food supplies for the suffering people of Finland, Norway, Holland, Belgium, central Poland, and other invaded countries; to the Committee on Foreign Affairs.

1171. By Mr. WADSWORTH: Petition of Earl G. Hoch and others, of Rochester, N. Y., opposing the passage of House bill 4000; to the Committee on Military Affairs.

1172. By Mr. WEAVER: Petition of sundry residents of Asheville, N. C., regarding the sale of alcoholic beverages inside the Army and naval camps; to the Committee on Military Affairs.

1173. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, opposing proposed legislation curtailing our cane-sugar-refining industry; to the Committee on Agriculture.

1174. By the SPEAKER: Petition of the Student Defenders of Democracy, New York City, petitioning consideration of their resolution with reference to foreign affairs; to the Committee on Foreign Affairs.

1175. Also, petition of the Methodist Federation for Social Service, Rock River Conference Branch, Chicago, Ill., petitioning consideration of their resolution with reference to House bill 1410, general welfare bill; to the Committee on Ways and Means.

1176. Also, petition of the Lake Superior Reagle Club, Hancock, Mich., petitioning consideration of their resolution with reference to House bill 3793 and Senate bill 1181, concerning virgin timber; to the Committee on Agriculture.

1177. Also, petition of the American Cotton Shippers Association, Memphis, Tenn., petitioning consideration of their resolution with reference to the cotton industry; to the Committee on Agriculture.

1178. Also, petition of the Bricklayers, Masons, and Plasterers' International Union of America, Washington, D. C., petitioning consideration of their resolution with reference to labor and the national-defense program; to the Committee on the Judiciary.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 27, 1941

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in heaven, look upon us from Thy throne of grace, that with patience and calmness we may meet the conflicts which surge through the dark avenues of this stricken earth. Upon struggling and appealing humanity have accumulated the frightful sorrows of an outraged world. Grant that we may be consumed with the passion of a righteous and a just God when He spake through the mouths of His holy prophets. Regarding human life as a sacred trust, forbid that we should live, plan, or toil for ourselves while our brothers starve in sight of plenty. Remembering the sorrow, sickness, and death of human life, oh keep us mindful that the sun shines for all; the tides ebb and flow, the pastures on the hillsides and the fields stand in living green for all. The earth, the air, the sky are for all and Christ is ours and God is our everlasting Father. Blessed be the God and Father of our Lord Jesus Christ, the Father of mercies and the God of all comfort wherewith we are comforted of God. In the holy name of our Redeemer. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Baldridge, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 2426. An act for the relief of H. B. Wilson;

H. R. 2569. An act for the relief of Charles R. Woods;

H. R. 2828. An act to extend the times for commencing and completing the construction of a bridge across the Susquehanna River at or near the city of Millersburg, Pa., and to authorize its construction by the Dauphin County, Pa., authority;

H. R. 3629. An act for the relief of Irene Trauernicht;

H. R. 4105. An act to authorize the Secretary of the Navy and the Secretary of the Treasury to exchange certain equipment in part payment for new equipment of the same or similar character; and

H. R. 4305. An act to authorize the attendance of the Marine Band at the diamond anniversary convention of the Grand Army of the Republic to be held at Columbus, Ohio, September 14 to 19, inclusive, 1941.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 373. An act to amend section 45 of the act of March 4, 1909, as amended;

S. 375. An act authorizing postgraduate instruction for civilian employees of the Naval Establishment;

S. 505. An act making provision for payment of employees of the United States Government, its Territories or possessions, or the District of Columbia, for military leave when ordered to active duty with the military or naval forces of the United States;

S. 578. An act authorizing the Secretary of the Treasury to release certain interests in certain land which adjoins the Shark River Coast Guard Station, in Monmouth County, N. J.;

S. 752. An act to provide for the establishment of the Coronado International Memorial in the State of Arizona;

S. 878. An act to authorize the condemnation of lands or interests therein, which the War Department may be authorized by law to acquire, at the expense of States or political subdivisions thereof, persons, associations, companies, or corporations;

S. 1133. An act to authorize the transfer of lands from the United States to the Maryland-National Capital Park and Planning Commission under certain conditions, and to accept title to another tract to be transferred to the United States;

S. 1304. An act granting the consent of Congress to the Norfolk & Western Railway Co. to construct, maintain, and operate a bridge across the Tug Fork of Big Sandy River near Nolan, Mingo County, W. Va.;

S. 1311. An act to amend the act entitled "An act for the establishment of marine schools, and for other purposes," approved March 4, 1911, as amended, with respect to the location of the nautical school at the port of San Francisco;

S. 1346. An act to authorize the Secretary of War to convey to the Territory of Hawaii certain lands on the island of Oahu, T. H., in consideration of the Governor of Hawaii having transferred to the United States certain lands in the Hawaiian Islands;

S. 1387. An act for the relief of Everett A. Alden; Robert Bruce; Edgar C. Faris, Jr.; Kathryn W. Ross; Charles L. Rust; and Frederick C. Wright;

S. 1447. An act making provision for maintaining the Corps of Cadets of the United States Military Academy at authorized strength;

S. 1530. An act to amend the act approved June 6, 1940, entitled "An act to authorize the acquisition by the United States of lands in Manchester and Jackson Townships of the county of Ocean and State of New Jersey for use in connection with the Naval Air Station, Lakehurst, N. J.;

S. 1544. An act to provide for cooperation with Central American republics in the construction of the Inter-American Highway; and

S. J. Res. 65. Joint resolution to permit travel by a ship of Canadian registry between American ports.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 1933. An act for the relief of Bert and Marie Freeman;

H. R. 1976. An act for the relief of J. W. and Robert W. Gillespie; and

H. R. 4270. An act for the relief of Margaret M. Cutts.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent that on next Monday, June 2, 1941, following the reading of the Journal, the disposition of the business on the Speaker's table, and the legislative program of the day, I may be permitted to address the House for 10 minutes.

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

There was no objection.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include an article by Mr. Richard L. Neuberger.

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

There was no objection.

"POWER TO TAX IS POWER TO KEEP ALIVE."—CHIEF JUSTICE MARSHALL

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, it is amazing how a disjointed quotation and half truth can gain currency. How often do we hear it repeated that Chief Justice Marshall said that "the power to tax is the power to destroy." Writers and speakers have vied with each other in repeating this statement until it has become a classic; and now that we are considering tax-revenue legislation, it is being worn threadbare. One of the latest uses of this half quotation is in the editorial columns of the usually accurate Liberty magazine, under the brilliant editorship of Mr. Fulton Oursler, in its issue of May 24, 1941.

What did Chief Justice Marshall really say? Let me quote, in the interests of

truth and historical accuracy, his exact words. In the celebrated case of McCulloch against Maryland, decided in 1819, Chief Justice Marshall said:

> That the power to tax involves the power to destroy; that the power to destroy may defeat and nullify the power to create—

But he also said, which is a part of the immediate context, but is strangely omitted from the quotation, and yet is the most significant part of his statement, to wit:

> The power to tax is the one great power on which the whole national fabric is based. It is not only the power to destroy but also the power to keep alive.

Mr. Speaker, I can conceive of no more appropriate time to make this correction and point out what Chief Justice Marshall really did say than at this present time. We are now considering a new tax-revenue measure to finance our national-defense program. We are levying taxes to defray the cost of protecting, maintaining, and preserving our Government and institutions against all enemies, foreign and domestic. Certainly there could be no more proper exercise of the taxing power vested in the Congress under the Constitution than this very power. This power Chief Justice Marshall declared to be "the power to keep alive," and clearly proves how true were his words, that—

> The power to tax is the one great power on which the whole national fabric is based. It is not only the power to destroy but also the power to keep alive.

The SPEAKER. The Chair recognizes the gentleman from Kansas [Mr. GUYER].

THE LATE PHILLIP PITT CAMPBELL

Mr. GUYER of Kansas. Mr. Speaker, yesterday, when Phillip Pitt Campbell closed his eyes on the scenes of this earthly life, there ended the career of one who more than a third of a century ago began his political career in the House of Representatives and rose to a place of power and influence in Washington exceeded only by Uncle Joe Cannon and James R. Mann. He represented the Third District from 1903 to 1923. At the height of his career he belonged to that potent group of statesmen which included President William McKinley, Theodore Roosevelt, Speaker Cannon, Thomas Brackett Reed, Charles R. Crisp, James R. Mann, Senators Henry Cabot Lodge, Jonathan P. Dolliver, and Mark Hanna.

