock markets to drain credits from local investments. I take it the best investment the citizen can make is a local investment. Where an individual invests his money in a local enterprise, he builds up his local community, adds to local labor employment and community progress, and does more for the country than by contributing to the financing of the great business organizations of the country with remote control. This was one of the great difficulties in 1929. The stock markets drained local credit throughout the United States and caused an unbalanced credit situation which weakened our stability from the financial standpoint. Our people were turning away from safe investments to the more enticing and uncertain rewards of speculation.

It is well to realize that today the vast wealth invested in stocks, bonds, corporate securities, and bank deposits represents nearly one half the wealth of the United States and involves the separation of ownership and control. At no other time in the history of the world has there been such a vast proportion of the wealth of a nation invested in undertakings where ownership and control were separated. We have had this remarkable situation in the United States. It means that those in control of our great corporations, those who issue and control these securities, those who sell these stocks and profit from their transfer, are not the people who primarily suffer from fraud or imprudent investments these stocks may represent. There is the greatest temptation that managements have ever had to be unfaithful to their trusts.

In the main, the men controlling these great corporations are not large owners of the stocks of the corporations they control. Too often they have yielded to the temptation to control these great business institutions to their own interests, and with a zeal out of proportion to the loyalty they have shown their stockholders. Thus in recent years we have seen the directors of corporations, without the knowledge of their stockholders, voting themselves vast bonuses out of all proportion to what legitimate management would justify. We have had revelations of salaries paid to direc-

tors and officers of great corporations which showed shameful mismanagement; which showed that the men in charge of some of these corporations were more concerned in managing its affairs for their own benefit than for the benefit of the stockholders. The history of the past few years has revealed that in a number of instances these unconscionable bonuses and unconscionable salaries exacted from the stockholders were continued notwithstanding the fact that dividends were cut, and notwithstanding the fact that in some cases the common-stock holders were deprived of any dividends. We have had the ugly picture of corporate officials juggling with the stocks of their own companies, preying on their own stockholders through inside information they obtained as trustees of the trust they violated.

One of the most serious phases of this indirect or remote control of capital by those who are not the owners is lack of contact. In the old days when the man in charge of a local corporation committed an offense, embezzled the company's money, or conducted the company's business in an unconscionable way, he was branded in the local community. He lost his prestige, and the victims of his mismanagement or fraud were known to the community. Their suffering was present and visible. At the present time, however, under remote stock transactions, the victims of mismanagement of a corporation are remote from those who inflict the injury, the associates of the perpetrator do not ostracize or upbraid him. The victims are unseen by those who inflict their injuries. This bill proposes to hold these wrongdoers to a higher degree of responsibility.

This measure, as I suggested, goes a good deal further than the regulation of stock exchanges. The purpose of the bill is not simply the regulation of stock exchanges. It proposes the protection of the investor against fraud, to give more integrity to securities listed on the exchanges. To accomplish these purposes we must follow the stock from its issuance to the hands of the purchasers. The question of the integrity of the management of the corporation is involved; the question of the prudence of the investment represented by the stock is involved.

We do not mean that the Federal Government will attempt to substitute its judgment for the judgment of the stockholder in the matter of determining the prudence of the investment. That is a problem which must be assumed by the investor and of which the Government does not try to relieve him; but it is the problem of the Federal Government under the theory of this bill to require that when the corporation registers its stock on an exchange it must make a full and complete revelation of all facts that legitimately affect its securities. The information which corporations are required to give by this bill do not materially differ from that required by the New York Stock Exchange at this time. I take it, the first substantial step toward securing effective regulation is to require a complete revelation of all material facts that an investor should know in order to invest his money properly.

When these market exchanges are open for the investors of the Nation the Government has a right to expect that the corporations whose stocks are listed there and offered to the public will give truthful information and make a full revelation of the facts tending to show the merits or the demerits of their stock. Without giving such information their stocks are not entitled to the credence which listing should carry.

When it comes to the exchanges themselves, this bill provides for their regulation. We recognize that an exchange is a private institution. It is run for the profit of its members. Yet it performs a useful function of value to the people of the United States. It aids business by giving a market and by giving liquidity to this vast portion of the wealth of our country. We require that the exchange shall register and give full information as to its set-up to the commission that will administer this law. We require that the exchanges shall agree to enforce compliance by their members of all the regulations and rules of the commission. They agree to submit to regulation themselves. They agree that the exchanges will, if necessary, change their rules with reference to membership or in reference to stocks and other matters, so as to conform to the requirements of the regulatory commission.

These exchanges must not be charged with all the sins that have occurred in connection with the sale of stock in recent years. If I undertook to try to fix the responsibility for the debacle that came to the stock market since 1929 I would not attempt to place my finger on the exchanges and blame them alone. I recognize the part they played in the matter, but I also recognize another man who is very largely responsible for the misfortunes of the country and the excessive stock speculation and debacle. That is Mr. American Citizen who wants to get something for nothing. He had a large part in the misfortunes of the American people in reference to the stock speculation.

However, that is no answer to the purposes of this bill. This bill cannot do everything. It does not attempt that, but it does attempt to perform a useful service, to insist on reliable information to the investor.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. LEA of California. These stock exchanges are the bottle necks through which these certificates flow after they are issued by the corporation and before they reach the ultimate investor. This furnishes an opportunity to control and regulate that may serve a useful purpose to the Nation.

We must first go to the corporation that issues the stock and look into the prudence and integrity of that corporation. Then we must go to the exchange where this stock is sold; then to the broker and the dealer who handle these stocks, and some of whom have been guilty of the manipulative practices of recent years. Then we must look into the question of the credit advanced and on which the stock is floated in the markets of the United States.

The Government in connection with every city assumes responsibility for its water supply. It assumes the responsibility to see that the water supply is clean, drinkable, and beneficial to the public. Here we have this great market supply of the Nation. In this bill the Federal Government attempts to assert its regulatory powers to keep as clean and trustworthy as possible this vast flow of stocks from the corporations to the investors and business life of the United States.

When we come to the question of the broker and the dealer, a good deal of controversy was involved as to what control should be established; whether or not these positions should be separated; whether or not we would permit a man to act in the capacity of both broker and dealer; whether or not we should permit floor trading or permit specialists to be on the floor; and other problems.

In attempting to deal with these questions I am candid to admit that the committee proposed to confer a large regulatory power on the regulatory commission.

There were two reasons for this: The first was that we recognized we are not experts and tried to act with a caution becoming our inexperience. Where in doubt as to what should be done, we thought better to resolve the doubt in favor of maintaining the present business practices than to establish some fixed rule that might prove unfortunate. In the second place, where we gave the regulatory commission the power, it would be a flexible power. If the commission finds a mistake has been made, it can readily change its rules to more favorable ones and thus accomplish the purposes of Congress.

The manipulative practices that have so stigmatized the stock market in recent years revolve largely around the broker and the dealer. This bill is severe in its denunciation and penalties for manipulative violations of the law. It not only prescribes criminal penalties for those who engage in these manipulative practices, but it also gives a civil suit in behalf of the man who is the victim of such practices. It is going to be dangerous for a man to engage in window dressing, fraudulent and deceptive methods for the purpose of defrauding investors. This bill proposes to punish persons guilty of fraudulent statements in reference to

stocks listed on these national exchanges where damage results.

There has been a great deal of controversy about the question of controlling credit as it is embodied in the margin sections of this bill. Restrained credit is not primarily for the benefit of the purchaser of the stock. It is not necessary from the standpoint of the broker. It is necessary for the business welfare of the Nation, for its vital need of credit protection.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 30 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, the subject matter of the bill (H.R. 9323) now under consideration presents more intricate and a greater variety of problems affecting the economic, financial, and individual welfare of our people than any legislation heretofore presented at this session of Congress.

PROPAGANDA

The wide-spread interest manifested throughout the country is not entirely due to propaganda alleged to have been instigated by opponents of the measure; although I can say that the propaganda against this bill has been more highly organized and more extensive than any I have ever previously experienced. However, the fact remains that beneath the deluge of inquiries and protests received by every Member of Congress there has been an apparent and unmistakable fear that in some way or other the proposed legislation would adversely affect the business enterprises of our Nation.

While it is true that the original bill did contain some provisions that might create an honest concern upon the part of thoughtful business men, yet, I am inclined to believe that statements, unwarranted in many instances, originating from prominent business men have had more to do with creating this psychology of fear than the actual provisions of the bill. [Applause.]

PROTECTION OF LEGITIMATE BUSINESS

I wish to assure the Members of the House that the Committee on Interstate and Foreign Commerce has not been insensible to the necessity of taking every precaution to preclude even the possibility of curing one evil by creating another or greater one. And, for the further assurance of the House permit me to say that in our consideration of the many vital questions or problems that we were called upon to decide there has been no division of thought along strictly party lines. The uppermost thought that has dominated our individual and collective decisions has been a desire to correct existing evils, or conditions that have proved harmful, without destroying, curtailing, or handicapping legitimate business.

And, in this connection, I wish to express my appreciation of the faithful and conscientious endeavor of our chairman [Mr. RAYBURN] to present to this House legislation on this important subject that would prove beneficial to the public interest. [Applause.] At all times he was fair, open-minded, and willing to give every opportunity to the members of the committee to present conflicting viewpoints. His attitude of fairness to the members of the committee and interested parties desiring to be heard, is still further emphasized by his request to the Rules Committee for an open rule whereby the membership of the House is likewise given the opportunity to express their viewpoint and offer amendments to the bill. It is a pleasure and a privilege to hold membership on a committee that is willing, under the leadership of its chairman, to submit its work on a matter as important as this to the House for approval in a manner that does not preclude the fullest expression of opinion. [Applause.] Similar procedure should likewise be adopted for the consideration of all important legislation. Such a course is in accord with the dignity and intelligence of the House.

PREVAILING CONDITIONS REQUIRE ACTION

The need for legislation of this character is apparent to everyone who has given thoughtful and unbiased consideration to the underlying causes and conditions that brought about or culminated in the stock market catastrophe of 1929, with its attendant destruction of business and individual distress.

In 1929, at the peak of the security market, the total value of stocks listed on the New York Stock Exchange alone, was nearly $89,000,000,000. In 1932, it had shrunk to less than $16,000,000,000. In those 3 years the average value per share of stock had declined from $89 to $12. Bonds listed on the exchange declined from $49,000,000,000 in September 1930 to $31,000,000,000 in April 1933. In addition to this enormous loss of value there must also be added the depreciation in value of stocks and bonds on other exchanges than the New York Stock Exchange, and the depreciation of all stocks, bonds, mortgages, real estate, and every class of securities throughout the country. It was the collapse of security values in 1929 and subsequent years that has resulted in the closing of nearly 6,000 banks in the United States, paralyzing business and bringing distress to millions of our people.

It may properly be said that the New York Stock Exchange was not the sole cause of these results, yet the fact remains that the practices prevailing on the exchange, prior to 1929, constituted a direct and contributing cause to the collapse of security values.

Wild and unrestrained speculation, made possible by highly organized pools and other manipulative practices, encouraged by false and misleading statements, influenced thousands of individuals to enter the stock market. They not only utilized their own savings, but borrowed large sums to finance their stock-market transactions. They had little, if any, information as to the real value of the stocks they traded in, and no knowledge of the intricacies of market practices. The vast majority were as innocent and gullible as lambs.

EXTENT OF STOCK-MARKET TRADING

As an indication of the extent to which stock-market speculation became a fascinating venture, it is only necessary to consider the rapidity and extent of increased trading in the years immediately preceding and including 1929.

In the 10 years before the World War the yearly transactions in stock on the New York Stock Exchange averaged about 155,000,000 shares. During this period the maximum day's trading was less than 3,000,000 shares. In 1925 the number of shares traded in had increased to 450,000,000, or approximately three times greater than the average for the pre-war decade. In 1929 the volume had reached the tremendous total of 1,125,000,000—an increase of 150 percent in 4 years and more than 700 percent over the pre-war period. During the busy days of 1929 the total number of shares bought and sold in 1 day reached as many as 16,000,000. In 1929, 1 day of such trading was equal to one third of the entire volume of trading for the year 1914. Or, expressed differently, 3 days of such trading in 1929 was equal in volume to the entire trading of the full year in 1914. And, astounding as it may seem, notwithstanding the experiences of the past, in the summer of 1933 there was a repetition of the orgy of speculation that characterized the year 1929, and in 1933, despite the depression, 654,000,000 shares were bought and sold on the New York Stock Exchange.

These contrasting figures indicate the constantly increasing public interest in stock-market transactions, and the necessity of controlling and regulating such exchanges to the end that the public interest shall be served and the investing public protected.

SPECULATIVE FINANCING

While unrestrained and unrestricted speculation played a large part in creating conditions that eventually contributed to the stock-market collapse of 1929, yet there is another condition closely identified with it that challenges our thoughtful consideration, namely, the extensive use of credit in financing stock-market transactions.