Out in Kansas he belonged to a heroic group of men of a turbulent age in the stormy political history of Kansas which included Govs. Edward H. Hoch, Walter Roscoe Stubbs, Senators Joseph L. Bristow, William A. Harris, and Charles Curtis.

To say that Phil Campbell, as he was familiarly known both in Kansas and Washington, kept pace with the men of that heroic age and conquered and held a high place in the councils of the Nation in such a time is the highest encomium I could possibly pronounce respecting his intellectual prowess and the quality of his leadership here in the House of Representatives. No man of ordinary ability and sagacity could have weathered the storms that agitated the political world in what seems to us a far-off age. In Kansas his political career began in the twilight of the golden age of the superlatively brilliant John James Ingalls, and the dawn of the more practical and matter-of-fact age of Charles Curtis. For many years Mr. Campbell in the House and Mr. Curtis in the Senate dominated the political scene in Kansas and helped powerfully to color the political life of the Capital. The State of Kansas today reveres his memory and is proud of his great political career. His political life adds luster and color to the history of the political party which has dominated the life of the State of Kansas through all its turbulent political convulsions and revolutions. Today out over the prairies of Kansas old men will sigh as they recall the battles of those days when men like the late Jerry Simpson and Senator Peffer, and women like Mary Elizabeth Leace and Anna L. Diggs assailed the Republican Party in Kansas. Mr. Campbell belonged to the new generation of political leaders such as Charles Curtis and the rising Senator CAPPER.

Mr. Campbell, by reason of the illness of Speaker Gillette, served as Speaker, being Speaker pro tempore from January 1923 to March 4, 1923. He was chairman of the Rules Committee in the good old days of that benevolent old despot, Uncle Joe Cannon, when the Rules Committee had great power which was exercised by the chairman. It was often the habit of the chairman of the Rules Committee to carry a rule or rules around in his pocket until he desired to submit them to the House. There is a tradition that one such chairman went on a cruise to Europe with a pocket full of rules. However, before Mr. Campbell left the Congress, much of this power was shorn from the Rules Committee and its chairman in the parliamentary upheaval of 1910.

Mr. Campbell was a statesman and he possessed many of those good old Celtic qualities that have so powerfully conduced to stability in our Republic. Phil Campbell had opinions with the courage to defend them. When it came to a question of principle, he was adamant. It was Mr. Campbell who compared the Bull Moose policy of the recall of judicial decisions to appealing from the umpire to the bleachers. That apt characterization deflated the foolish idea of submitting the decisions of the Supreme Court to a vote of the people, and did more to relegate it to the ashcan than all the learned judicial dissertations on that subject. One of the most amusing stories of any political campaign in Kansas has to do with Mr. Campbell's last campaign in the Kansas primary—a story which Mr. Campbell enjoyed as much as anyone after time had softened its irony somewhat. Mr. Campbell had bought a home over in Arlington, so some of his political opponents chided him about it, intimating that he was getting out of touch with his Kansas constituency. There was a great Campbell rally in Pittsburgh, Mr. Campbell's home town, and Phil had a great band to furnish the music. Phil made a great speech, as he always did, in which he answered the charge that he was living in Virginia. So when he concluded, and amid the great applause, the band struck up the good old Virginia tune, Carry Me Back to Old Virginny. A good story, destined to live long in Kansas political history.

Phil Campbell was as fine a gentleman as ever Kansas sent to represent her at Washington, and I think the characterization which the great master of the English tongue put upon the lips of Marc Antony as he gazed upon the fallen body of Brutus is very appropriate as applied to Mr. Campbell:

> His life was gentle, and the elements
> So mix'd in him that Nature might stand up
> And say to all the world, "This was a man!"

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. SABATH. Mr. Speaker, the beautiful tribute paid to Phil Campbell was deserved. I had the pleasure and distinction of serving with him in this House. He was a very capable and exceptionally fine gentleman.

The gentleman who paid him that deserved tribute stated that it was the custom when Phil Campbell was the chairman of the Committee on Rules for the chairman to carry the rules in his pocket. I appreciated his ability, and I knew he was a sincere and well-meaning man, but after I became chairman of the Committee on Rules I could not follow his footsteps in regard to carrying rules in my pocket. It has been stated that sometimes I have delayed reporting a rule. I may have been a little slow, but I assure the House that I never carried a rule in my pocket and do not intend to do so in the future.

Mr. RANKIN of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Mississippi.

Mr. RANKIN of Mississippi. The rules of the House were changed after the episode to which the gentleman refers, and that cannot be done now.

Mr. SABATH. Yes; I was present when the rules of the House were changed again through my introduction of a resolution amending the census law. It was the ensuing great struggle that brought about the curbing of the power of the great Speaker of this House, Uncle Joe Cannon.

However, Mr. Speaker, I do not wish to dwell on the subject of the rules of the House as we are now paying tribute to a former distinguished Member of this body. Philip P. Campbell was a gentleman of character and principle, kindly, and of humane understanding, and I greatly regret his passing.

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that at the completion of the legislative program of the day I may be permitted to address the House for 20 minutes.

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

There was no objection.

DECORUM IN THE HOUSE

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. DONDERO. Mr. Speaker, on last Wednesday I propounded a parliamentary inquiry to the Speaker of the House and the Speaker answered that inquiry. I have just been granted permission to address the House for 20 minutes today to discuss the subject of decorum on the part of Members on the floor of the House. I appreciate at the very outset that it may be a thankless task, one which is self-imposed and one which may draw some comment from Members of the House. I assure the House now that I in no sense intend to lecture the House nor be hypercritical. It shall be impersonal. I simply want to present for the RECORD and spread upon the record of the House anew to refresh the memories of all of us what the rules of the House impose upon every Member in our daily appearance in this Chamber. I, like many of you, do not stand here guiltless of any infraction of the rules of the House. My purpose is to present the subject anew in the hope that it may better our conduct on this floor. [Applause.]

[Here the gavel fell.]

CALENDAR WEDNESDAY

Mr. McCORMACK. 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 Massachusetts?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on tomorrow at 11 o'clock a. m.

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

There was no objection.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns on Thursday, it adjourn to meet on Monday next.

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

There was no objection.

ORDER OF BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

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

There was no objection.

Mr. RICH. Mr. Speaker, reserving the right to object, what is the program for tomorrow?

The SPEAKER. The Chair had announced that there was no objection.

Mr. McCORMACK. Mr. Speaker, I will answer the gentleman.

Mr. RICH. I would like to know what the program is for tomorrow.

Mr. McCORMACK. Tomorrow, the program will be the R. F. C. bill extending the powers of the Reconstruction Finance Corporation. A rule, I understand, has been reported out of the Rules Committee.

I want to announce that on Thursday the Committee on Invalid Pensions has four bills unanimously reported. It is expected there will be no controversy about them, and I may say that if there is any roll call there is a gentleman's agreement between my distinguished friend from Massachusetts and myself that we will do everything we can to have the roll call on Monday next. I doubt very much that there will be any roll call.

These bills are H. R. 1091, to grant pensions to certain unremarried dependent widows of Civil War veterans who were married to the veteran subsequent to June 26, 1905, provided they are 60 years of age and have lived with the veteran 10 years or more. This bill passed the House unanimously.

The bill, H. R. 1094, grants pension for disability or death resulting from service in the United States Coast Guard before July 2, 1930, and exclusive of the period of the World War.

The bill, H. R. 1095, relates to Indian war veterans and is the same bill that was passed by the House unanimously last year.

The bill, H. R. 2855, is a bill to provide for restoration of pension to certain dependent parents upon termination of remarriage.

I understand these bills have been unanimously reported and they are privileged measures under the rule. They will be called up Thursday and if there is any roll call the leadership will undertake to put them over until Monday next.

EXTENSION OF REMARKS

Mr. RODGERS of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and to include a recent radio address by Fred Brenckman, Washington representative of the National Grange.

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

There was no objection.

Mr. DEWEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein a speech entitled "Prepare to Meet the Tax Collector," delivered by me to the Women's Finance Forum in Chicago on May 22.

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

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent that I may address the House for 20 minutes on Tuesday at the conclusion of the legislative program of the day and following any previous special order.

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

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, on yesterday the gentleman from Alabama [Mr. STARNES] discussed a strike that has been in progress in the State of California since the 14th day of March—the strike at the American Potash and Chemical Corporation. I want to make three comments about it.