The report of the Committee on Interstate and Foreign Commerce presents a striking analysis of the situation and

the result that inevitably follows. Between 1922 and 1929 brokers' loans increased from one and one half billion to eight and one half billion dollars. Five billion dollars of this increase took place in 3 years, one and one half billion dollars in the last 3 months. In the crash of 1929 the same loans declined $3,000,000,000 in the first 10 days and $8,000,000,000 in the next 3 years. These figures alone will enable the economic historian of the future to describe the unhealthy prosperity of 1929 and the inevitable grief and suffering that followed in the succeeding years—grief and suffering that overwhelmed and carried away not merely the gains of speculative debauch, not merely the savings of those who had invested in securities, but eventually the savings of the frugal and thrifty who had deposited their funds in banking institutions, and finally destroyed the operating profits of every business in the country no matter how unrelated to stock exchanges.

To finance these stock transactions, and to provide funds for new security issues, of every conceivable kind and character, increased interest and other inducements were made that had the effect of drawing into this whirlpool of speculation the funds of local banks from the remotest parts of our country. These funds would otherwise have been utilized in financing local enterprises. When the bubble burst, the harmful effects were consequently felt in every locality throughout the land. The innocent suffered with the guilty. The individual who had deposited his or her life's savings in a bank, a building-and-loan association, or a home, felt the effect and suffered the loss, although he had never purchased a share of stock on any exchange. It is not necessary to pursue this thought any further to illustrate the necessity of preventing, as far as humanly possible, a recurrence of such conditions in the future.

FEDERAL REGULATION A NECESSITY

How, and by what means, can the public interest and the investing public be best served? Certainly, it cannot be by the abolition of exchanges. Their usefulness and necessity as a part of the highly organized economic and financial machinery of present-day business makes their continuation an absolute necessity. This fact is well and forcibly set forth in the summary of the research findings and recommendations of the stock market survey staff of the Twentieth Century Fund, wherein it is said:

> The security markets supply a means by which those who hold securities may exchange them for others or convert them into cash. The more effective the marketing processes become, the easier it is for owners of stocks and bonds to sell them. It is unnecessary to describe in detail the public as well as the private advantages of such a ready market. To clarify the picture, imagine the indescribable difficulties which would follow a condition in which the owner of high-grade stocks or bonds who wants to sell would meet the uncertainty and delay which faces the owner of real estate today if he is in need of ready cash. Such a situation would involve a complete revolution in banking and insurance, not to mention the financial affairs of millions of our people who hold securities.

If the stock market is to perform a useful as well as an essential service to the economic, financial, and business life of the Nation, it must be so conducted, by control or regulation in the public interest, as to insure a ready market for securities, with continuity of prices for securities as near as possible to the actual value.

To effect this purpose, the bill under consideration has four principal objectives, namely, (1) to establish Federal supervision over securities exchanges; (2) to prevent manipulation of security prices and to protect the public against unfair practices; (3) to prevent excessive fluctuations in security prices due to speculative influences; (4) to discourage and prevent the use of credit in the financing of excessive speculation in securities.

The necessity for Federal regulation and control of exchanges is made apparent by the inability of such exchanges, conducted as private institutions, to adequately control or eliminate the harmful practices that have grown up in dealing with securities, both within and outside of recognized exchanges. Furthermore, the business of buying and selling securities is largely interstate in character. Consequently, proper regulation and control must be found through Federal agencies rather than State.

PLAN OF REGULATION

The plan of regulation and control, set up under the provisions of this bill, makes it unlawful for any exchange to function as such or utilize any of the facilities of interstate commerce until it has first made application and received permission from the Federal authority set up for that purpose. And the granting of such right is further conditioned upon an agreement to comply, and to require its members to comply, with the provisions of this act and the rules and regulations set up thereunder by the Federal Commission. The penalties and actions provided are amply sufficient to require and insure strict compliance.

A question as to the right, power, or authority of Congress to legislate on the subject matter of the bill and in the manner proposed by the bill has been raised by eminent counsel. I am convinced, however, that the constitutionality of the method as well as the power of Congress to legislate for the purposes set forth in the bill has well been sustained by a brief submitted to the committee by Thomas C. Corcoran and Benjamin V. Cohen, who have also faithfully and ably assisted the committee in its consideration of the intricate problems directly and indirectly related to the subject matter of the proposed legislation. If it be true, as stated, that these young men are part of the so-called "brain trust", then I can testify that there has been no misnomer in so doing. [Applause.] They have each shown rare ability and fidelity in the performance of their duty and have rendered a most worth-while service in this important matter of legislation.

NO IMPROPER REGULATION OF BUSINESS

Aside from the constitutional feature, the next most important question that has been raised against the bill is that with respect to whether or not its provisions place an undue or improper burden upon legitimate business enterprises.

Whatever justification may have existed for this complaint as based upon the provisions of the original bill, there is no legitimate objection in the one now before this House. This bill requires no information to be given by issuers of securities traded in on a stock exchange other than what is essential and necessary to properly and fully inform the investing public as to the merits of the particular investment, and in no way, directly or indirectly, curtails or handicaps legitimate business in the fullest measure of management in the interest of its shareholders. It does preclude, however, the management of business enterprises from utilizing inside information to their own benefit without making such fact known to the shareholder. It, furthermore, seeks to make more difficult the use of official positions to self-perpetuate the controlling management, and thereby enables the individual stockholder in conjunction with others to have a more reasonable opportunity to change the management when occasion seems to justify. There is also a curtailment or restriction on the right to use surplus funds, by loans or otherwise, to finance or supply credit for stock-market speculation, and a requirement that full disclosure must be made of remuneration received by officers of the company, including any bonus.

Certainly there can be no proper complaint made to provisions such as these, the only purpose of which is to protect the investing public. Accurate knowledge of the financial condition of the security issuer and an assurance that full and true information is available to the small investor on the outsider as well as to the insider cannot help but produce a more ready and substantial market for securities.

MARGIN TRADING

Another feature of the bill that has met with considerable opposition is that which seeks to restrict or control margin trading as a speculative influence. It would be impossible to correct the evils incidental to stock-market operations without assuming jurisdiction to regulate or control margin trading. There is nothing more harmful to the maintenance of an orderly market or the continuity of price levels based upon actual investment value of securities than the upset-

ting influence of unrestrained or unrestricted speculation. Margin requirements have a direct relation to speculation. The amount of margin required can create or curtail speculation. No one denies it can be utilized either as an accelerator or a brake. Everyone, therefore, admits the necessity of providing some authority to regulate its use.

Some have held that this important function should remain in the hands of stock-exchange officials with some power given to the Federal regulatory body to supervise the stock exchange in its control of the matter. Others are of the opinion that the public interest demands that there shall be an entire separation of its control from private hands. I am of the opinion that the importance of the subject, as well as the difficulties to be otherwise encountered, require that a flexible power of control should be lodged in a Federal administrative authority with the fullest opportunity given to such authority, preferably the Federal Reserve bank, to raise or lower the margin requirements according as prevailing business conditions may seem to require and with due respect to different classes of securities and their earning possibilities. This latter method has been adopted by this bill except that it contains definitely fixed margin requirements as a declaration of congressional policy, but, in the final analysis, giving unrestricted discretionary authority to the Federal Reserve bank, because of its general supervision of the subject of bank credits, to raise or lower the margin requirements set forth in the bill. The Twentieth Century research staff had recommended to the committee the advisability of fixing margin requirements upon the basis of earnings of the security issuer. It was agreed that this method presented problems too intricate to be made a part of this bill at this time and required further study. In a former draft of this proposed legislation the Federal Reserve Board and associated agencies were directed to make such study and report the result of the same to the next session of Congress. I regret it was not made a part of this bill. However, the general direction to make reports annually by the agencies of government having to do with the administration of this act may be sufficient without specific direction to do so. I hope it may be so considered.

CONTROL OF STOCK-MARKET CREDIT

In order that the fullest control may be exercised at all times over loans and credits extended to stock-exchange members, brokers, and dealers for stock-market transactions, and thereby preclude undue or improper speculation, borrowing on registered securities—other than exempted securities—is determined by definite restrictions laid down by the provisions of the bill.

Furthermore, a broker is forbidden to commingle the securities of customers without their written consent; and in no event is he permitted to pledge customers' securities with those of persons who are not customers or under circumstances that will subject customers' securities to a lien in excess of the aggregate indebtedness of the customers. These provisions prevent a broker from risking the securities of his customer to finance his own speculative operations. The provisions of this section of the bill, together with the margin-requirement section, will prove a strong deterrent and preventive against unrestrained orgies of speculation in the future.

MANIPULATIVE PRACTICES

The need for regulation of stock exchanges and corporate securities having the benefit of the Nation-wide facilities afforded by such exchanges was revealed, if not already known, by the recent investigation conducted by the Senate Committee on Banking and Currency. Manipulative price-control methods were found to be practiced by corporate officers and others who utilized the stock-exchange facilities to advance their nefarious and unconscionable schemes.

The bill now under consideration recognizes and labels distinctly and unmistakably each and every such fraudulent and improper device heretofore used. In specific and plain language it makes unlawful (1) creating a false or misleading appearance of active trading in any security registered on the exchange; (2) to effect any transaction which involves no change in the beneficial ownership of such security; (3) to enter an order for the purchase or sale of a security with the knowledge that an order of substantially the same size, same price, and, at the same time has been or will be entered by or for the same or different parties; (4) to effect singly or jointly any transaction for raising or depressing the price of a security; (5) to induce the purchase or sale of any registered security by circulating the information that the price is likely to rise or fall because of market operations of any person conducted for the purpose of raising or depressing the price of such security; (6) to induce the purchase or sale of a security by knowingly making a false or misleading statement; (7) in contravention of prescribed rules and regulations to effect alone or jointly any transactions for the purpose of "pegging", "fixing", or stabilizing the price of a security, or any transaction to acquire any "put", "call", "straddle", or other option or privilege of buying or selling a security without being bound to do so, or, to endorse or guarantee any such. And, in addition to the declaration of criminal responsibility, there is also provided a civil liability in favor of any person injured by any such transaction. If anyone should desire to observe a real, genuine set of legislative teeth, he can do so by giving consideration to section 8 of this act.

There are many other important features of the bill which, if the time allotted had permitted, I would have discussed. Furthermore, the full and complete report, together with the exhaustive explanation of Mr. RAYBURN, chairman of the committee, make further detailed reference to the provisions of the bill unnecessary. While there may be some features with which I do not agree, yet a close study of the bill with an open mind will reveal that every care has been taken to adequately protect the public interest and give protection to the investor. Yet equal care has been taken to do no harm to legitimate business. Furthermore, I would like to assure employees of stock exchanges and those in other activities directly or indirectly incident thereto that whatever justification for fear of dismissal there may have been by reason of the provisions of the original bill, such does not exist in the present bill.

TYPE OF REGULATORY AUTHORITY

In conclusion, I wish to express my views with respect to the type of authority to be set up for the administration of the act. The bill provides that the authority for such administration shall be the Federal Trade Commission, and that the membership of the Commission shall be increased to 7 commissioners by the addition of 2 new commissioners, and that the Commission shall be divided into divisions of not less than 3 members each. The work of administering the provisions of this act and the Securities Act of 1933 to come under the jurisdiction of one of such divisions. There is much to commend this plan, inasmuch as the Federal Trade Commission already has exercised jurisdiction in industrial and other closely related subjects. However, I am of the opinion that as the administrative work to be pursued in the regulation and control of the exchanges and the jurisdiction to be exercised in the many matters related thereto require a high degree of technical skill and knowledge, that it would be more advantageous if the administration of the act should be placed in a Federal securities exchange commission to be composed of 5 members appointed by the President, by and with the advice and consent of the Senate, not more than 3 members to be of the same political party, such commission to take over also the administration of the Securities Act of 1933. In either case, however, as the Dickinson report to the President set forth, after its study of the general subject matter of stock-exchange control:

> The staff of the agency must be specifically fitted for their tasks and the Commissioners charged with the work must be men of unusual qualifications who must hold the respect of the country; and such an agency should give continuous representations to the views both of the investing public and of the exchanges in an endeavor to provide that no hasty or ill-advised regulations would be promulgated by inexperienced men.

CREATING NEW CONFIDENCE IN SECURITY MARKETS

It is my hope and expectation that a wise and judicious administration of the provisions of this act will create a new

confidence in the integrity of the security markets. The report of the Twentieth Century Survey and study, aptly states:

> If there were a justifiable belief that security markets actually were "free and open", that all buyers and sellers met on substantially equal terms, that the outsider was not victimized by the insider, that pool activities did not distort investment values, that brokers could be relied upon to give undivided loyalty toward their customers, that reckless speculation would not occur—if, in short, a new atmosphere of this sort could be created, the response would be a greater investment interest in securities and a consequent improvement in all phases of the security business.

It is needless to say that it has been the constant endeavor of the Committee on Interstate and Foreign Commerce, throughout its long and tedious consideration of this subject, to produce a bill that will recreate confidence by an assurance that past evils cannot and will not occur again in the security market. We believe this bill will accomplish that purpose. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 25 minutes to the gentleman from Connecticut [Mr. MALONEY].

Mr. MALONEY of Connecticut. Mr. Chairman, this bill has been declared the most important piece of legislation to be considered by this Congress. It has excited thousands of columns of newspaper space, made boom business for the Post Office Department and the telegraph companies, has seized the interest of the public as few pieces of legislation have done—and has worked certain interests to the point where it has been said they would spend millions to have it cast aside.