In the first place, the labor record of the company is a very bad record. On three different occasions union organizations have been smashed at that plant. The company is British-owned, I am informed.

In the second place, I want to say that I am compelled to agree with the statement made by the gentleman from Alabama on the basis of the evidence I have seen to the effect that there is Communist influence, if not control, on the labor side, though, as we all know well, the rank and file of the men are as loyal and good Americans as anyone. These two facts, taken together, mean that a settlement is going to be very difficult. They mean that both the national-defense program and the welfare of the workers are going to suffer.

My third comment is that I hope the National Defense Mediation Board will take the matter up with the greatest vigor and all the power at its command. [Applause.]

[Here the gavel fell.]

REREFERENCE OF A BILL

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent that the Committee on World War Veterans' Legislation be discharged from further consideration of the bill H. R. 3208, to provide retirement benefits for certain emergency officers in the World War, and that the same be rereferred to the Committee on Military Affairs.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article by myself appearing in the Philadelphia Inquirer of Sunday, May 25.

The SPEAKER. Is there objection?

There was no objection.

Mr. THOMAS of New Jersey. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter which I addressed to the Secretary of War.

The SPEAKER. Is there objection?

There was no objection.

Mr. BONNER. Mr. Speaker, I ask unanimous consent to extend my remarks by including an address delivered by Commander Derby, United States Coast Guard, on U. S. S. *American Seaman*

The SPEAKER. Is there objection?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ENGEL. Mr. Speaker, I ask unanimous consent that on Monday next after the disposition of business on the Speaker's table, and any other special orders, I be permitted to address the House for 40 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. ENGEL. Mr. Speaker, I therefore withdraw my request for time allotted to me for Thursday next.

EIGHT LONG YEARS

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker, it is not for 3 long years as the President said in 1932, criticizing the deficit of Mr. Hoover, but it has been for 8 long years, yes, 8 long years, that I have been talking about economy in this administration. For 8 long years I have called that to the attention of the House, and for 8 long years we have had no disposition on the part of this administration to cut down on its enormous expenditures. The administration now in power is the most extravagant, the most careless, the most inefficient, the most incompetent administration this country or any other country in the world ever has had. Let me call attention to the fact that up to this time this year you have gone in the red over $4,700,000,000. That is the statement of Secretary Morgenthau today. That is twice over what Mr. Hoover did for those 3 long years that the President of the United States talked about in 1932. I wonder if it does not make the President feel kind of bad when he looked over his own record and found that in this year he has expended more than Mr. Hoover did in the 3 long years that he referred to. He ought to compare that with his own record very often, and it would make him feel terribly, terribly bad. It certainly is a travesty to justice for our children and our children's children for heaping a debt upon their heads of $33,000,000,000 in 8½ years until now our national debt is over $55,000,000,000. This administration is wrecking our financial structure very fast; in fact, I think it is about wrecked now. It will take the best brains of the country to get us out of the hole this administration has placed us in. This administration I am confident cannot do it; it has proven that beyond all doubt. America, wake up before it is too late. America, turn the money wasters out of the White House and out of Congress.

The American people will soon get an enormous tax bill to try to save the country from bankruptcy. America, pay up, so this administration now says, for national defense, but I say pay up for the democratic folly of the past 8 years.

Where will you get the money?

DISTRIBUTION OF BREAD COSTS

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. PIERCE. Mr. Speaker, I have here a very interesting break-down of figures showing the division of the money received for $100 worth of bread in Washington, D. C. The baker gets $55.42, the retailer gets $19.28, the wheat grower gets $13.25, the miller $7.23, transportation $3.62, and the wheat broker $1.20 out of that $100 worth of bread. In other words, in round numbers, the baker gets 55 percent, the retailer 19 percent, the wheat grower 13 percent, the miller 7 percent, transportation 3 percent, the broker 1 percent. This shows full justification for the President's signature to the bill yesterday allowing the farmers wheat loans of 85 percent of parity.

That will mean that the increased return to the farmer will be only about one-half cent per loaf, or about $6.50 on $100 worth of bread, and that he will still get only about one-third as much as the baker. The farmer will get less than 2 cents for the wheat in a pound loaf of bread, even with the new prices which will prevail under 85 percent parity loans.

EXTENSION OF REMARKS

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article on tree losses in the Northwest.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks and include a resolution adopted by an assembly of over 10,000 Americans of Polish extraction, which pledges support of President Roosevelt in the war crisis.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Also, Mr. Speaker, I ask unanimous consent to extend my remarks and include an article appearing in the Buffalo Courier Express, and a resolution adopted by the United Irish-American Society in opposition to the St. Lawrence seaway.

The SPEAKER. Is there objection?

There was no objection.

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

The SPEAKER. Is there objection?

There was no objection.

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

The SPEAKER. Is there objection?

There was no objection.

"SHADES OF BILLY MITCHELL"

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. CANFIELD. Mr. Speaker, oftentimes these days we hear the expression "Shades of Billy Mitchell!" And for good cause.

I am thinking of him now for two reasons. Fourteen years ago today I visited him in Middleburg, Va., to arrange for him to deliver a Memorial Day address in Passaic, N. J., and last night, in going over some of his writings, I came across an article he wrote in June 1933, published in Liberty, having to do with parachute troops.

With your indulgence, I will read one paragraph from that article:

> A couple of months before the armistice in Europe, I proposed to General Pershing that if the war lasted until the spring of 1919 he assign the First Division to my command, and that we equip all the men with individual parachutes, supply them with rifles, machine guns, and ammunition, then fly them in a couple of thousand airplanes which would have been available by that time, and drop them behind the German lines. In that way we could have brought an attack against the Germans both from the front and rear and supported it by an attack from our other aircraft with bombs, machine guns, and cannon. This was a practical undertaking and would have been decisive in the area where it was used.

Shades of Billy Mitchell! [Applause.]

[Here the gavel fell.]

EUROPEAN WARS

Mr. JONES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks in the Appendix.

The SPEAKER. Is there objection?

There was no objection.

[Mr. JONES addressed the House. His remarks appear in the Appendix of the RECORD.]

DISABLED AMERICAN VETERANS' BENEFITS

Mrs. ROGERS of Massachusetts. Mr. Speaker I ask unanimous consent to address the House for 1 minute and to extend my remarks and include therein an article written by Mr. Millard W. Rice, national director of the Disabled American Veterans.

The SPEAKER. Is there objection?

There was no objection.

[Mrs. ROGERS of Massachusetts addressed the House. Her remarks appear in the Appendix of the RECORD.]

PERMISSION TO ADDRESS THE HOUSE

Mr. JONKMAN. Mr. Speaker, I ask unanimous consent to address the House and to revise and extend my remarks and include therein two letters from a constituent.

The SPEAKER. Is there objection?

There was no objection.

[Mr. JONKMAN addressed the House. His remarks appear in the Appendix of the RECORD.]

EXTENSION OF REMARKS

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and to include therein an editorial from the Sioux City (Iowa) Tribune, entitled "Must Clear Up Confusion About Money and Wealth."

The SPEAKER. Is there objection?

There was no objection.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a brief

letter from the Farm Security Administration.

The SPEAKER. Is there objection?

There was no objection.

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter sent to me by a former Congressman, Hon. Joseph A. Conry.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMBERTSON. Mr. Speaker, it is noteworthy that Col. Charles A. Lindbergh is getting under the hide of the war crowd. An attempt is being made to overshadow his Philadelphia speech for Thursday night with a LaGuardia meeting for tomorrow—Wednesday—night.

Dr. Leon Levy, the president of WCAU, Philadelphia, denied time on the radio to Lindbergh. Samuel R. Rosenbaum, the head of WFIL, also denied him time. David Stern, of the Philadelphia Record, is one of the main sponsors of the LaGuardia meeting. Moe Annenberg, of the Philadelphia Inquirer, who is serving time in jail, is one of the promoters of the war crowd in Philadelphia.

The two men who have helped write the President's speech for tonight are Judge Rosenman and Editor Sulzburger.

[Here the gavel fell.]

EXTENSION OF REMARKS

Miss RANKIN of Montana. Mr. Speaker, I ask unanimous consent to extend my remarks and include a speech by Lillian Gish against war.

The SPEAKER. Is there objection?

There was no objection.

MOVES IN OUR FOREIGN POLICY

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KEEFE. Mr. Speaker, we are all aware that the President is to speak to the Nation and to the world tonight. I do not know what he intends to say, but Dame Rumor has it that on yesterday a substantial portion of the Pacific Fleet passed through the Panama Canal into the Atlantic. If this rumor be true we may expect that the President will tell the Nation tonight that this fleet is to be used, and we may expect a speech advocating and promising to Great Britain the use of the Pacific Fleet and the Atlantic Fleet for convoy purposes.

Rumor also has it that the Democratic Governors throughout the Nation are already provided with telegrams to send to the President commending him upon the speech which he is to make tonight.

EXTENSION OF REMARKS

Mr. ZIMMERMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter under date of May 13, 1941, from Judge I. R. Kelso, of Cape Girardeau, Mo., together with certain exhibits attached thereto in explanation of a war resolution adopted by the International Convention of Disciples of Christ at St. Louis, Mo., on May 7. Judge Kelso is an outstanding citizen and businessman of southeast Missouri and was a member of the committee on recommendations at their convention. His explanation of the circumstances under which their resolution was adopted should be of great interest not only to the membership of this great Christian organization but to the country at large.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

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

The SPEAKER. Without objection, it is so ordered.

There was no objection.

TOLERANCE NEEDED NOW

Mr. WILSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WILSON. Mr. Speaker, it is my prayer and my hope that every Member of this body continues to keep in mind the thought of peace, prosperity, and the perpetuation of our form of government. To do this, we must become united. To become united, we must be tolerant toward the views of others. Intolerance in my opinion is a germ that breeds communism, fascism, and nazi-ism.

I was very much grieved to have had the experience, in the late hours of the session yesterday, of hearing one of the Members of this House place that great American hero, Colonel Lindbergh, in the "fifth column." I wish that Member would further elaborate and state his reasons for placing Lindbergh in the "fifth column." He has done much for aviation, which has been proven essential to defense. Oh, but how we need his services now. It is too bad that our President saw fit to invite him to leave the position which needs him so much at this time. Especially, because of intolerance to views contrary to his own. We could expect such a move by Hitler, Stalin, or Mussolini.

ONE SOBER NATION NEEDED IN WORLD

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

Mr. BENDER. Mr. Speaker, Whittier tells of a tribe of Indians who, whenever the tribe went on a debauch, chose one man to stay sober. The tribe reasoned that when they were all out of their heads they would need the services of one sober man. So I think the world is going to need the services of one sober nation. I hope and pray that America may be the nation which stays sober in a reeling world, not for its own sake merely, but for the sake of civilization.

Tonight the President of the United States will have the largest audience any man ever had in the history of the world when he makes his address. He appeared before Congress early this year and advocated the "four freedoms" for the world. I pray to God that he will use this opportunity to spread the "four freedoms," not by making a belligerent speech and advocating this country's entrance into the war but will rather make a point of our staying out of the war thereby bringing this conflict to an end and saving the lives, not only of millions of Americans but human beings everywhere throughout the world.

Let us not admit to America the aspect of nazi-ism which we most deplore. [Applause.]

ACQUISITION OF IDLE FOREIGN MERCHANT VESSELS

The SPEAKER. The Chair recognizes the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Speaker, I call up the conference report on the bill (H. R. 4466) to authorize the acquisition by the United States of title to or the use of domestic or foreign merchant vessels for urgent needs of commerce and national defense, and for other purposes, and ask that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the statement of the managers on the part of the House.

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. 4466) to authorize the acquisition by the United States of title to or the use of domestic or foreign merchant vessels for urgent needs of commerce and national defense, 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 House recede from its disagreement to the amendments of the Senate numbered 2, 5, 6, and 7, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1 and agree to the same with an amendment as follows: On page 1 of the Senate engrossed amendments, line 8, strike out "that"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, 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: "*Provided further*, That such compensation hereunder shall be deposited with the Treasurer of the United States, and the fund so deposited shall be available for the payment of such compensation, and shall be subject to be applied to the payment of the amount of any valid claim by way of mortgage or maritime lien or attachment lien upon such vessel, or of any stipulation therefor in a court of the United States, or of any State, subsisting at the time of such requisition or taking of title or possession; the holder of any such claim may commence within 6 months after such deposit with the Treasurer and maintain in the

United States District Court from whose custody such vessel has been or may be taken or in whose territorial jurisdiction the vessel was lying at the time of requisitioning or taking of title or possession, a suit in admiralty according to the principles of libels in rem against the fund, which shall proceed and be heard and determined according to the principles of law and to the rules of practice obtaining in like cases between private parties; and such suit shall be commenced in the manner provided by section 2 of the Suits in Admiralty Act and service of process shall be made in the manner therein provided by service upon the United States attorney and by mailing by registered mail to the Attorney General and the United States Maritime Commission and due notice shall under order of the court be given to all interested persons, and any decree shall be subject to appeal and revision as now provided in other cases of admiralty and maritime jurisdiction:"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4 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: "*Provided further*, That if the Maritime Commission, after consideration by it of evidence submitted to it within ten days after the approval of this Act, shall find that on September 3, 1939, and continuously thereafter, any vessel was exclusively owned, used and operated for its exclusive sovereign purposes by a sovereign nation making claim therefor, such vessel may be taken under this section only by purchase or charter; and in determining said ownership, use and operation the Commission shall disregard (1) all contributions made in whole or in part at any time to the construction, repair, reconditioning, equipping or operation of said vessel, (2) all such matters, in nature similar to or dissimilar from, the foregoing clause as in the opinion of the Commission are immaterial or irrelevant to the determination of such ownership. Use of such vessel at any time since September 3, 1939, in commercial trade shall be presumptively deemed to show that said vessel is not owned, used and operated by a sovereign nation for its sovereign purposes. The final determination by the Maritime Commission shall be conclusive: *Provided further*, That if any vessel shall be found under the proviso next preceding to be exclusively owned, used and operated by any sovereign nation so that it can only be chartered or purchased, and such vessel shall be chartered or purchased, then the cash to be paid for said charter or purchase, to the extent that may be necessary, after payment of existing claims and liens of creditors against said vessel, shall be held for application upon such debt, if any, as may be due to the United States from the sovereign nation so found to have exclusive ownership to said vessel: *Provided further*, That the Maritime Commission and the Department of Justice are authorized to make just provisions out of funds provided in section 2 of this Act for employees displaced by the taking of any ship hereunder and report to the Congress their action within thirty days after the enactment of this Act"; and the Senate agree to the same.

S. O. BLAND,
ROBERT RAMSPECK,
J. J. MANSFIELD,
RICHARD J. WELCH,
FRANCIS D. CULKIN,
Managers on the part of the House.

J. W. BAILEY,
HATTIE W. CARAWAY,
BENNETT C. CLARK,
CHAS. L. MCNARY,
HIRAM W. JOHNSON,
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. 4466) to authorize the acquisition by the United States of title to or the use of domestic or foreign merchant vessels for urgent needs of commerce and national defense, 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:

Amendment No. 1: Section 1 of the House bill, for the purposes of national defense, during the emergency declared on September 8, 1939, but not after June 30, 1942, authorized the President to purchase, requisition, charter or requisition the use of, or take over the title to, or the possession of, any foreign merchant vessel lying idle in waters of the United States and necessary to the national defense.

The Senate amendment inserted a preamble or declaration of policy on the part of Congress which states that Congress has the power to provide for the common defense and general welfare and to regulate commerce with foreign nations, and that the commerce of the United States is interrupted, the general welfare of its citizens is threatened, and an emergency has been declared. The House recedes with an amendment striking out the superfluous word "that."

Amendment No. 2: Section 1 of the House bill provided that the authority thereby vested in the President would be applicable to foreign merchant vessels lying idle in waters within the jurisdiction of the United States.

The Senate amendment would include as parts of the United States for the purposes of the section the Canal Zone and the Philippine Islands. The House recedes.

Amendment No. 3: Section 1 of the House bill provided that just compensation be determined and made to the owners of any vessel purchased or taken over in accordance with section 902 of the Merchant Marine Act, 1936.

The Senate amendment would require that such compensation be made by payment into the Treasury of the United States, subject to be applied to the payment of any valid claim by way of mortgage or lien, and would allow the holder of the claim to maintain in the Court of Claims of the United States a suit in admiralty according to the principles of libels in rem against the fund.

The House recedes with an amendment which would provide that the compensation shall be deposited with the Treasurer of the United States, the deposit shall be available for the payment of such compensation, the suit provided for shall be maintained in a United States district court, process shall be mailed to the Maritime Commission (omitting notice to the Secretary of the Treasury), and that due notice under order of court shall be given to all interested parties.