All this has naturally intensified the interest of the members of the Committee on Interstate and Foreign Commerce, which has been considering the bill. That interest and that sense of its importance has driven us to go over it time and again, line by line, paragraph by paragraph, and page by page. We have called on representatives of all interests to help us, defenders of high finance from Wall Street, conservative investment bankers from all parts of the country, industrialists, lawyers, commercial bankers, and Government servants filling high posts in the Federal Reserve Board and other departments. Because of its importance, we have never attempted to hurry and we have never used or felt the partisan whip. Whenever reasonable doubts have existed, we have called a halt to discuss at full length the problem involved. Time and again the bill has been redrafted to meet the directions of the committee for further changes. I think the committee can be proud of the dispassionate and devoted effort it has given to the formulation of the bill which has been reported out. The time all this has required has been justified by the improvement which the existing bill represents over the much more drastic measure originally introduced as a basis for suggestion and hearings.

But on the other hand the very conscientiousness with which the bill has been reworked by the committee has, paradoxically, been largely the cause of the uneasiness about its provisions which have been described as existing in certain parts of the country and, according to my colleague, Mr. MERRITT, particularly in my own New England. In the first place, the changes of sections and even the complete redrafts of the bill have been too many and have succeeded each other too quickly for the public to follow and distinguish between them. I am still receiving protests which I am sure are based not on the bill which the committee has reported to the House, but on the bill which was originally introduced nearly 10 weeks ago. In the second place, the intervening 10 weeks have afforded a golden opportunity for propagandists. With their great resources and many contacts the stock exchanges were able to gather their forces and take full advantage of the public confusion over the terms of the bill. We are unfortunate in that our very conscientiousness has made things more difficult.

Two things particularly impressed me in the long hearings. One was the seeming inability of the brokers and big business men to consider the broader point of view of the whole social structure, and to understand the degree to which their own prosperity is completely tied up with a sound stability in the economic system as a whole. They seemed to realize so little the degree to which the prosperity of each of them depends upon the common good, and that if we do not learn somehow to hang together, we shall soon again, as in 1929–32, hang separately. As Chairman RAYBURN stated in his speech before the House yesterday, fundamentally it is impossible to have a bill which will completely satisfy those interests. They really want no bill at all.

Another thing about the hearings that impressed me to a considerable extent was the absence of those who suffered most during the period of financial madness. We were endeavoring to perfect a measure that would remove the possibility of future frauds, that would protect the little banks, the small industries, the business men of America, and the hundreds of thousands of individuals who have periodically been caught in the vortex of the waters of juggled finance, and there were none of them at court. Their representatives were a few Government servants and these men were roundly suspected and damned for their efforts.

I came to the conclusion that some of them were beyond the opportunity to testify, that others among them were indifferent because their faith in a Congress to meet the challenge was very slight, and the rest because they had lost their pride, their spirit was crushed, and their courage gone.

Some of these absentees would be the people who would again suffer most if we could not evolve some way of preventing a repetition of that nightmare. Here we are endeavoring to perfect a measure to remove the possibility that soon again, as in the years before 1929, the operations of a comparatively few irresponsible financial monarchs and their camp followers—monarchs who would later abdicate into bankruptcy like Livermore or into oblivion like Kreuger, or to a far-away place like Insull, and leave the common folks to work out of the mess without their help—might ruin the little banks, the small industries, the average business man, and the thousands of investor-speculators who are periodically caught in and pay the price for speculative madnesses which political reactionaries fatalistically regard as regrettable but inevitable fluctuations in the economic cycle. Almost a hundred witnesses and hundreds more of highly paid lawyers and agents appeared and lobbied directly or indirectly for the cause of those who dwell in high financial places. Only five or six Government employees, and a few other people, appeared for the hundreds of thousands of the solid little fellows.

Of course, we were not alone the representatives of those who lost when the masts and funnels of finance were shot away. We had, however, felt the evidence that would have been theirs had they testified, as we lived in the terrible times ourselves, and the finding of this committee, as it is presented for your final judgment this week, was based upon a desire to be fair to those men who labor in the money marts, and just to those who make this great financial business possible. It became very clear to me that there was a particular duty upon us, hearing in substance only one side in this great debate. We were in a sense compelled to represent that great inarticulate mass and in a sense to be their advocate in weighing the testimony so pressed upon us by well-paid lawyers for the other side.

I think that this Congress, so likely to hear only the side of the articulate big man, should be careful that it adopts a bill fair not only to those who operate financial markets with other people's money, but to those millions whose self-stinting thrift, and possibly pathetic faith in the integrity of those operators and in the stability of those markets, makes great financial business possible. And I feel that the bill as reported by the committee is fair enough in that way, and is effective, and should be adopted now.

Yesterday I heard my colleague from Connecticut, Mr. MERRITT, plead with you not to enact this bill into law at this session, because it might interfere with business, even though only indirectly, and because reviving business confidence might be disturbed by the existence of that possibility magnified into a real fear by clever propaganda. I have for

Mr. MERRITT a feeling of affection and regard that goes far beyond the warm feeling of good will that men who are friends feel toward one another. I tremendously admire him for the sincerity of his convictions, even as I disagree with him.

I know, and I understand, and I share the concern of my Connecticut colleague as he aims to protect the typical Connecticut business man from actual Government domination or from any reasonable fear of that domination. But I do disagree with him on the existence of any fair basis for fear, and on the wisdom of postponing this legislation because unjustifiable fears have been created.

For myself I want to declare that I am whole-heartedly for this bill in its present form. I am for it because I am firmly convinced that industry will have a haven of safety behind its ramparts, because it will no longer allow the small banks scattered over the land to be the unknowing tools and victims of a small financial clique run wild, because it affords once more a better chance to the small business man on Main Street, and because it gives a greater measure of protection to the unschooled small investor in every hamlet in America.

Honest and sincere men will arise on the floor of this House before the close of this debate, as my colleague did yesterday, and plead with you not to permit the enactment of a law that will tie the hands of industry, retard the flow of credit, and slow up the wheels of progress. Many of them will be blessed with a greater gift of words than I possess, and I regard the abilities of some of them so highly that I am sure there will be a plausability in their argument. I urge you to watch for the concrete case of where the bill does harm.

Among those who will express fear, both in this House and elsewhere, are other men of noble character and high purpose from my own State. For some of them I have a high regard. The difference between us—and it is a wide difference—is our opinion concerning the responsibility of government. Theirs is that philosophy of government so clearly and so pitifully exemplified in the days just before the Seventy-third Congress. Theirs is that governmental view which expresses the thought that it is unwise to try things heretofore untried. They belong to the old order and the old guard. They are the political reactionaries.

I am not in sympathy with the view which attacks these men or attacks the Mellons and the Morgans. From the law they know and the view they have, I am certain that theirs is no less a noble purpose than that of other men. I do, however, join in the attack upon the manipulation of our system of government by men of high finance, and I do join in the attack upon every set-up, whether it be in Wall Street or Pittsburgh, which permits an abuse of power by men who have been given that power by the sweat of another man's brow.

I think I can show in a few minutes that there is no ground for the fear that this bill will interfere with the conduct of business corporations. But right now let me say that I have no faith in a business confidence that is so tender a plant that it cannot stand the sunshine of immediate curative legislation for admitted existing abuses. I do not believe that any business recovery like the one through which we are rapidly passing can be ruined by a sound piece of stabilizing legislation designed to keep that recovery from running away like the boom of last year. A confidence that comes from the real knowledge that crazy stock-exchange speculation cannot again upset the balance of things is the only kind of confidence on which business can really build. A nervous postponement of necessary adjustments until an inevitable "next year" is a basis on which nothing can be built except the hope that political accident may make it impossible to pass any bill next year. This bill does not offer us any simplified choice of reform or recovery. We are in a situation where without reform there can be no sound recovery.

I do not believe that a generation should fatalistically suffer its woes in the sackcloth and ashes of passive acceptance, fearing to do anything but wait for the operation of so-called "economic natural laws" to restore prosperity to the next generation. I do not believe in changing our form of Government. But I do believe that this generation has the intelligence and resource to grapple with our problems as boldly and concretely, and as experimentally if need be, as our constitutional fathers grappled with their problems 150 years ago. That is part of the reason why I have long advocated a governmental regulation of working hours, and an old-age pension system.

I consider that the truly dangerous radical in times like these, when all the plans of a generation are standing at the forks of the road, is the disbeliever in our power to control our own economic destiny. I cannot comprehend the feeling of those who fatalistically shake their heads face to face with our admitted problem, remark on human futility, and have no recommendation but that things be allowed to work themselves out. In a thousand years' view of human history it perhaps makes no difference to the philosopher that this generation in Meriden and in New Haven, Conn., 1934, are trapped in a burning structure, while the philosophers watch the flames burn out and reflect that in another 10 years the workings of the natural laws of economics will create prosperity for another generation. But it means everything to those people in Meriden and in New Haven in 1934 to try to take hold of the situation and do some things for themselves now.

I represent an even more highly industrialized constituency than does Mr. MERRITT. Mine is a constituency of moderate-sized closely owned business firms, managed by those who have had to make profits while paying the highest wage scales in the country, and employing clear-headed, sober, intelligent workingmen who have tried to invest intelligently. It is a constituency of democratic decentralized industrial units which has tried to live by its own self-reliant standards and which has had very little part in the speculation of the rest of the country. But it has learned—and it was a bitter lesson—that the completely national scale on which our business and finance is now organized leaves the native conservatism of any community rather helpless before the speculation of less conservative communities. My New England constituency will not only be unharmed by the passage of this bill but gains from it the protection of its habitual methods of doing business and of investing money to a greater extent than practically any other section of the country. The small New England business man, who always operated on a cautious, stable basis, can only gain by control of the stream of credit which has upset his careful plans, and profits, by alternately flushing his huge poorly managed competitors with stock-market funds to expand in the fever of a boom—and leaving his market glutted with productive facilities when the boom collapsed. And I am convinced that there has been a direct relationship between the flotation of huge mergers on the basis of too easy stock-market credit and the tendency toward monopolization of industry which has gone on in the past 10 years to the destruction of the democratic decentralization and diversification of small industry on which New England stability is based.

I think the New England investor likewise has everything to gain and nothing to lose. The provisions for adequate corporate reporting, the provisions by which credit controls will tend to make securities sell on an investment basis, and the provisions outlawing market manipulations give him the materials for a stable investment policy based on stable investment values which he has always sought. In the House committee the other day I heard general agreement that the New England securities market was the best and perhaps the only true investment market in the country—that securities were bought in New England for investment holding and not for speculative trading to a degree unequaled in any other section of the country. Not a little of that sort of investment demand comes from its carefully conservative banks, and from its magnificently operated insurance companies, which safeguard the humble estates men endeavor to create by real self-sacrifice. A bill that tends to stabilize securities markets for such insurance companies, banks, and other investors, that gives them

adequate corporation reports on which to base their judgments to buy and sell—that gives them assurances that the values reflected in these corporate reports will not be unpredicably upset by alternate booms and panics in the stock market—is a bill which will put at a premium the qualities on which New England's financial life is based. New England has less reason to be afraid of this bill than has any other section of the country.

The talk about the effect of this proposed legislation upon business usually starts with the statement that it is only right and proper to regulate the abuses on the stock exchanges, but that this legislation goes far beyond the stock exchanges and that under the guise of stock-exchange regulation it reaches out and affects industry of all kinds, both the large and small. It is interesting to know that this talk first came from the representatives of the great stock exchanges, who took it upon themselves, in the true spirit of benevolent philanthropy, to awaken industry to its great peril. While I have no doubt that this propaganda has caused genuine fear to be entertained by many business men, I am equally certain that when the business men of this country become acquainted with the actual provisions of the law, as distinguished from the stigma placed upon it by Wall Street lawyers and public-relations counsel, theirs will be a greatly changed opinion. Wall Street has done more to regiment and monopolize business than this bill could ever hope to.

It is the small industries of New England that carry on the best traditions of American business. It is these industries that sustain themselves by an economy of low-cost production and in the quality of their service, and not by monopoly based on banking control. If this legislation had any tendency to interfere with the self-reliant small industries I should be the first to oppose it and the last to accept it. The curb that this legislation puts upon the excessive flow of credit into the stock market will, in my judgment, be a great boon to these small industries. It will guarantee them adequate credit facilities when business is fully revived, because it will prevent money flowing from local banks into a vortex of speculation in a few metropolitan centers.

The small New England business man should note that under section 4 of the bill it is contemplated that the very small exchanges on which the securities of small, closely held New England corporations are often traded may, as exchanges, be exempted by the administrative commission from all or any of the provisions of the bill. The small business man should also note how carefully the bill, which is fundamentaly only concerned with the trading on the exchanges in the shares of companies which have a sufficiently wide distribution to be traded in on such exchanges and made the subject of abuses incident to such trading, provides that the administrative commission may exempt securities, the markets of which are predominantly intrastate in character. Because of the tremendous difference in circumstances, it was not possible to draw definite lines of classification with which to exclude small corporations. But it should be noted that even a listed security of a small corporation which fits the classification given could probably be exempted by the Commission from all or a large part of the bill, and securities not listed would not be within the scope of the bill at all, except for the purposes of the over-the-counter market section in section 14. The sections of which industry has been told it should be afraid are sections 11, 12, 13, 14, and 15.