Amendment No. 4: A proviso in section 1 of the House bill provided that compensation to be paid for any vessel belonging to a government indebted to the United States to be paid by crediting the same upon the existing debt and not by payment of cash.

The Senate amendment struck out this proviso and substituted two provisos. The first proviso provides that no vessel owned by any government shall be requisitioned, seized, or taken other than by purchase, and that transfers of vessels in contemplation of the measure by persons or corporations to governments, or transfers by persons or corporations within 60 days of the introduction of the bill and the President's message to Congress, shall be disregarded.

The second proviso of the Senate amendment would authorize the Maritime Commission and the Department of Justice to make just provisions out of funds provided in section 2 of the act for seamen displaced by the taking of ships under the act, and to report to Congress thereon with 30 days after the enactment of the act.

The conference substitute for the Senate amendment retains the second proviso relating to displaced seamen, but in lieu of the first, provides that no vessel of a strictly public character found by the Commission to be exclusively owned, used and operated, on and after September 3, 1939, for its exclusive sovereign purposes by a sovereign nation, shall be taken under the section except by purchase or charter, and further provides in lieu of the House provision as to credits against any government debts that if any such vessel of a sovereign nation is purchased or chartered, the payment therefor shall, after payment of claims and liens, be held for application upon the debt, if any, of such nation to the United States.

Amendments Nos. 5 and 6: Section 5 (c) and section 5 (d) of the House bill made certain provisions in respect of vessels chartered to Government agencies or to private operators. The Senate amendments would include cases of charter to Departments in conformity with section 3 language. The House recedes.

Amendment No. 7: Section 5 (f) of the House bill authorized the Commission to repair, reconstruct, or recondition vessels without regard to the provisions of section 3709 of the Revised Statutes.

The Senate amendment would authorize any Government department or agency to do similar work on vessels made available under the Act, with the aid of any available funds and without regard to the provisions of said section 3709. The House recedes.

S. O. BLAND,
ROBERT RAMSPECK,
J. J. MANSFIELD,
RICHARD J. WELCH,
FRANCIS D. CULKIN,
Managers on the part of the House.

Mr. BLAND. Mr. Speaker, I yield myself such time as I may use within the hour.

Mr. Speaker, the report very clearly sets out the provisions that were in disagreement. As a matter of fact there are only two amendments that gave any concern. One was as to the proper place for the deposit of money and the settlement of liens against the vessel. The Senate amendment provided for litigation in the court of claims. The House amendment instead of requiring the money to be deposited in the Treasury where it would take an appropriation to get it out provided for its deposit in a special account to the order of the Treasurer of the United States. Jurisdiction over litigation arising on these matters is transferred to the United States district court where the vessel was taken. This was done as a greater convenience to the creditors and to the owners, operators, and everyone concerned, and also this places jurisdiction in an institution that is more familiar with the problems of admiralty law and the administration of admiralty law than is the Court of Claims.

The next amendment that gave some concern was the Senate amendment known as No. 4. It was provided that if a vessel belonged to a government the vessel should not be taken except by purchase. There was no means of determining rights as between de jure governments and de facto governments, no yardstick by which that could be deter-

mined; so the House submitted an amendment whereby provision was made that the Maritime Commission should be the agency to determine the ownership of a vessel by a sovereign nation, that it should make its determination within 10 days so as to avoid delay and make it upon such evidence as was submitted.

If it was found to be exclusively owned, used, and operated on September 3, 1939, and continuously thereafter for its exclusive sovereign purposes by a sovereign nation, then it could only be by purchase or charter. This did away with the word "government" and substituted "sovereign nation." The information came to us that probably there might be two vessels involved, one the *Denmark*, which was a training ship. This Government has been trying to purchase that vessel as a training ship for the Coast Guard; the other was a vessel that was damaged beyond repair, as I recall. I think that was a tanker.

Provision was also made that the use of any vessel at any time since September 3, 1939, in commercial trade should be presumptively deemed to show that said vessel is not owned, used, and operated by a sovereign nation for its sovereign purposes.

There was written in also the substance of the Pearson amendment to the effect that if it was found that the vessel belonged to a sovereign nation, and was purchased or chartered, then after the adjustment of claims, the balance of the money would be applied to any debt that the sovereign nation might owe the United States.

Mr. CULKIN. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from New York, either for a question, or I shall be pleased to yield such time as the gentleman may desire.

Mr. CULKIN. I do not care for any time. This bill as reported back here now provides that government-owned vessels shall not be taken except by charter or purchase?

Mr. BLAND. That is right—owned by sovereign nations.

Mr. CULKIN. Owned by sovereign nations?

Mr. BLAND. Yes.

Mr. CULKIN. I do not know what mental reservation the gentleman has in that description, but it does exempt from requisition ships that are owned by governments?

Mr. BLAND. Yes; for sovereign purposes, and so found by the Maritime Commission.

Mr. CULKIN. May I say in that respect I think that it strengthens the bill from the standpoint of those who opposed it here. We are not satisfied with the result, but I bow to the result of the conference of the House and Senate, and we are glad it came back here with that strengthening amendment.

Mr. BLAND. I may say that the bill has the unanimous support of all the conferees.

Mr. Speaker, I move the adoption of the conference report, and on that I move the previous question.

The previous question was ordered.

The conference report was agreed to.

EXTENDING TIME WITHIN WHICH POWERS RELATING TO STABILIZATION FUND AND ALTERATION OF THE WEIGHT OF THE DOLLAR MAY BE EXERCISED

Mr. COCHRAN. 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. 4646, to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4646, with Mr. RAMSPECK in the chair.

The Clerk read the title of the bill.

Mr. REED of Illinois. Mr. Chairman, I yield 14 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, 2 years ago, as a member of the Coinage, Weights, and Measures Committee, I opposed before that committee and on the floor of the House the continuation of the stabilization fund and also the President's power to further debase the coin. Since that time my convictions have been strengthened on the need of abolishing these extraordinary and dictatorial powers.

I know of no evidence to substantiate any claim that any of the alleged purposes for which these powers were ostensibly created has been achieved in whole or in part. It should now be needless to discuss this point. On the other hand, the evidence is conclusive that the use of these powers has already caused incalculable damage to our monetary and financial processes. This point it is vital that we consider and discuss most seriously.

Section 10 (a) of the Gold Reserve Act of 1934 states the only purpose for which the stabilization fund was created, namely, "for the purpose of stabilizing the exchange value of the dollar." I know of nothing to indicate that even a single dime of the total $2,000,000,000 composing the stabilization fund was ever used for this purpose. The fact is that none of it was ever so used and never could have been. The gold-buying program at the fixed high price of $35 an ounce obviated that possibility. The high fixed premium on gold offered by the Treasury quickly brought on the gold rush into the United States. More than a billion dollars was imported in 1934. The rest of the story of the gold avalanche is too well known to require repetition.

The point is, the rate of gold imports, immediately upon the adoption of the gold-buying program, which provided for the buying of foreign and domestic gold at a permanently fixed premium of $14.33 an ounce, rose sufficiently to restore full confidence among foreign countries in the ability of the United States to fully meet any gold-payment demand that might have been made upon us. This made the stabilization fund wholly useless and unnecessary, so far as the statute which created it was concerned.

The truth is that the stabilization fund has been used for ulterior purposes and utterly in violation of the act which created this fund. Instead of using this fund for the only purpose the law presumably directs it shall be used, namely, "to stabilize the exchange value of the dollar," to give strength to our own economy, it has been used exclusively to bolster and support foreign paper currencies, French paper francs, Belgian paper belgas, British paper pounds, Argentine paper pesos, Brazilian paper milreis, Chinese paper yuans, and so forth, to bolster and support the economies of other nations.

In purpose, spirit, and letter, the stabilization fund has been operated in complete violation of the law. The real purpose for which this fund has been used is, in my opinion, now too evident to be concealed any longer. We shall see as we go along what this is.

Before the Coinage, Weights, and Measures Committee, March 3, 1939, the Secretary of the Treasury, Mr. Morgenthau, was asked the following question by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], member of this committee.

> In connection with the stabilization fund, has any of the stabilization fund been used in any manner to finance a foreign government in the purchase of armaments or any other war supplies?