The provisions of sections 11 and 12 have been so much discussed on the floor already that I shall not repeat the arguments made by the chairman and Mr. MAPES to show that they are in substance merely a standardization of minimum listing requirements on exchanges, analogous to requirements already made by exchanges and actually less burdensome to issuing corporations than the power now exercised by the New York Stock Exchange.

There have been attempts to make it appear that the control given to the Commission in this section 14 to regulate the over-the-counter markets is really aimed at small industry. Nothing could be further from the truth. The provision for the control of brokers and dealers in the over-the-counter market is not intended as a catch-all by which the Commission can dominate the affairs of unlisted companies. It is simply an absolutely necessary protection for the market on the exchanges which the bill seeks so much to improve. The necessity for that protection has been very clearly put in the report of the Twentieth Century Fund on "Stock-Market Control":

> The benefits that would accrue as the result of raising the standards of security exchanges might be nullified if the over-the-counter markets were left unregulated and uncontrolled. They are of vast proportions, and they would serve as a refuge for any business that might seek to escape the discipline of the exchanges; and the more exacting that discipline, the greater the temptation to escape from it. Over-the-counter markets offer facilities that are useful under certain conditions, but they should not be permitted to expand beyond their proper sphere and compete with the exchanges for business that, from the point of view of public interest, should be confined to the organized markets. This constitutes the sanction for Federal regulation of over-the-counter dealers and brokers. To leave the over-the-counter markets out of a regulatory system would be to destroy the effects of regulating the organized exchanges.

If one wants to put effective restraints upon excessive speculation on the exchanges, it is obviously necessary to guard against the same sort of excessive speculation on the unregulated markets. But those who tell you that the over-the-counter provisions of the bill will interfere directly or indirectly with the small industrial concern are either willfully misleading you or are ignorant of what the bill really does. The control of the Commission with respect to the over-the-counter markets may be exercised only over dealers or brokers who maintain a public market. The Commission has no power to cause any corporation to file any statement or to subject itself in any way to regulation. Even the dealer or broker is not subject to control if he does no more than to try to find a buyer for a person who wants to sell some shares or to find a seller for a person who wants to buy some shares. A dealer or broker creates or maintains an over-the-counter market as it is defined in the bill only if he stands ready both to buy and sell; that is, if he stands ready to quote you a price at which he will buy your shares as well as a price at which he will sell your shares.

Now, if a corporation is small, and has only a few stockholders, it has no concern to see its shares constantly traded in. If the corporation is of such a size that its stockholders demand a public market, then it should be ready to file the very reasonable information for its stockholders that is required of companies whose shares are registered. But even in the case of a large corporation there is no mandatory requirement in the bill that the corporation register its shares on an exchange or meet any requirement that the Commission may impose as a condition to permitting a broker or dealer to create or maintain a public market for its shares. And it is important to note that the over-the-counter provisions of the bill are so framed that the Commission may, but need not, require the filing of information by a corporation as a condition to permitting a dealer or broker to create or maintain a public market for its securities. The over-the-counter markets present so many variants that the bill wisely gives the Commission the broadest discretion, because it is impossible to foresee at the moment whether considerable regulation may be required if the threatened delisting by large publicly owned corporations should occur—which I for one do not anticipate. Certainly the corporation, large or small, with less than 100 security holders, would remain for all practical purposes unaffected by any over-the-counter regulations.

Under this bill a bank may lend any amount it deems proper upon an unlisted security and is not in this respect subject to any margin requirement. Under these circumstances the holder of an unlisted security need not fear being deprived of any legitimate credit facility.

Small, self-reliant industry, such as New England prides itself upon, has nothing to fear and much to gain from such provisions.

Everyone here knows that when you establish a flexible power in a law you are bound to give men power to do harm,

but our intention is to give men power to do good, and what reason is there to believe that the power would be abused? Recent history has taught men that those who have had a part in manipulation of the money marts have less of friendship for the folks and no greater love of their country than those now engaged in management of governmental affairs.

This bill is primarily designed to prevent a manipulation of securities—the kind of manipulation that threatened the lives of the insurance companies of America, and thereby the humble estates men endeavored to create by the sweat of the brow and real self-sacrifice. It would remove a chance at manipulation that not only threatened the banking system of the country but actually left many banks broken wreckage upon the rocks. It would forever forbid a manipulation that boiled a market to the point where it attracted credit away from the proper channels of industry into the uncertain paths of speculation.

While there were other contributing causes, none seems to deny that stock gambling, with its now known abuses, ruined many an industry and crippled or destroyed business establishments and working people.

Many of those who would thwart the aim of this bill, and quite sincerely in most instances, approach the situation with an unconscious selfishness that makes them victims of their own blindness. Among them are the men who are schooled in that class which believes in business monopoly. They would maintain a monarchy of business and sit upon its throne. I believe in a far-reaching democracy of business, and I would make more rigid the antitrust laws when the uncertainties of this depression permits that change. They believe in a cash-and-carry plan, and I am sufficiently old-fashioned to still have a regard for those little storekeepers who carried the burden of the neighbors in other dark days—those men who gave the groceries to the neighbor's youngster when he brought no more evidence of money to the store than a badly worn little brown book with a picture of a meat rack and a butcher on the cover.

Manipulation and misleading statements to be hereafter forbidden by law did not stop after crippling banks, insurance companies, industry, and investors.

It dulled the faith of conservative investors in the investment banking houses long engaged in the business of selling high-grade securities. Though the operators of these establishments kept their hands unsoiled they were smeared by the splashing in the muddy waters, and people in business, as well as those out of work, became afraid.

It cannot be that we have staggered through the wilderness for 4 years without having learned the need for the revision of the system. As we try to revive business by experiment it is our sacred responsibility to provide against a reoccurrence of what has happened in our generation.

Those who are loudest in their condemnation of this bill are those who look with scorn upon such social reforms and economic necessities as regulated working hours and old-age pensions. Their influence has been so effective up to now that they could build an opposition to legislation by people who would benefit from it.

Time will undoubtedly find flaws in this particular bill, as it almost always does, because the men of the committee which wrote the bill possess the customary frailties of human nature and finite minds.

This bill does no more than insist upon the truth, and it denies an opportunity to one class of investors that has heretofore been denied to others—or rather it gives the man on the outside a knowledge up to now reserved to himself by the man on the inside.

President Wilson, in 1919, recommended the enactment of a law to prevent the fraudulent methods of promoters by which our people are annually fleeced of many millions of hard-earned money. Prior to that time, or in 1907, President Roosevelt admonished the Congress that the Federal Government should supervise the issuance of securities of any combination doing an interstate business. We now have a President who observed greater abuses in this field than his illustrious predecessors had known, and he insisted that the law be written. His insistence is not my special reason for supporting this measure, for I have strayed from the administrative path when my convictions were in serious conflict with those of our great national leadership. I feebly helped lead the fight against the so-called "municipal bankruptcy bill" in the last session, and I could not bring myself to the conclusion of those who saw wisdom in the recent decision of this House on the tariff proposal. My mind fails to justify the silver opinion we expressed in this body, and I cannot enter the class of those men who yielded to the inflationary temptation of the much-discussed and widely advertised plan to make good for every bank loss of the panic period.

All of this is to emphasize that I am inspired by no socialistic notion or romantic dream. I regard myself as a liberal conservative. This is a conservative bill.

I urge you to pass it in its present form. [Applause.]

Mr. RAYBURN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 9323, had come to no resolution thereon.

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—MINIMUM PAY FOR POSTAL SUBSTITUTES

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H.R. 7483, entitled "An act to provide minimum pay for postal substitutes." The bill is contrary to public policy in that it provides compensation to a certain class of employees regardless of the need for their services. It is discriminatory and establishes a precedent which, if followed, would undoubtedly lead to many abuses.

As a result of the depression, the postal business decreased to such an extent that the Department had no need for the services of thousands of its employees. By orderly processes, this surplus is being reduced without injustice to the personnel. During the period of declining business and with a surplus of regular employees, the Post Office Department had little or no need for the services of the substitutes, who are carried on the rolls for replacement purposes and to augment the regular forces in emergencies. However, at this time, the postal revenues are increasing and more work is being provided for the substitutes. Therefore, from a humanitarian standpoint, there appears to be no need for legislation of this character.

Aside from any consideration of conditions in the Postal Service with respect to its personnel, this appears to be a relief measure for a particular class of our citizens, and as such is clearly discriminatory.

This bill prohibits the Postmaster General from determining the needs of the Postal Service as to personnel in that it requires the Post Office Department to retain on its rolls all substitutes of record at this time. It fixes definitely the maximum number of substitutes that may be carried in certain groups, regardless of conditions, and is therefore not in the interest of good administration of the public business.

There is attached the Postmaster General's statement which sets forth in detail the objections to this bill.

My disapproval of this measure is not based on the consideration of the additional expenditures it would require but on the deeper consideration of public policy. I trust that the Congress will continue to cooperate with me in our common effort to establish and follow policies that will be best for all of our people.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 30, 1934.*

Mr. BYRNS. Mr. Speaker, I move that the bill and the message be referred to the Committee on the Post Office and Post Roads and ordered printed.

The motion was agreed to.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—ALIEN PROPERTY CUSTODIAN (H.DOC. NO. 337)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Expenditures in Executive Departments and ordered printed:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am transmitting herewith an Executive order providing for the abolishment of the Office of the Alien Property Custodian and the transfer of its functions to the Department of Justice.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 1, 1934.*

THE FRAZIER-LEMKE BILL

Mr. HART. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a short address delivered over the radio on the Frazier-Lemke bill by my colleague the gentleman from Michigan [Mr. MUSSELWHITE].

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HART. Mr. Speaker, I ask unanimous consent to have inserted in the RECORD an address by my colleague from Michigan [Mr. MUSSELWHITE] broadcast on the Frazier-Lemke bill, which is occupying the attention of farmers throughout the State of Michigan and the entire country.

The address is as follows:

My friends, I am happy to have this opportunity to address you briefly in support of the Frazier-Lemke bill for the relief of the beleaguered farmers of the Nation.

With other Members of the Congress I have signed the petition for discharge of the committee and presentation of the measure on the floor of the House. I am aware that violent opposition has been expressed against it by interests which have too long dominated the financial policies of this Government.

Farm-born myself, and representing an agricultural district, my interests have always been and still are with the Nation's producers. Throughout my whole lifetime I have seen them discriminated against in legislation. I am not a professional viewer-with-alarm. Far from it.

The achievements of this administration in its recovery program constitute a prideful chapter in American history. From the viewpoints of industry, finance, and general business our country is immeasurably better off than it was in March 1933, when the lowest depths of national and individual insolvency, misery, and despair were plumbed.

But what has been done for the farmer, most oppressed of all our citizenry? Oh, he has shared to some extent in the general recovery, but not proportionately to other classes. But, like the good soldier he is, he has stood by, hoping, praying, and toiling along, waiting for something to be done in his behalf.

To my mind, the Frazier-Lemke bill is the answer to his prayer. Lift the heavy yoke of mortgage and high-interest payments from the neck of the farmer and you will be amazed at the response, at the quickening of all business. Recovery should begin at the roots of production, not at its top branches. And the farm is the genesis of all productivity.

Relief of this distressing farm situation—actual, not theoretical relief—is the purpose of the Frazier-Lemke bill. I will not bore you with a long string of statistics. Others may if they wish. Tables of figures are as annoying to me as to anyone.

I assume that you have read the Frazier-Lemke bill and are familiar with its provisions. To summarize:

It provides that the United States Government shall refinance existing farm indebtedness at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuance of bonds but by issuing Federal Reserve notes secured by first mortgages on farm lands. Could anything be fairer? There is no better security. I am credibly informed that if the Government will do this it will make a profit of better than $6,000,000,000 at 1½-percent interest in 47 years, the time required for amortization of the farm indebtedness.

It appears to me that this would be good business.

And under this provision the farmers of the Nation would have to pay $6,149,500,000 less interest in 47 years, while the Government makes its profit of upward of $6,000,000,000 and lessens the Federal tax burden in an equal amount.

Can you find any fault with that?

Under the present Farm Mortgage Act the farmer has to pay 4½-percent interest if he lives in a Federal Farm Loan Association district and 5 percent if he does not, and pay in addition 1 percent for administration, and on top of this buy stock in an amount equal to 5 percent of his loan, making 10½ or 11 percent for the first year and thereafter 4½ or 5 percent with 1 percent for amortization, making 5½ or 6 percent annually until paid. The high rate of interest is like a little Old Man of the Sea upon his shoulders. It is impossible to shake it off. The Frazier-Lemke bill takes into consideration the farmer's ability to pay.

I asked a moment ago who could find fault with this. I will answer my own question now. The beneficiaries of the system of issuing tax-exempt bonds bearing interest at 3½ percent, the money kings of Wall and Broad Streets, the international bankers who control the big fortunes of the country can and do object strenuously and piteously. And these moguls of high finance, the Morgans and the Kuhn-Loebs, and until recently the Insulls, through peculiar provisions of our present financial structure, finance their operations with money furnished them by the Government itself through the medium of a revolving fund, the ostensible aim of which is to maintain the national credit, on which all money value is based.

Abler speakers than I am will enlighten you further on this head. Issuance of Federal Reserve notes to take care of this situation would be classed by alarmists as "inflation", dread word in the sacrosanct circles of plutocracy. "Inflation" is a bogeyman held up whenever the security of the overprivileged is threatened as a scarecrow to drive out trespassers in the field of privilege.

What is money, anyway? It isn't gold in the raw, nor silver, nor currency, nor any other medium of exchange unless it is backed by the credit of the nation whose name it carries as the guaranty of its integrity. Federal Reserve notes bearing the endorsement of the United States are as much money as gold or silver or any other circulating medium. And they are as sound, as solid, as secure as Government bonds backed by the same surety as tax-exempt bonds, the rich man's resort from paying his just obligations to the government which extends him the privileges he enjoys.

Under the beneficient workings of the new deal industry, finance, and business have benefited vastly. The legislative pulmotor has revived and, to a large extent, restored them. But for the farmers, what? Disappointment and disillusionment. We are at the crossroads. The Frazier-Lemke bill points the way to a better, brighter day.

It is sound. It is sane. It has my support, unreservedly. Prosperity for the farmer spells prosperity for the Nation.

I thank you for your attention.

CONTINUANCE OF THE C.W.A.

Mr. SWICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD with reference to continuance of the C.W.A.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SWICK. Mr. Speaker, during the past week I have had the opportunity of investigating the conditions under which a great percentage of the laboring and white-collared men of my district are living, and frankly I marvel at the extreme patience which they have shown in the face of the months of unemployment they have undergone.

I have taken occasion twice on the floor of this House to call your attention to the necessity of providing at all costs adequate means whereby the unemployed men and women of this country may have an opportunity to earn the necessities of life.

I have urgently requested that we continue the C.W.A. under a program that would provide for a considerably larger number of men than before. Instead of heeding that suggestion, the C.W.A. was discontinued entirely and the Relief Works Division was set up in its stead, necessitating the reduction of working personnel more than 50 percent. This, of course, placed a much greater burden on the relief organizations. Under the R.W.D. great difficulty was experienced, in my district at least, in securing money with which to meet the pay roll. In fact, when the order was issued last week to discontinue all work in the county of Lawrence, Pa., they lacked $4,700 of having sufficient funds with which to pay the men for work they had done.

On yesterday the Governor of my State flew to Washington to insist that more relief be given that great Commonwealth. I appreciate very much the fight he is waging in behalf of the unemployed, and I have endeavored to help him by going personally before the relief agency and giving first-hand information of conditions in my district. I sincerely hope that out of these conferences may soon come the much-needed help to my people.

It was my privilege to attend a meeting of representatives of the 12,000 men who were registered for employment in that county last Friday night. Despite the fact that I have endeavored to keep in touch with the relief situation, I was doubly impressed with the earnestness and determination of those men who have organized for the purpose of bringing

their plight before you, in the hope that you will realize their situation and take the necessary steps to enable them to carry on as Americans should.

It seems the administration has determined to retract from its original principles of providing work for the unemployed and needy and return to the former system of relief orders. Gentlemen, the unemployed men of this country will no longer accept such treatment willingly. To adopt such a policy is inviting serious trouble. I cannot believe there is a Member of this House whose sympathies are not with the great body of men and women, who for months, yes, years, have been unable to earn their daily bread. We have responded each time our President has asked for the appropriation of millions to be loaned to business corporations in the hope that it would start up the wheels of industry and make it possible for workers to take up their labors where they left off months ago. I do not deny that we have accomplished something, but we still have millions of workers unemployed, and the prospects for their employment by industry at an early date are not bright.

I have placed in the hands of each member of the Pennsylvania delegation in this House and each of the Senators from Pennsylvania a copy of the following resolution, adopted by representatives of the 12,000 unemployed workers of Lawrence County. My colleagues, this is not a partisan matter; neither is it a local situation. It represents the plight of millions of unemployed men throughout the Nation. If the tone of the resolution sounds radical, it should be remembered it comes from the lips of men who are desperate. Many of them have worn the uniform of their country in time of war; most of them are responsible for the welfare and comfort of wives and babies. Place yourself in their position. They have suffered physically and mentally. They have displayed the utmost patience and courage. They are petitioning us, as citizens of the United States, under their rights as such. It is our duty to heed them and find a remedy for their troubles.

We have been advised by administration leaders at various times during this Congress that we were fighting an emergency equal to that of 1917 and 1918. No Member of this House has disputed that statement. I believe the present emergency is even worse than that. So long as there remains either Federal or private resources in this country we are derelict in our duty as Representatives if we permit the continuation of such deplorable conditions among our people. I, for one, am ready to go the limit in this matter, even to the extent of drafting private resources to bring about recovery.

I am convinced the laboring and middle classes of this great Nation have about reached the end of their patience, they demand immediate relief. Let us not invite trouble by forcing them to take matters in their own hand. Let us preserve America by protecting Americans from hunger and want. I am pleased to present the following petition and urge every Member of this House to give it serious consideration; consider the plight of the men who present it. It represents the true state of affairs. There can be no justification for hunger and misery in a land of plenty. Let us act with a determination that will prevent internal strife. If we do not try, we have failed to do our duty and should be replaced by men who will.

We the Cooperative Workers of America, Lawrence County Unit of Pennsylvania, are compelled to call your attention to our resolution of April 10, 1934, pertaining to the failure of the R.W.D. to properly function to meet our needs. The answer to that resolution has been to entirely suspend all R.W.D. operations in the State of Pennsylvania.

A comparison of facts and figures tends to show a brazen discrimination against this Commonwealth, and we must have some action to correct this condition at once. We note the State of Pennsylvania in 1933 paid 7.37 percent of all Federal taxes and received in return only 4.61 percent of emergency aid, while our neighbor State of Ohio, with like industrial conditions, paid 4.69 percent and received 7.70 percent of emergency aid. Do you attribute this condition to the difference in political affiliations of our elected national and State representatives? Don't you think it is highly important for our national security that our statesmen should cease using the welfare of millions of our citizens as a sacrifice on the altar of political greed?

Our humiliation and fear for the future compel us to make the following resolution:

Resolved, We, 12,000 R.W.D. and unemployed workers, do now most emphatically protest the shutting down of all R.W.D. projects and demand that immediate action be taken to provide work at living wages for all able-bodied workers and full and adequate relief for all families who are unable to work, until industry is willing or compelled to absorb them. The time of playing politics with human misery must end or disastrous results will follow.

THE COOPERATIVE WORKERS OF AMERICA,
JESSE C. DUFFORD, *President*.
DOYLE GLOSNER, *Secretary*,
New Castle, Pa.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert a short statement made by Dr. William A. Taylor, Chief of the Bureau of Plant Industry of the Department of Agriculture, before the Committee on Appropriations relative to the advisability of transferring the Botanic Garden to the Department of Agriculture.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. I am heartily in favor of granting the relief sought by Hon. George W. Hess, who for many years has been the able, efficient, courteous, and most valuable director of the Botanic Garden. He certainly deserves this little recognition at the hands of Congress. He has grown old in this service, and faithful, hard work for the Government has helped to impair his health.

Under the vigilant care and expert training of George W. Hess, I have watched this small Government institution grow abundantly from the small plant it once was to the magnificent Botanic Garden that it now is, than which there is none to be found more beautiful.

But I am not in favor of transferring this project to the Department of Agriculture. I want it kept under separate management. There is now very little, if any, duplication of overhead. And I firmly believe that any money saved would be at the expense of the value of the Botanic Garden.

CIRCULATION OF READING MATTER AMONG THE BLIND

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2922) to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto, and pass the same, a similar House bill being on the calendar.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is this agreeable to the minority members of the committee?

Mr. MEAD. I may say to the gentleman from Massachusetts that this bill was acted upon and reported by the House committee unanimously and is favored by the Department. The measure also passed the Senate unanimously, and I am simply substituting the Senate bill for the House bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904 (33 Stat. 313), the supplemental provision in section 1 of the Post Office Appropriation Act for 1913, approved August 24, 1912 (37 Stat. 551), and the joint resolution entitled "Joint resolution to provide for the free transmission through the mails of certain publications for the blind", approved June 7, 1924 (43 Stat. 668; U.S.C., title 39, ch. 8, sec. 331), be, and the same are hereby, amended to read as follows:

"Books, pamphlets, and other reading matter published either in raised characters, whether prepared by hand or printed, or in the form of sound-reproduction records for the use of the blind, in packages not exceeding 12 pounds in weight, and containing no advertising or other matter whatever, unsealed, and when sent by public institutions for the blind, or by any public libraries, as a loan to blind readers, or when returned by the latter to such institutions or public libraries; magazines, periodicals, and other regularly issued publications in such raised characters, whether prepared by hand or printed, or on sound-reproduction records (for the use of the blind), which contain no advertisements and for which no subscription fee is charged, shall be transmitted in the United States mails free of postage and under such regulations as the Postmaster General may prescribe.

"Volumes of the Holy Scriptures, or any part thereof, published either in raised characters, whether prepared by hand or printed, or in the form of sound reproduction records for the use of the blind, which do not contain advertisements (a) when furnished by an organization, institution, or association not conducted for private profit, to a blind person without charge, shall be transmitted in the United States mails free of postage; (b) when fur-

nished by an organization, institution, or association not conducted for private profit to a blind person at a price not greater than the cost price thereof, shall be transmitted in the United States mails at the postage rate of 1 cent for each pound or fraction thereof; under such regulations as the Postmaster General may prescribe.

"All letters written in point print or raised characters or on sound reproduction records used by the blind, when unsealed, shall be transmitted through the mails as third-class matter."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

SETTLEMENT OF THE RAILROAD CONTROVERSY

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and point out the significance of the settlement of the railroad controversy and include therein a brief memorandum of agreement.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. Mr. Speaker, the country at large may not fully realize the important significance of the settlement of the railroad controversy. To realize the serious side of the question requires a knowledge of the problems involved, the attitude of the railroad executives, and the position taken by the administration.

The conflict which has been raging for months concerned the wages of employees employed on the railroads of the United States. The attitude taken by the railroad executives was in direct conflict with the position assumed by the representatives of labor. The railroads contended for a further reduction in the wage scale of the workers, while the railroad labor chiefs demanded the restoration of the pay cut which became effective in 1930.

The President of the United States and Joseph B. Eastman, the Coordinator of the Railroads, put forth every effort to bring about a settlement of the perplexing question. After a number of conferences, the President took a determined stand in support of a speedy and peaceful settlement of the controversy. He offered as a suggestion to be considered in connection with the settlement several important proposals:

First. The scaling down of the topheavy indebtedness of the railroads.

Second. An increase in employment opportunities for those who have been working part time or who have been furloughed by the railroads.

Third. The postponement for a period of 6 months of the wage question, during which time the roads were to improve their financial position and spread employment among the workers.

It was further recommended through the Coordinator of the Railroads, Joseph B. Eastman, that a conference between the railroad executives and the executives of the standard labor organizations be called at once to arrange for an equitable settlement of the controversy. Under these circumstances, with the railroad executives contending for a continuation of the wage cuts for a further 6 months' period, and emphasizing the President's attitude on that one particular question, they met in a round-table conference with the representatives of railroad labor and effected a settlement which meets with the approval of the President and the country.

It is another illustration of the matchless statesmanship of the representatives of the standard railroad labor organizations. It is likewise another illustration of the great need for bona fide unions that are truly representative of the employees. The settlement effected at the round-table conference between representatives of employee and employer in this instance proved to be a victory for the workers, who realize that the end of the wage cut is in sight. It strengthens the contention of the real friends of the National Recovery Act who have come to realize that only with strong independent unions is it possible to keep consuming power on a fair parity with productive capacity.

The genius of our day has solved the problem of mass production, but the influence and effectiveness of the labor organizations are necessary to solve the problem of mass distribution. The representatives of labor in this instance made a mighty contribution toward the solution of our present-day problems, for it not only presented the viewpoint of the worker and his demands, but it likewise presented a criticism of the financial structure of the railroads as effectively as a congressional investigation could have accomplished. The work of the N.R.A. would be simplified if that administration enjoyed the cooperation and support of free voluntary labor unions.

MEMORANDUM OF AGREEMENT

This agreement, entered into at Washington, D.C., between the undersigned Conference Committee of Managers and the Railway Labor Executives Association, witnesses that the parties have agreed as follows:

1. As hereinafter modified the agreement signed at Chicago, Ill., on January 31, 1932, as extended by agreements dated December 21, 1932, and June 21, 1933, in behalf of participating railroads and their employees, represented as therein set forth, and who are further represented in the making of this agreement by the respective parties hereto, is hereby extended as hereinafter set forth and upon the terms and conditions hereinafter stated.

2. Basic rates of pay, until changed upon notice as hereinafter provided, shall remain as under the agreement of January 31, 1932, as extended. Seven and one half percent shall be deducted from the pay check of each of the employees covered by this agreement for the period beginning on July 1, 1934, and ending on December 31, 1934, inclusive, and said deduction shall be reduced to 5 percent for the period beginning on January 1, 1935, and ending on March 31, 1935, inclusive, and no further deduction shall be made under this agreement thereafter.

3. No notices of changes in basic rates shall be served by any party upon any other party prior to May 1, 1935.

4. With respect to employees in the lower-paid brackets, the foregoing shall not be taken to prevent discussion and adjustment between individual carriers and organizations with respect to spreading employment, or of the matter of opportunity for increased earnings of part-time employees, but changes in basic rates shall in no event be involved.