Mr. Morgenthau raised his right hand as is done in taking an oath and said—

> I can answer that under oath to that question. No. And I will answer further. As long as I am Secretary of the Treasury and as long as Congress gives me that responsibility, the answer is, "No."

Now consider this statement in connection with a news item appearing in the Washington Herald, May 5, 1938, which reads in part as follows:

> United States and Britain back Paris in devaluation of franc; new dollar slash denied; tripartite agreement stands first test; move aids French armament drive. United States consent to a steep devaluation of the franc and the promise to support it at a new lower level were announced last night by Secretary of the Treasury Henry Morgenthau.
>
> Morgenthau's announcement came at a press conference conducted jointly by him and French Ambassador Rene de St. Quentin. The French Ambassador, his beaming face expressing pleasure and gratitude, said he was "not a monetary technician and am thus unable to give the details." He added: "I am only a diplomat, but the principle of diplomacy, statesmanship, and business is frankness. The principle did not fail in our negotiations. I want to convey the thanks of the French treasury to the United States Treasury and its able leader Mr. Morgenthau." Other officials declared the Roosevelt administration considered the agreement essential for the success of the 15,000,000,000-franc loan the French Government will float for additional armaments against its dictator neighbors.

Also note May 5, 1938, Washington Post Associated Press dispatch with a Paris date line in which the British Chancelor of the Exchequer, Sir John Simon, is quoted as having said before the House of Commons the following:

> A major factor in the swift British and American approval of the proposal of France to devaluate its currency was the desire to

present a semblance of economic unity among the world's three democratic powers to the dictators—Premier Benito Mussolini of Italy and Chancelor Hitler of Germany—it was stated in informed official quarters yesterday. The critical status of the French franc coincided with the Mussolini-Hitler conversations which began last Tuesday in Rome.

If these news items are correct, and there is no reason to believe that they are not, Mr. Morgenthau's denial to the contrary notwithstanding, the stabilization fund had already been used by him when he made the above statement—

To finance a foreign government in the purchase of armaments or any other war supplies—

And—

as part of the foreign policy of this Government with reference to supplying war supplies to any other country.

In this connection let us consider the operation of the stabilization fund in Latin America. There can be no question that the $700,000,000 made available as loans to the states south of the Rio Grande through the Export-Import Bank is designed specifically to aline these states, both economically and militarily, on the side of the United States and England against the Axis Powers; likewise, there can be no doubt that the stabilization fund is being used in those countries for the same purpose.

Fifty million dollars of the stabilization fund was made available December 27, 1940, to the Argentine Government; October 18, 1940, $10,000,000 was made available to Brazil.

May 8, 1941, Secretary of the Treasury, Mr. Morgenthau, in his testimony before the Committee on Coinage, Weights, and Measures of the House, where he was advocating the continuation of the stabilization fund and the power to debase the dollar, said:

The first arrangement is with China. You will recall that on December 2, 1940, I appeared before a joint session of the Senate Committee on Banking and Currency and the House Committee on Coinage, Weights, and Measures to make a statement about the proposed stabilization arrangement with China.

Then note particularly he added the following revealing statement, which shows that 3 years after he had used the fund to aid France militarily he still had in mind using it as a means to interfere in foreign wars on the side of one of the belligerents as against the other. Mr. Morgenthau said:

I had previously stated to this committee that I would not consent to the use of the stabilization fund to assist any foreign country in prosecuting a war without first consulting with the congressional committees.

July 14, 1937, $48,000,000 was made available from the stabilization fund to China; April 25, 1941, $50,000,000 more was made available to China. As everyone knows, the Government of the United States is openly and avowedly giving military aid to China against Japan. Therefore, it is apparent that the stabilization fund is being used to aid China in making war.

Recently before the Coinage, Weights, and Measures Committee Mr. Morgenthau stated further:

Our stabilization fund is a potent weapon of defense in our international economic relations. This is hardly the time to abandon the machinery of control which we have built up to protect the dollar and the American economy.

When all these transactions and circumstances are considered together, can there be any question that the stabilization fund has been illegally used and is now being so used as a means of aiding certain nations in their war efforts, instead of for the legal purpose that is provided in the statutes, namely, to "stabilize the exchange value of the dollar," in the interest of our own economy?

Does it not appear that we have here revealed at last the true answer to the big question that has been confounding the whole Nation, namely, Why is the Government buying all this gold and paying such a high price for it? Is this great American riddle, the program of buying up all the gold of the world, at last unfolding itself to our understanding? Did the authors of this monstrous scheme have as their secret and sinister purpose the cornering of the world's monetary gold stock solely as a weapon of war?

Said the Secretary of the Treasury further recently before the Committee on Coinage, Weights, and Measures:

Totaling the balance from July 1, 1939, to April 30, 1941, the stabilization fund purchased approximately $3,920,000,000 of gold. This gold was bought from 23 different countries. Incidentally, the existence of the stabilization fund made it possible to carry out, with the essential speed and secrecy, three large acquisitions of gold from hard-pressed friendly countries.

Why secret transactions in the purchase of gold by the stabilization fund agency? If these transactions were on the square, was secrecy necessary?—

secrecy, to carry out three large acquisitions of gold from hard-pressed friendly countries.

Was France one of these hard-pressed countries—France, which may now soon be our mortal enemy? Is this not additional evidence that the whole gold-manipulating process had from the beginning for its purpose the making of war?

This transaction of the stabilization fund agency needs some careful examination from another standpoint. Here, as in the gold purchased by the Federal Reserve banks for the Treasury, is one of the darkest chapters in all the history of governments' monetary policies.

In reality, no gold purchased by the stabilization fund agency is actually finally paid for with any money from the stabilization fund. Only $200,000,000 are used by the stabilization fund agency in its operations. The remaining $1,800,000,000 of the fund has been lying idle ever since its creation.

How could $3,920,000,000 of gold be purchased with $200,000,000? It is, of course, impossible to buy three billion, nine hundred twenty million gold dollars, each weighing 13.71 grains of fine gold with $200,000,000 of the same weight and fineness.

So far as the mere transaction of purchasing gold is concerned the Stabilization Fund Agency merely acts as buyer for the Treasury. The awful truth is the Treasury pays for the gold purchased by this agency, as it does for all the other gold it purchases, with fiat currency, so-called gold certificates, and by the most devious and sinister trickery, in complete violation of the statutes, shifts the cost of all the gold to the bank depositors of the United States.

This group of people, bank depositors, is now carrying the cost of the roundly $14,000,000,000 of gold that has been bought under the gold-purchase program.

This means nothing other than the creation of $14,000,000,000 of the purest kind of inflation in the banking system. It means that the remaining bank deposits are diluted in value by $14,000,000,000, which make the total bank deposits, as a whole, worth no more than about 75 cents to the dollar.

Is it any wonder the Federal Reserve authorities and other informed bankers and persons are worried? Is it not high time that this deplorable condition in the banking system be given serious consideration by Congress and that steps be promptly taken to correct it?

Mr. Morgenthau tried to make out, as the following shows, that he needs the stabilization fund and the powers to further debase the dollar to hold down interest rates on Government obligations:

Mr. MORGENTHAU. I feel about both of them in the same way. Under conditions as they are today there is not very much use for them on a day-to-day basis. In the case of the stabilization fund, as I said, earlier this morning, it is that reserve power which we have which I believe is one of the factors which makes it possible for us to carry a public debt at an average rate of 2.5 percent. I think that is very important. I do not say it would happen, but if Congress should take those various emergency powers away from the President, such as the stabilization fund, I think there is a fair chance that we would have to pay more for money because I should find myself in the position that the owners of the money, the people who own the money would, so to speak, "have me."

Mr. WORLEY. You would just have to pay more interest?

Mr. MORGENTHAU. Yes; I think the rate would go up. That is just my belief.

Certainly the possession by the administration of the stabilization fund of 2,000,000,000 gold dollars and the power to further debase the gold dollar is a most powerful means for holding interest rates down. But not in the way Mr. Morgenthau would have us believe. If I interpret his position correctly, he means to indicate that the $2,000,000,000 he already has, and the additional $4,000,000,000 he would have if the content of the dollar were reduced to the limit allowed by the present law, could be used by him to finance a part of the deficit instead of having to borrow this amount.

In this connection it should be noted that an additional amount of about $5,000,000,000 of so-called profits is available to the Treasury through the use of the power of debasing the silver dollar. Were this power to reduce the content of the silver dollar exercised, Mr. Morgenthau would have in all about $11,000,000,000 of clippings.