5. If, as, and when, on or after May 1, 1935, notices of changes in basic rates shall be served by any of the organizations or carriers now represented by the Railway Labor Executives Association and the Conference Committee of Managers, it is understood that said association and said committee cannot bind any such organization or any such carrier in respect thereto, but they do recommend that in the event that general wage movements are inaugurated, the proceedings under such notices should be conducted nationally and pursuant to the Railway Labor Act.

6. Formal notices heretofore served by the participating railroads upon the participating organizations of employees for a 15-percent reduction in basic rates of pay shall be considered as withdrawn and further proceedings thereunder discontinued.

This agreement is signed at Washington, D.C., this 26th day of April 1934 in behalf of the participating railroads and their employees represented as hereinbefore set forth, as modified by supplements nos. 1 and 2 to appendix A and supplement no. 1 to appendix B and supplements nos. 1 and 2 to appendix C, said supplements being attached hereto and made a part hereof.

For the participating railroads:

H. A. Enochs, Wm. Jeffers, —. ————, W. J. Jenks, C. D. Mackay, Jno. G. Walton, J. T. Gillick, Conference Committee of Managers; —. —. ————, chairman Conference Committee of Managers.

For the participating organizations of employees:

A. Johnston, grand chief engineer Brotherhood of Locomotive Engineers; D. B. Robertson, president Brotherhood of Locomotive Firemen and Enginemen; J. A. Phillips, senior vice president Order of Railway Conductors of America; A. F. Whitney, president Brotherhood of Railroad Trainmen; T. C. Cashen, president Switchmen's Union of North America; E. J. Manion, president Order of Railroad Telegraphers; J. G. Luhrsen, president American Train Dispatchers' Association; Geo. Whorton, president International Association of Machinists; J. R. Franklin, president International Brotherhood of Boilermakers, Iron Ship Builders, and Helpers of America; Ray Harn, president International Brotherhood of Blacksmiths, Drop Forgers, and Helpers; John J. Hynes, president Sheet Metal Workers' International Association; C. J. McGloyers, vice president International Brotherhood of Electrical Workers; Martin Francis Ryan, president Brotherhood Railway Carmen of America; John F. McNamara, president International Brotherhood of Firemen and Oilers; F. H. Fijozdal, president Brotherhood of Maintenance of Way Employees; Geo. M. Harrison, president Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; D. W. Helt, president Brotherhood of Railroad Signalmen of America; W. S. Warfield, president Order of Sleeping Car Conductors; Fred C. Boyer, president National Organization Masters, Mates, and Pilots of America; C. M. ————, president National Marine Engineers' Beneficial Association; Joseph P. Ryan (by A. F. W.), president International Longshoremen's Association; A. F. Whitney, chairman Railway Labor Executive Association.

HENRY ELLENBOGEN

Mr. GAVAGAN, from the Committee on Elections No. 2, by direction of that committee, presented a report on the memorial matter of HENRY ELLENBOGEN, which was referred to the House Calendar and ordered printed.

THE HYDRAULIC EXPERIMENTAL STATION AT VICKSBURG, MISS.

Mr. WILSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered yesterday by me before the Twenty-ninth Annual Convention of the National Rivers and Harbors Congress.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The address follows:

While in the lower Mississippi Valley last December I made a special point of inspecting the waterways experimental station at Vicksburg. Officers in the Corps of Engineers have been engaged upon surveys and studies of the Mississippi River since 1820. At that time Congress appropriated funds for a survey of the Mississippi and Ohio Rivers. Lieutenants Bernard and Totten did the work and in 1822 submitted their report recommending dikes. Again, in 1850, Congress appropriated $50,000 for further surveys, which were performed by Captains Humphreys and Abbott and resulted in their famous Physics and Hydraulics of the Mississippi, which has long remained the most weighty treatise on the problems of the great Father of Waters. We people of Louisiana know that it was during the Presidential administration of Gen. Zachary Taylor, a planter of Louisiana, that the first Federal appropriations were made available for the improvement of the Mississippi.

Even before the War between the States, as well as after that crisis and the hard years following, it was recognized by the engineer officers stationed in our Southern States that the Mississippi River was a national problem too great for local interests to cope with and therefore only to be successfully solved by means of Federal aid. General Humphreys, who became Chief of Engineers after the war, realized this, as did the Army engineers on the first Mississippi River Commission, organized in 1879, and, indeed, ever since. These men have known our problem, have studied it through many floods, always seeking to know more about their task.

I have always been interested in this phase of our national rivers-and-harbors and flood-control work, and as a member of the House Committee on Flood Control I supported the Army engineers' desire to perfect their laboratory experiments down there in close contact with their actual river operations. I recognized the fact that the Mississippi River Commission, with its eminent Army engineer and equally long-experienced civilian membership, have for years been assembling and utilizing the most complete and most reliable fund of river engineering data in the world. The logical place to utilize this vast amount of scientific information in theoretical experiment and actual practice is, of course, right at the job itself. There the engineers in charge have not only at hand their own field assistants who know the Mississippi and its tributaries thoroughly, working in close and friendly cooperation with our levee board engineers, but they also were able to utilize the actual physical elements of river materials under the very climatic conditions which exercise such an important influence upon the work.

When in 1927–28 the Chief of Engineers sent an able group of his officers abroad to study European hydraulic laboratory practice under the direction of the then Col. Edward Murphy Markham, I awaited with keen interest the general's recommendation. It was, as could be expected, sound and logical. He said he wanted to conduct such theoretical experimental work right by the job itself, using the Mississippi's own materials. We gave him the necessary authority under the Flood Control Act of May 15, 1928.

How wise this decision has proven to be I had opportunity to verify this December. I spent an entire day with the district engineer at Vicksburg—first in the offices of the Mississippi River Commission, from which the great flood-control project is directed, then at the Waterways Experimental Station, seeing that splendid installation in efficient operation, and finally out on the old river itself where the experimental work is being further tested in full-sized operations in nature, under the direction of Gen. Harley B. Ferguson, president of the Mississippi River Commission.

Of course, I expected to find a smooth operating and competent headquarters under the Army engineers, who have direct charge of all of this work. Nor did I find it otherwise in spite of the great overload placed upon the division and district offices by the emergency program allotments from the President's recovery funds. The Army engineers seem to have an unlimited capacity for further work—the same cheerful willingness to accept added responsibility which always has characterized their response to our great flood emergencies. This is in accordance with their long training and unfailing record of public service both in peace and in war. I expected that I would find cheerful efficiency despite the overload, and I did. I have, of course, known these officers intimately for many years. With them we fought through the great floods of 1912–13, 1916, 1922, and 1927, as well as many intermediate emergencies during and since that time. It was the great catastrophe of 1927 which, as many of us recall, brought the Nation to a shocking realization of our problem.

The heavy loss of life and property, in spite of all that could be done, made it clear that the Federal Government must assume the cost of controlling its great river. Since the act of May 15, 1928, a great deal has been done, and the results are proving every day to be more than entirely justified. Vast reaches of the richest Delta lands—entire parishes in Louisiana and counties in Mississippi, Arkansas, Tennessee, and Missouri are enjoying more secure protection now than ever before, and their apprehension of the constant danger from recurring flood is greatly allayed. I have followed all of this steadily prosecuted flood-protection work authorized by the Flood Control Act of 1928. It is being accomplished well ahead of schedule as well as within the estimated costs. In practical field engineering I knew what the engineers were doing—and I wanted to know about the theory side.

Out at the Waterways Experimental Station I was indeed pleasantly surprised. It was hardly conceivable to me that so much could have been accomplished within so short a period of time. They have built a fine storage dam and reservoir there in a beautiful valley of a small tributary stream nestled in the Vicksburg hills, a complete laboratory building housing the most highly scientific equipment and have expanded the out-of-doors layout into an amazing development of working models.

Naturally I asked how so much could be achieved—a dozen working models of critical reaches in the Mississippi's tortuous course from St. Louis to its mouth—large models of backwater areas for the Arkansas, the White, the Atchafalaya, the Black, and the Red—tests to determine the effects of the river's scour and bank caving—and of scour in the river bed itself. Nor are the experiments confined to Mississippi River problems. In addition to these many and intricate questions of engineering theory and practice, I found that ideas were being tested for Ohio River locks and dams, for many of our ocean and lake harbors—any practical problem of an associated nature which confronts the Nation's engineer department at large.

The officer in charge of the experimental station is Lieut. Herbert D. Vogel, who received his appointment to West Point from the State of Michigan. Cadet Vogel during his 4 years at West Point proved his outstanding ability and established a splendid record. Out of that strenuous course of natural selection, Lieutenant Vogel was graduated an honor man near the head of his large class. For postgraduate work he was given his M.A. degree by the University of Michigan, then after a tour of field duty he completed the course at the Army Engineer School. After another period of field experience, he went to the University of California where he earned his C.E. degree, followed by a year in Germany where, in 1929, the Berliner Technische Hochachule awarded him the high honor of a doctor's degree in engineering. From this experience he went to the lower Mississippi Valley, and under his immediate and skillful direction has been built and developed the waterways experiment station at Vicksburg.

Now, I do not profess to be sufficiently expert to appreciate all these technical intricacies of engineering science. Nor does a visitor to the Vicksburg plant have to be a technician to grasp the significance of that work.

I asked Lieutenant Vogel to write up for me a summary of his waterways experiment station's results thus far. With characteristic punctuality and frank simplicity he has done so—explaining that he has covered the high spots only, his station having developed more than a hundred model experiments in the past 3 years. The illustrations accompanying his report afford a helpful visualization of the work the Army engineers are doing.

This experimental station at Vicksburg is now ready to render valuable, definite, and scientific service for the control for all purposes of all the waterways within the United States.

Gen. Edward M. Markham, with full knowledge based upon his investigations and studies abroad, testified before the Flood Control Committee on April 25, 1934, that the hydraulic experimental station at Vicksburg has no equal in any nation in the world.

In a comprehensive plan for flood control, improvement for navigation, power development, and land-use policies for all purposes, this station and the engineering force in charge affords an opportunity for a Nation-wide service.

INVESTIGATION OF WAGE AND LABOR CONDITIONS

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, as further evidence of an immediate investigation of wage and labor conditions on Government building jobs in the District of Columbia, I submit for your attention some documents furnished me by Mr. John Locher, executive of the Washington Building Trades Council. Mr. Speaker, I ask unanimous consent to extend my remarks at this point and include therein some documents setting forth in some detail the situation, and to include two or three affidavits.

Mr. O'CONNOR. Reserving the right to object, what is that about?

Mr. McFADDEN. The labor situation in the District.

Mr. O'CONNOR. From whom?

Mr. McFADDEN. Mr. John J. Verleger and James Gaskins.

Mr. O'CONNOR. Are they plumbers or bricklayers?

Mr. McFADDEN. Both, I think.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, the first of these documents is a sworn affidavit made by Mr. John J. Verleger, relating to the circumstances of his employment on construction work at Walter Reed Hospital. The affidavit reads as follows:

JULY 24, 1933.

I, the undersigned, do hereby make affidavit as to rates and hours worked on the nurses' home at the Walter Reed Hospital job, Washington, D.C. Also, conditions prevailing among other men.

July: First week, 5, 6, 7; second week, 8, 10, 12, 13; third week, 14, 15, 18, 19, 20.

On each of the above-mentioned dates I worked 7½ hours. The first week I drew $33.75, and returned one half, which amounted to $16.87½, and the second week I drew $45 and returned one half, which amounted to $22.50; the third week I drew $45, but refused to return any money.

I was told when I secured the job that my pay would be 75 cents an hour, but I would receive $1.50 an hour in the presence of the inspector, but would have to come back to the office and turn back to the firm one half of what I drew. This was told to me by Mr. Edward Maas, of the E. A. Maas Plumbing Co., who is the plumbing contractor on the above-mentioned job. I also find that some of the men on this job are working 37½ hours a week.

Morris Hayden, plumber, made 45 hours a week for 1 week to my knowledge. He worked July 7, 8, 10, 11, 12, and 13.

Henry Maas made 45 hours a week, for 1 week to my knowledge. He worked July 7, 8, 10, 11, 12, and 13.

The following men also worked on the job either as plumbers or helpers: William Shylager, Otts Woislager, Al Rhinehart, and a man by the name of Weber.

I understand that specifications say that veterans must be given the preference. The following men are not veterans: William Shylager, Morris Hayden, and Otts Woislager.

JOHN J. VERLEGER.

Subscribed and sworn to before me this 24th day of July 1933.

HARRY M. SHOCKETT, *Notary Public.*

My commission expires May 5, 1935.

This seems to be a very flagrant case of extortion by a contractor, involving a rebate of 50 percent of the wages to the contractor named in the affidavit. This goes beyond any question of violating the Bacon-Davis Act. Apparently a conspiracy existed to deceive the inspector employed by the Government.

Next I offer an affidavit signed by James Gaskin, in which it appears that even the low wages of laborers are not exempt from similar extortion. This affidavit reads as follows:

DISTRICT OF COLUMBIA, *ss:*

James Gaskin, being first duly sworn according to law, deposes and says that he is 26 years of age, and that he resides at 746 Lamont Street NW., in the city of Washington, D.C., and that his legal residence is 119 Lincoln Street, Hampton, Va.

Affiant further deposing says that he is a laborer, and as such was employed by the Blue Ridge Tile Co., subcontractors for the A. Lloyd Goode Construction Co., general contractors for the erection of the Paul Junior High School, located in the vicinity of Eighth and Peabody Streets NW., in the city of Washington, D.C.

Affiant further deposing says that he began work on, to wit, February 16, 1932, and is still employed on said job; that your affiant receives the sum of 40 cents per hour for an 8-hour day, but that after your affiant signs the pay roll for the said 40 cents per hour, the sum of 10 cents per hour is immediately deducted, and which sum your affiant is informed is returned to the general contractor.

Affiant further deposing says that this affidavit is made of his own free will and accord, without remuneration, and that all of the facts contained herein are true to the best of his knowledge and belief.

JAMES GASKIN.

Subscribed and sworn to before me this 1st day of April 1932.

HARRY S. GOLDSTEIN,
Notary Public, District of Columbia.

For the third piece of evidence I offer a copy of a telegram received at Durham, N.C., by Mr. B. L. Hershberger, as follows:

[Western Union telegram]

ASHEVILLE, N.C., *February 19, 1932.*

B. L. HERSHBERGER,
Care Western Union, Durham, N.C.:

Your telegram received. Have wired our superintendent, M. R. Michie, Paul Junior High School Building, Eighth and Peabody Streets, Washington, D.C., that you and Boswell will report to him on above-mentioned school building; wages per our agreement.

BLUE RIDGE TILE CO.

This telegram is an order for the recipient to report for work on a job in Washington, D.C. This is a clear case of importing labor into the District of Columbia. Let us see what happened to Mr. Hershberger on this job and what his agreement with Blue Ridge Tile Co. was.

I quote next an affidavit by Mr. Hershberger a few weeks after the date of the telegram. This affidavit reads:

DISTRICT OF COLUMBIA, SS:

B. L. Hershberger, being first duly sworn according to law, on oath deposes and says that he is 28 years of age; that he resides at 209 E Street NW., in the city of Washington, D.C., and that his legal residence is Durham, N.C.

Affiant further deposing says that he is a tile setter by trade, and as such was employed by the Blue Ridge Tile Co., subcontractors for the A. Lloyd Goode Construction Co., general contractors, for the erection of the Paul Junior High School, located in the vicinity of Eighth and Peabody Streets NW., in the city of Washington, D.C.

Your affiant further deposing says that he began work on, to-wit, February 22, 1932, and was laid off on March 31, 1932, and that your affiant received the sum of $1.50 per hour for an 8-hour day, but that your affiant, after signing the pay roll for the $1.50 rate per hour, was requested to return to the foreman 50 cents per hour, and which sum of money your affiant was informed was returned to the general contractor.

Your affiant further deposing says that at the beginning of the work your affiant was told by the foreman that he would collect the little change, meaning the 50 cents per hour, on Monday and that the return held good for every mechanic on the job. That your affiant did make the return of the 50 cents per hour to his foreman every Monday morning following pay day, and that your affiant was under the impression that if the same was not made he would be immediately laid off.

Affiant further deposing says that this affidavit is made of his own free will and accord, without remuneration, and that all of the facts contained herein are true to the best of his knowledge and belief.

B. L. HERSHBERGER.

Subscribed and sworn to before me this 1st day of April 1932.

HARRY S. GOLDSTEIN,
Notary Public, District of Columbia.

These exhibits are selected from scores of similar documents in the possession of Mr. Locher. I am told that other men in Washington hold similar documents and that they are all anxious to lay their evidence before a properly authorized committee of this House.

Mr. Speaker, an unspeakable situation exists. Every day that it is allowed to continue will add to the justified discontent and distrust of working people throughout the country. I hope that the Rules Committee will take prompt action to report out for passage either my resolution calling for an investigation of these conditions or some other resolution to similar effect.

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes, to comment upon a recent decision of the Supreme Court of the State of Mississippi.

The SPEAKER. Is there objection?

There was no objection.

Mr. McLEOD. Mr. Speaker and gentlemen of the House, I rise at this time to offer evidence of the sincerity and soundness of the advocates of bank depositors' pay-off legislation by calling the attention of the House to a State supreme court decision which was handed down yesterday in the State of Mississippi.

JACKSON, MISS., April 30.—The Mississippi Supreme Court held today that the St. Louis Federal Reserve Bank, if pleadings in a case were true, had shown fraud, in inducing the depositors of the First National Bank of Corinth to continue to do business with the bank when the Reserve institution knew it was insolvent.

The court's statement handed down in a divided 3-to-2 decision was made in reversing the case of the Reserve bank against B. C. Dilworth and others in connection with the collection of a note. A lower court had decided in favor of the bank.

The decision said it was alleged that while the First National Bank was insolvent and indebted to the Reserve bank, depositors started a run on it and the Reserve bank, knowing its condition, represented to the public that the bank was solvent, that the Reserve bank was behind the Corinth bank and that it reopened with depositors showing renewed confidence.

It was further alleged that the Federal Reserve bank then got all the securities of the First National to further secure its debts.

"The facts as pleaded show strongly fraud on the part of the Federal Reserve bank", the decision said.

Dilworth claimed he had an agreement with the First National Bank to apply any balance he might have when his note became due, against his indebtedness and that he had a substantial balance when the bank closed.

The court's decision said the pleadings showed Dilworth continued to do business at the bank not knowing it was insolvent.

Mr. BYRNS. Will the gentleman yield?

Mr. McLEOD. I yield.

Mr. BYRNS. Did that case go up on demurrer?

Mr. McLEOD. I do not know.

Mr. BYRNS. I infer that it is purely a decision on a demurrer filed with pleadings, and if so it does not settle anything. In other words, it was not a trial on its merits.

Mr. McLEOD. The Associated Press report did not show how the case got to the supreme court.

Mr. BYRNS. I take it from the decision itself which the gentleman has just read, the case was heard on a demurrer as to the sufficiency of the pleading in the lower court and not on the merits of the proposition, so that it does not decide anything as to the real liability of the bank or its action.

Mr. McLEOD. This might clear up the gentleman's question:

The court's statement handed in a divided 3-to-2 decision was made in reversing the case of the Reserve bank against B. C. Dilworth and others.

Mr. BYRNS. That may be true, but the lower court may have sustained the demurrer, and then an appeal was taken, and the supreme court, if I gather the decision correctly, held that the lower court was incorrect in sustaining the demurrer, and that the case should go to trial upon the merits, and the facts developed, so that I do not think the opinion which the gentleman has just read decided anything with reference to the liability or nonliability of the bank.

Mr. McLEOD. I will answer the gentleman by quoting the language of the court as it appears in the Associated Press report:

The facts as pleaded show strongly fraud on the part of the Reserve bank.

Mr. BYRNS. Those are the facts set up in the petition or the declaration or whatever it may be called in the State of Mississippi, but that is the statement of the complainant, and as the gentleman well knows a demurrer admits, for the sake of argument, the truth of the allegations contained in the bill, and the court was simply passing on the facts stated in the bill as being true, for the sake of argument, but does not determine anything as to the liability of the bank.

Mr. McLEOD. It says that these were the facts as established in reversing the lower court.

The SPEAKER. The time of the gentleman from Michigan has expired.

LEAVES OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DICKSTEIN, for the balance of the week, on account of death in his family.

To Mr. KRAMER, at the request of Mr. BYRNS, for the balance of the week, on account of official business.

To Mr. BURCH, for today, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3845. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916; and

H.R. 8839. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof.

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 326. An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 43 minutes p.m.), the House adjourned until tomorrow, Wednesday, May 2, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

444. A letter from the Chairman of the Reconstruction Finance Corporation, transmitting a report of its activities and expenditures for January 1934, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case (H.Doc. No. 335); to the Committee on Banking and Currency and ordered to be printed.

445. A letter from the Comptroller General of the United States, transmitting report and recommendation to the Congress concerning the claim of the Moffat Coal Co. against the United States; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GRIFFIN: Committee on Appropriations. H.R. 9410. A bill providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes; with amendment (Rept. No. 1414). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on War Claims. S. 3272. A bill for the relief of the city of Baltimore; without amendment (Rept. No. 1416). Referred to the Committee of the Whole House on the State of the Union.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 348. Resolution for the consideration of H.R. 6803, a bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes; with amendment (Rept. No. 1417). Referred to the House Calendar.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 347. Resolution for the consideration of H.R. 9068, a bill to provide for promotion by selection in the line of the Navy in grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy, and for other purposes; with amendment (Rept. No. 1418). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 356. Resolution for the consideration of Senate Joint Resolution 93; with amendment (Rept. No. 1419). Referred to the House Calendar.

Mr. WILSON: Committee on Flood Control. H.R. 8234. A bill to provide a preliminary examination of the Paint Rock River, in Jackson County, Ala., with a view to the control of its floods; without amendment (Rept. No. 1420). Referred to the Committee of the Whole House on the state of the Union.

Mr. TARVER: Committee on the Judiciary. H.R. 9404. A bill to authorize the formation of a body corporate to insure the more effective diversification of prison industries, and for other purposes; without amendment (Rept. No. 1421). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 5596. A bill to amend the act of March 3, 1885, entitled "An act providing for allotment of lands in severalty to the Indians residing upon the Umatilla Reservation, in the State of Oregon, and granting patents therefor, and for other purposes"; without amendment (Rept. No. 1422). Referred

to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 6927. A bill to add certain lands to the Upper Mississippi River Wild Life and Fish Refuge; without amendment (Rept. No. 1423). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 7969. A bill to reserve certain public-domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev.; without amendment (Rept. No. 1424). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 8255. A bill for the relief of the rightful heirs of Wakicunzewin, an Indian; without amendment (Rept. No. 1425). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 8808. A bill authorizing the exchange of the lands reserved for the Seminole Indians in Florida for other lands; without amendment (Rept. No. 1426). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on Indian Affairs. S. 1890. An act to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes; without amendment (Rept. No. 1427). Referred to the Committee of the Whole House on the state of the Union.

Mr. MEAD: Committee on the Post Office and Post Roads. S. 3170. An act to revise air-mail laws; with amendment (Rept. No. 1428). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 9394. A bill to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.; with amendment (Rept. No. 1429). Referred to the Committee of the Whole House on the state of the Union.

Mr. GAVAGAN: Committee on Elections No. 2: House Resolution 370. Resolution in the memorial matter of Henry Ellenbogen; without amendment (Rept. No. 1431). Referred to the House Calendar.

Mr. SWEENEY: Committee on the Post Office and Post Roads. H.R. 9392. A bill to reclassify terminal railway post offices; with amendment (Rept. No. 1430). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. YOUNG: Committee on War Claims. S. 3349. An act conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.; without amendment (Rept. No. 1415). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 7999) to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

A bill (H.R. 8414) for the relief of Alvah B. Jenkins; Committee on World War Veterans' Legislation discharged, and referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD (by departmental request): A bill (H.R. 9427) to authorize the leasing of unallotted Indian lands for mining purposes; to the Committee on Indian Affairs.

By Mr. LEA of California: A bill (H.R. 9428) to amend sections 116 and 22 of the Revenue Acts of 1928, 1932, and 1934; to the Committee on Ways and Means.

By Mr. AYERS of Montana: A bill (H.R. 9429) for the development of the livestock industry among the Indians of the Blackfeet Indian Reservation in Montana; to the Committee on Indian Affairs.

By Mr. SMITH of Washington: A bill (H.R. 9430) to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington, with a view to the control of its floods; to the Committee on Flood Control.

Also, a bill (H.R. 9431) to provide for a preliminary examination of Chehalis River and its tributaries in the State of Washington, with a view to the control of its floods; to the Committee on Flood Control.

Also, a bill (H.R. 9432) to provide a preliminary examination of Lewis River and its tributaries in the State of Washington, with a view to the control of its flood waters; to the Committee on Flood Control.

Also, a bill (H.R. 9433) to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its flood waters; to the Committee on Flood Control.

Also, a bill (H.R. 9434) granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. REILLY: A bill (H.R. 9435) to provide for the examination and survey of Fond du Lac Harbor and vicinity, Lake Winnebago, Wis.; to the Committee on Rivers and Harbors.

By Mr. MOTT: A bill (H.R. 9436) authorizing the Oregon-Washington Bridge Commission to construct, maintain, and operate a toll bridge across the Columbia River at or near Astoria, Oreg.; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H.R. 9437) to amend an act of Congress approved February 9, 1893, entitled "An act to establish a court of appeals for the District of Columbia, and for other purposes"; to the Committee on the Judiciary.

By Mr. DIMOND: A bill (H.R. 9438) to authorize the incorporated town of Seward, Alaska, to issue bonds in any sum not exceeding $60,000 for the purpose of constructing and installing an electric-light and power plant in the town of Seward, Alaska; to the Committee on the Territories.

By Mr. WHITE: A bill (H.R. 9439) to amend section 15 (d) of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. MEAD: A bill (H.R. 9440) to ratify certain leases with the Seneca Nation of Indians; to the Committee on Indian Affairs.

By Mr. VINSON of Kentucky: A bill (H.R. 9441) to reduce internal-revenue taxes on tobacco products; to the Committee on Ways and Means.

By Mr. MEAD: A bill (H.R. 9442) for the creation of a claims commission on relief for the Six Nations Confederacy; to the Committee on Indian Affairs.