If this amount were used to finance the deficit instead of resorting to borrowing, we are supposed to believe, it would so

glut the money market as to force interest rates down.

In the first place, if the administration undertook to use this political windfall to finance the deficit, it would collide head-on with its claim that it does not intend to use the powers of debasement to produce inflation. For every dollar of this windfall that is spent to pay Government costs, current or past, a dollar of inflation is produced. There is no escape from this.

It is, of course, the strangest and most anomalous position for the administration to take, to say out of one corner of its mouth, "You can trust me fully that I will not produce any inflation if you let me keep the power to debase the dollar," and out of the other corner says, "But I must have this power continued so that I can use it is a club over the heads of the people, and say to them, buy my bonds in the amount I tell you to buy and on my own terms, or I will give you a big dose of inflation."

The important cause for low interest rates is lack of demand by private industry for loans and new capital, which is dependent upon the more basic cause, the destruction of the standard unit of value and the free contract process.

Some of the other less important factors in holding interest rates at a low level are the large volume of Government loans at low interest rates arbitrarily fixed by the Government; forced bond deposits, falsely called loans, in the banking system by the Government bearing rates of interest arbitrarily fixed by the administration.

Therefore, the present low interest rate is mostly a symptom of a gravely diseased monetary process. Nor is the low rate necessarily helpful to the Government. The Treasury is now losing more in taxes because of the destruction of the free contract process than it is gaining in reduced interest rates. If the standard unit of value were restored so as to again permit the operation of the free contract process, private industry would go again and unemployment would end, which would in turn relieve the Government of the need of much deficit financing, while at the same time this would also yield more taxes.

Should anything more than the foregoing be required to convince the American people of the destructive nature of the stabilization fund and the desperate need for its prompt abolishment?

The power to further clip the coin or debase the gold dollar should forthwith be abolished.

Why is the President asking that the power which he now has to further clip the coin be continued?

It is remarkable that this request should be made at the present time, when the whole country is becoming apprehensive of the dangers of inflation, when the Federal Reserve authorities see these dangers and are asking for legislation to cope with them, and when the administration itself openly recognizes the dangers of inflation and is trying to head them off by instituting the most drastic and far-reaching measures ever adopted in this country, some of which are:

First. A tax bill to increase our annual taxes three and a half billion dollars, the largest increase in our history.

Second. A price-control agency with totalitarian powers to be found only in dictator nations.

And to avert inflation the administration has also inaugurated a program to raise a huge amount of money by selling bonds directly to the public.

At this very time, perhaps more than ever before, supreme confidence is needed in money and Government bonds. Yet here is the Secretary of the Treasury asking Congress to extend the most dangerous power to further clip the coin and destroy the future value of our currency and Government securities.

Consider the experience of some of the nations whose political authorities have had the power to clip their coin—devaluation is a term used to deceive the people and to hide from them what is really being done.

In Italy there is this power. At a single stroke, in one instance, her politicians clipped three and five-tenths billion dollars off the lira—Italian money—and thereby destroyed that much value of the currency and Government securities.

The Russian dictator has the power to clip the coin. In one instance he clipped more than $9,000,000,000 off the ruble—Russian money—and thereby destroyed that much value of the currency and Government securities.

The political authority of France had the power to clip the franc (French money). Three times it used this power. During the World War the franc was worth nearly 20 cents. By 1938 the French politicians had it clipped down to where it was worth less than 3 cents. That meant a bond which was worth about $20 during the World War was worth, in 1938, about $3. The peasants of France who had given freely of their savings for Government bonds lost by these clippings about $17 on every $20 worth of bonds they purchased. The United States Government authorities condoned and actually promoted the French clipping of the coin in 1938. (See Washington Evening Star, May 5, 1938, and Washington Herald, May 5, 1938, as previously quoted.)

Is it right that the American middle and working classes should be subjected to even the possibility of such treatment?

The testimony given in support of this bill by Mr. Morgenthau, Secretary of the Treasury, and by Mr. Bell, Under Secretary of the Treasury, as shown in the hearings, should in itself be sufficient to convince any unbiased person of the need of refusing the request for a continuation of this power. Neither of these gentlemen gave the slightest reason for its continuation. Both made out the most damaging case against its continuation.

On page 5 of the hearings, Mr. Morgenthau says:

> There have been persistent critics who said that the President's power to devalue the gold content of the dollar would be used to bring about inflation. There is no basis for believing that we are going to have inflation in this country because the President possesses this emergency power. I am sure the President will be as zealous as Congress in taking the steps to prevent inflation.

Now, the reduction of the content of the gold dollar by 40 percent is the same thing as raising the paper currency price of gold 69 percent, or of raising the paper currency price of gold from $20.67 an ounce to $35 an ounce.

Since the increase in the price of gold is predicated on the clipping of the gold coin, any use which the President makes of his power to purchase gold at the increased price necessarily involves to the same degree the use of the power to clip the coin.

In other words, the purchasing of gold at a premium is merely the active process which puts into effect the coin-clipping decree of the President of January 31, 1934. Therefore, the use of the power to purchase gold at a premium is the use of the power to clip the coin.

Already, as previously stated, the gold-purchase program of the coin-clipping process has created in the banking system $14,000,000,000 of fiat credit; that is, inflation.

Therefore, the power to give effect to clip the coin has been used to bring about inflation, and in an amount many times greater than our banking system had ever experienced before. What is more, this power is being used now. Through its daily operation a constant stream of additional inflation is being pumped into the banking system.

To the extent that the content of the gold dollar is further reduced, additional inflation will be pumped into the banking system through further gold purchases.

It is, I think, advisable at this point to again call attention to the fact that there is no warrant in law for the payment with fiat currency by the Treasury for the gold it purchases, of finagling the cost of the gold to the bank depositors, and creating a dollar of inflation in the banking system for every dollar's worth of gold purchased.

The gold-purchase provision in the Gold Reserve Act of 1934 nowhere provides that the Treasury may print paper currency to pay for any gold. Section 8 of the act specifically provides that the gold purchased by the Treasury shall be paid for—

> with any direct obligations, coin, or currency of the United States, authorized by law, or with any funds in the Treasury not otherwise appropriated.

By no stretch of the imagination is it possible to read into this provision fiat currency or fiat payment of any kind. I believe the purchase of this great, useless, and menacing hoard of gold, and the payment therefor with fiat currency in direct and flagrant violation of the statutes, and finagling the actual cost to the bank depositors of the United States, is one of the worst breaches of public trust of which the world has any record.

Yet, in view of the glaring fact that the President has already produced the enormous amount of $14,000,000,000 inflation by the use of the power to clip the coin,

and that he is using this power now to produce more inflation, Mr. Morgenthau, Secretary of the Treasury, makes this unbelievably astounding statement:

There is no basis for believing that we are going to have inflation in this country because the President possesses this emergency power.

With this picture of debasement and inflation before us, with a rapidly mounting public debt that is already well out of control, and the Treasury becoming increasingly hard pressed for funds, should it be expected or believed that the President will not, and in due time, use the power to further clip the coin, if he is permitted to retain it?

Obviously—

Mr. Morgenthau says in the hearings on this bill—

the administration has no present intent whatsoever to devalue the gold content of the dollar.

Obviously, I would say, if the power to clip the coin down to half of its original value is continued, it will be almost certainly used in the future.

The truth is that unless the nature of the Government's monetary and financing policies are, in the very near future, radically altered, repudiation by some means or other will be inevitable. In that event, the administration in power, regardless of party label, will most likely pursue the course of least effort and minimum loss of political prestige and resort to debasement to cancel out the public debt.

The political authorities of Italy, France, Russia, and other states have, in recent years, taken this tempting course to repudiate their public debts.

In this connection it should be pointed out that the administration has already used the power of debasement to repudiate $675,000,000 of the public debt. This was done by using a part of the clippings from the 40 percent debasement that it has already produced.

So that our political rulers have already "stolen the first apple." Would it not be a miracle if they should voluntarily resist the temptation to use the mountain of gold now in their possession to steal the remainder of our apples?

But the shepherds know how hot the midday sun shall glow from the mist of morning sky.

Some students of our diseased money and finances assume it would be necessary to enact additional legislation to give the President the power that would be required to clip the coin sufficiently to wipe the debt out completely. The law now in operation, and which he is asking to have continued, permits him to debase only to the extent where no more than about $4,000,000,000 of clippings from the gold dollar and about $5,000,000,000 from the silver dollar will result. This, of course, would be but a drop in the bucket.