By Mr. EVANS: A bill (H.R. 9443) to provide for the establishment of an agricultural experiment station in the Antelope Valley, Los Angeles County, Calif.; to the Committee on Agriculture.

By Mr. MITCHELL: A bill (H.R. 9444) to repeal the provision of law providing for the payment of a minimum of 3 months' salary to the widow of any deceased Member of Congress; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H.R. 9445) to repeal the provisions of law authorizing the payment of mileage or any amount in lieu of mileage to any Member of Congress or to any Delegate or Resident Commissioner to Congress; to the Committee on Expenditures in the Executive Departments.

By Mr. TARVER: Resolution (H.Res. 369) for the consideration of H.R. 9404; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BAILEY (by request): A bill (H.R. 9446) authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles; to the Committee on Indian Affairs.

By Mr. BECK: A bill (H.R. 9447) for the relief of Helen Smith; to the Committee on Naval Affairs.

By Mr. COLLINS of Mississippi: A bill (H.R. 9448) for the relief of Hunter George Taft; to the Committee on Naval Affairs.

By Mr. DEAR: A bill (H.R. 9449) for the relief of Rebecca J. Lucas; to the Committee on Claims.

By Mr. DEROUEN: A bill (H.R. 9450) to authorize the St. Landry Bank & Trust Co., of Opelousas, La., to enter the Federal Reserve System; to the Committee on Banking and Currency.

By Mr. PETERSON: A bill (H.R. 9451) granting a pension to Robert F. Munday; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 9452) granting a pension to Flora Green; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9453) for the relief of Jesse Alue Human; to the Committee on Naval Affairs.

Also, a bill (H.R. 9454) for the relief of Charles Whitaker; to the Committee on Claims.

By Mr. THOMAS: A bill (H.R. 9455) for the relief of Charles H. Willett; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4387. By Mr. BLOOM: Petition of the members of New York Typographical Union, No. 6, favoring the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for labor unions, educational, religious, agricultural, and cooperative organizations, and all similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statutes a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4388. Also, petition of Local No. 1 of the Whitestone Association, urging the passage of the Wagner-Lewis bill and the Wagner-Connery bill; to the Committee on Labor.

4389. By Mr. FISH: Petition of 85 residents of Dutchess and Orange Counties, N.Y., opposing paragraph 4, section 5, title I, of the Labor Disputes Act, proposed by Senator ROBERT F. WAGNER, and to provisions of bill relating to rights of employees to organize for collective bargaining; to the Committee on Labor.

4390. By Mr. FITZPATRICK: Petition of the Catholic Daughters of America, Court Regina, No. 402, signed by Mrs. Mary Kemner, treasurer, urging the passage of the amendment to section 301 of Senate bill 2910, providing for the equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

4391. Also, petition signed by Mr. Patrick J. Fogarty, president of the United Irish Organization of the South Bronx, New York City, N.Y., and a number of other residents of Bronx County, opposing the discontinuance or curtailment of the time allotted to programs over stations WARD, Brooklyn, N.Y., and WLWL, New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

4392. By Mr. HAINES: Resolution of 250 members of Holy Name Society, 300 members of St. Joseph Beneficial, 150 members of Knights of Columbus, Council No. 871 and 60 members of Ladies Guild, of St. Joseph Parish, in the city of Hanover, Pa., in reference to amendment to Senate bill 2910, providing for the insurance of equity of opportunity for all organizations of a non-profit-making nature to broadcast by radio, etc.; to the Committee on Merchant Marine, Radio, and Fisheries.

4393. Also, resolution from Sodality of Blessed Virgin Mary, of St. Joseph's Parish of the city of Hanover, Pa., favoring amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for all organizations of a non-profit-making nature to broadcast by radio, etc.; to the Committee on Merchant Marine, Radio, and Fisheries.

4394. By Mr. JOHNSON of Minnesota: Resolution by the parish of the Holy Cross, Onamia, Minn., urging the freedom of licensing of radio, in support of Senate amendment providing for such regulation; to the Committee on Merchant Marine, Radio, and Fisheries.

4395. By Mr. KENNEY: Petition in the nature of a resolution of Rutherford Council, No. 129, representing the Sons and Daughters of Liberty, an organization composed of upward of 100,000 native-born American men and women, representing 26 States, Minnie D. Tait, secretary, urging upon you as a Representative of our great country, that you use your voice and vote to defeat the efforts being made by political leaders and exploiters of labor to defeat the spirit of restricted immigration; to the Committee on Immigration and Naturalization.

4396. Also, petition in the nature of a resolution of the Society for Constitutional Security, of Leonia, N.J., Mary P. Shelton, president, that the Society for Constitutional Security, a member of the American Coalition of Patriotic, Civic, and Fraternal Societies, oppose the membership of the United States in the World Court; to the Committee on Foreign Affairs.

4397. By Mr. LINDSAY: Petition of the building trades department, American Federation of Labor, Washington, D.C., concerning reemployment through home financing; to the Committee on Banking and Currency.

4398. Also, petition of Morris Soloman & Sons, Inc., Brooklyn, N.Y., opposing the Buck bill (H.R. 8782); to the Committee on Agriculture.

4399. By Mr. LUCE: Petition of the Constitutional Liberty League, Boston, Mass., expressing opposition to the Fletcher-Rayburn stock-exchange bill; to the Committee on Interstate and Foreign Commerce.

4400. By Mr. LUNDEEN: Petition of the Central Council of District Clubs, of St. Paul, Minn., urging the enactment of the President's recommendation that long-time credit be extended through Government banks to private individuals and institutions; to the Committee on Banking and Currency.

4401. Also, petition of the County Board of Becker County, Minn., urging the enactment of legislation removing the restrictions as fixed by the treaty of 1855 from all areas not included in actual Indian reservations; to the Committee on Indian Affairs.

4402. Also, petition of the Farmer-Labor Association of Minnesota, urging the enactment of legislation which will allow the construction of the 9-foot channel in the upper Mississippi River to proceed without interruption or delay; to the Committee on Flood Control.

4403. Also, petition of the Lutheran Minnesota Conference of the Lutheran Augustana Synod, urging the passage of old-age pensions and unemployment legislation; to the Committee on Labor.

4404. Also, petition of the Farmer-Labor Association of Minnesota, urging enactment of legislation of Senate bill 2625 and House bill 7399, restricting length of freight trains to 70 cars; to the Committee on Interstate and Foreign Commerce.

4405. Also, petition of the Farmer-Labor Association of Minnesota, urging enactment of legislation of Senate bill 2519 and House bill 7430, for a 6-hour day applicable to

railway workers; to the Committee on Interstate and Foreign Commerce.

4406. By Mr. O'CONNOR: Petition of the Senate, State of New York, in behalf of Radio Station WLWL, New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

4407. Also, petition of the Senate, State of New York, favoring the adoption of the report of the President's Committee on Wild Life Restoration as a basis for legislation and Executive action designed to increase and protect the wild life of the Nation; to the Committee on Agriculture.

4408. By Mr. RUDD: Petition of the Workmen's Sick and Death Benefit Fund of the United States of America, Branch No. 103, Evergreen, Brooklyn, N.Y., favoring the passage of House bill 7598, the workers' unemployment and insurance act; to the Committee on Labor.

4409. Also, petition of the Building Trades Department, American Federation of Labor, favoring legislation immediately proposed by the administration through a medium of home financing in order to stimulate the building industry; to the Committee on Banking and Currency.

4410. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, opposing certain features of the revenue bill as reported by the conference committee; to the Committee on Ways and Means.

4411. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, opposing the passage of Senate bill 2693, providing for the regulation of national securities exchanges; to the Committee on Interstate and Foreign Commerce.

4412. By Mr. SMITH of Washington: Petition of approximately 1,800 residents of Lewis County, State of Washington, favoring support of the Townsend old-age revolving pension plan; to the Committee on Labor.

4413. By Mr. THOMAS: Petition of the Senate and Assembly of the New York State Legislature, requesting the adoption of the report of the President's Committee on Wild Life Restoration; to the Committee on Agriculture.

4414. Also, petition of the Senate and Assembly of the New York State Legislature, favoring support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4415. By the SPEAKER: Petition of the Territorial Central Committee, Democratic Party of Hawaii; to the Committee on the Territories.

4416. Also, petition of the employees of the Government Printing Office; to the Committee on Printing.

4417. Also, petition of the county of Maui, Territory of Hawaii; to the Committee on Public Buildings and Grounds.

4418. Also, petition of Walter M. Nelson; to the Committee on Agriculture.

4419. Also, petition of the Oklahoma City public schools; to the Committee on Interstate and Foreign Commerce.

4420. Also, petition of the city of Chelsea, Mass.; to the Committee on Banking and Currency.

4421. Also, petition of the South Carolina Federation of Textile Workers; to the Committee on Ways and Means.

4422. Also, petition of the Society for Constitutional Security, opposing House Joint Resolution 309; to the Committee on Immigration and Naturalization.

4423. Also, petition of the Society for Constitutional Security, opposing the entrance of the United States into the World Court; to the Committee on Foreign Affairs.

4424. Also, petition of Sacred Heart Parish, Bluefield, W.Va., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4425. Also, petition of the young ladies' section M.A.C.C.W., Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4426. Also, petition of St. John's Parish, Miller Falls, Mass., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4427. Also, petition of Great Neck Council, No. 2122, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4428. Also, petition of the Ancient Order of Hibernians in America, Newark, N.J., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4429. Also, petition of Bronx Council, No. 266, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4430. Also, petition of St. Anthony Court, No. 491, of Minneapolis, Minn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4431. Also, petition of Catholic Daughters of America, Court Sacramento, No. 172, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4432. Also, petition of the New York Typographical Union, No. 6, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4433. Also, petition of St. Elizabeth's Church, San Francisco, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4434. Also, petition of Holy Name Society of Kingsbridge, New York City, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4435. Also, petition of Michael J. Burke and others, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4436. Also, petition of Knights of Columbus, of Coeur d'Alene, Idaho, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4437. Also, petition of St. John the Baptist Church, Manayunk, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4438. Also, petition of St. Ann's Christian Mothers' Confraternity, Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4439. Also, petition of St. Mary's Parish, Georgetown, S.C., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4440. Also, petition of Sacred Heart Parish, Ness, Kans., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4441. Also, petition of the Church of the Sacred Heart, Yonkers, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4442. Also, petition of St. Joseph's Council, No. 2272, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4443. Also, petition of the St. Vincent de Paul Society of Punxsutawney, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4444. Also, petition of the St. Dominic's Parish of Benicia, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4445. Also, petition of Father Weirekamp Council, No. 678, C.B.L., Brooklyn, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4446. Also, petition of the Sacred Heart Church of North Collins, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

WEDNESDAY, MAY 2, 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 for the calendar day Tuesday, May 1, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. McADOO] is detained from the Senate by illness, and that the Senator from Nevada [Mr. McCARRAN], the Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER] are absent on official business.

Mr. HEBERT. I announce that the Senator from Connecticut [Mr. WALCOTT] is absent on account of a death in his family, and that the Senator from Pennsylvania [Mr. REED], the Senator from Ohio [Mr. FESS], the Senator from Maryland [Mr. GOLDSBOROUGH] are necessarily detained from the Senate.

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

INTERNAL REVENUE TAXATION CONFERENCE REPORT

Mr. HARRISON. I submit a conference report on House bill 7835, being the so-called "revenue bill." At the request of the Senator from Michigan [Mr. COUZENS] I shall not call it up today, but shall call it up tomorrow morning.

The report was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 23, 26, 29, 31, 33, 37, 39, 40, 41, 42, 54, 55, 56, 57, 74, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 93, 94, 95, 109, 109½, 110, 111, 113, 114, 122, 123, 144, 146, 167, 175, and 182.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 16, 17, 18, 20, 21, 22, 25, 27, 28, 30, 32, 34, 35, 36, 45, 47, 48, 49, 50, 51, 52, 53, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 75, 92, 96, 97, 98, 99, 100, 102, 103, 104, 105, 106, 107, 112, 115, 116, 117, 118, 119, 120, 121, 125, 126, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 152, 154, 155, 156, 157, 159, 160, 161, 162, 163, 164, 165, 166, 176, 178, 179, 180, 181, 183, and 184, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 4 percent of such excess.

"$80 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 5 percent in addition of such excess.

"$180 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 6 percent in addition of such excess.

"$300 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 7 percent in addition of such excess.

"$440 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 8 percent in addition of such excess.

"$600 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 9 percent in addition of such excess.

"$780 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 11 percent in addition of such excess.

"$1,000 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 percent in addition of such excess.

"$1,260 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 percent in addition of such excess.

"$1,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 percent in addition of such excess.

"$2,240 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 percent in addition of such excess.

"$3,380 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 21 percent in addition of such excess.

"$4,640 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 24 percent in addition of such excess.

"$6,080 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 27 percent in addition of such excess.

"$7,700 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 30 percent in addition of such excess.

"$9,500 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 33 percent in addition of such excess.

"$11,480 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 36 percent in addition of such excess.

"$13,640 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 39 percent in addition of such excess.

"$15,980 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 42 percent in addition of such excess.

"$18,500 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 45 percent in addition of such excess.

"$23,000 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 50 percent in addition of such excess.