To provide enough political windfall to repudiate all of the present and assumed Federal debt would require sufficient debasement to produce a total gold stock of no less than $90,000,000,000 instead of the twenty-two and five-tenths billions which our political rulers now have. The present pygmy gold dollar, containing only 13.71 grains of gold, would have to at least be quartered and made into midget gold dollars containing only about 3.5 grains of gold.

I do not believe new legislation would be required. I think the President can, with the power which he has under section 8 of the Gold Reserve Act to raise the price of gold to any figure he may determine, achieve precisely the same thing as he could with an amendment that would give him specific authority to reduce, without limit, the content of the gold dollar.

Section 8 reads in part as follows:

With the approval of the President, the Secretary of the Treasury may purchase gold, in such amounts, at home or abroad. * * * at such rates and upon such terms and conditions as he may deem most advantageous to the public interest; any provision of law relating to the maintenance of parity * * * to the contrary notwithstanding.

Certainly if we consider the common practice of our political rulers in circumventing and twisting the laws to suit their fancies and to serve their own political fortunes, especially with respect to their handling of the gold transactions, I know of nothing in any law that would prevent the President from using his powers under section 8 of the Gold Reserve Act to repudiate a part or all of the Federal debt.

Would this require anything more than to raise the price of gold and change in the figures in the books of the Treasury?

The following colloquy between the gentleman from Idaho, Congressman WHITE, and Under Secretary of the Treasury, Mr. Bell, as given on page 12 of the hearings on this bill, should be most helpful in answering this question.

Mr. WHITE. In the event of that proceeding (reduction of the content of the gold dollar from its present weight of 13.71 grains to 11.61 grains), what happens to our gold certificates held in the Federal Reserve Banks? * * * How by a stroke of the pen can this $4,000,000,000 by devaluing the dollar be added when certificates are out against the dollar?

Mr. BELL. As I look at it, title in the gold is in the United States Government. If gold were devalued, the profit out of the devaluation would go to the Government and the Federal Reserve banks would be paid in dollars available at that time for the face amount of the certificates they hold.

Mr. WHITE. * * * I am just wondering, with those gold certificates out, and you say by a stroke of the pen that Mr. Morgenthau could increase the Treasury to the tune of $4,000,000,000, just how that can be done with all this gold obligated to the Federal Reserve in the form of gold certificates. I cannot understand, unless we went through the mechanics of acquiring title to those certificates and reissued them.

Mr. BELL. A gold certificate calls for $100 in gold. It would just call for $100 of the new value; that is all. It calls for $100 in gold at the new value.

Mr. WHITE. Then the gold certificates handled by the Federal Reserve are a very insecure thing if it is just on the value which is determined to a large degree by the President with the power to devaluate gold.

Mr. BELL. They can change the books, could they not?

Mr. WHITE. They could not change their books but it would change the security.

Mr. BELL. They would still have $17,000,000,000 of gold certificates in their possession (about this amount of gold certificates Mr. White had previously stated was held by the Board of Governors of the Federal Reserve).

They could change the books, indeed.

So this is the security back of the dollar—the simple matter of bookkeeping.

By means of Treasury bookkeeping the number of dollars can be increased at the whim and caprice of the President.

But everybody is secure in the possession of his dollars, because no matter how many times the President might halve or quarter the dollar, that you and I possess, or have contracted for, we are always left with the same number of dollars as we had before they were halved or quartered.

The dollars we have invested in life insurance, in social security, in savings accounts, Government bonds, and so forth, are all perfectly secure, because dollars will still be dollars, though each dollar might be cut into two or four at every full moon. Just a change in the books does the trick.

According to Mr. Bell's proposition it was the same ruble and nobody was cheated after the Bolsheviks halved, quartered, and made it into mincemeat, so that in 1920 it took 1,700 rubles to buy the same amount of the necessaries of life as 1 ruble bought in 1917. Though the people in Soviet Russia starved by the millions it was still the same ruble because the Communist rulers could change their books.

Mr. Bell would have us believe the Italian lira, which has been more than quartered—as valued against our own debased coin—since the World War is the same lira that it was before that war; that values and property were kept secure by just "changing their books," though all industry and property in Italy was communized to a great extent.

According to Mr. Bell's formula, the clipping of the French franc from about 20 cents to less than 3 cents still left the French people with the same franc, notwithstanding that after the debasement it took more than six francs to purchase the same amount of the necessaries of life than were required to buy them before the debasement. By some mysterious act in "changing their books" it was the same franc when it had been cut to less than 3 cents, as it was before its value was tampered with. It was the same franc, though a bond for which the faithful peasants had paid $20 finally fetched less than $3, because "they could change their books."

If Mr. Bell is correct, then no one in Germany was hurt when her political rulers had clipped the mark to a trillionth part of its original content. Although it took a basketful of paper marks to buy a loaf of bread where before 1 mark would buy several loaves, it was still the same mark. Nobody lost, and everybody was secured, because "they can change their books" in Germany, too.

It is highly important that we examine somewhat in detail Mr. Bell's magic formula, for it is the heart and core of every monetary fallacy of the past, and it is precisely the same devise that every corrupt government which has tinkered

with its money has used to secretly tax its people.

At the present time the gold dollar is defined in the law as being 13.71 grains of gold.

At present, according to law, every silver dollar, and every kind of paper dollar, including the gold-certificate dollar, is supposed to have a value equal to the value of 13.71 grains of fine gold. Note I did not say has this value, but is supposed to have it.

Mr. White says a $100 gold certificate "calls" for $100 in gold when the legal content of the gold dollar is 13.71 fine grains of gold. He says the same $100 gold certificate will still "call" for $100 in gold should the legal content of the gold dollar be reduced to 11.61 fine grains of gold.

There is no question that Mr. Bell wants us to believe that the $100 gold certicate would be the same in value should the content of the gold dollar be reduced to 11.61 grains as it now is when the gold content is 13.71 grains.

What Mr. Bell really asks us to believe is that 11.61 fine grains of gold are equal in value to 13.71 fine grains of gold; that 11.61 grains of gold will do the same amount and kind of money work as 13.71 grains. He asks us to believe this because of some kind of change the Secretary of the Treasury can make in the Treasury's books.

How is it possible to otherwise construe his testimony than that he is asking us to believe this astounding proposition?

Referring again to the $17,000,000,000 of gold certificates which Mr. White had stated the Federal Reserve banks hold, note carefully again in this connection Mr. Bell's statement:

> Mr. WHITE. Then the gold certificates handled by the Federal Reserve are a very insecure thing if it is just on the value which is determined to a large degree by the President with the power to devaluate gold.
>
> Mr. BELL. They can change their books, could they not?
>
> Mr. WHITE. They could not change their books but it would change the security.
>
> Mr. BELL. They would still have $17,000,000,000 of gold certificates.

Excelsior! Excelsior! Then why wait? Why not cut the content of the gold dollar down to, say, about 3.5 grains? This would produce $90,000,000,000. Gold so-called liabilities twenty-three billion, leaving sixty-seven billions of political windfall, enough to pay off the present direct public debt as given on the Treasury books and twenty billions for additional obligations.

But why bother with a little political windfall of sixty-seven billions when it is just as easy and just as honest to get twice that amount and have one hundred and thirty-four billions, or 6 times that amount and have four hundred billions, or 25 times that amount and have more than a trillion? The fact that these last dollars would become microscopic in size would not need to bother us, because gold dollars have now become imaginary things anyway, wholly imperceptible to the senses. According to Mr. Bell, a gold dollar is something created on the books of the Treasury by some occult process of the hand and brain and which can be divided and subdivided any number of times, and each subdivided part always retain the same quality and perform precisely the same amount of work as the very first lump of gold before any division whatsoever was made.

If there is a trick in Treasury bookkeeping, that can clip the coin a little but without lowering the purchasing power of the domestic dollar, without lowering any values, then with that same trick it ought also to be possible to clip and clip the coin in a never-ending clipping process and always maintain the same security and values.

Carried to this stage, of course, the fallacy of the proposition becomes evident and ridiculous on its face.

But why? Upon what ground could the Secretary of the Treasury say this is fantastic and impracticable? On ground of principle? Surely he would not wish to be understood as advocating his formula on any other premise. The Secretary of the Treasury, fiscal agent of the United States Government, would not wish to defend his formula for giving potency to the hoard of stored gold by diluting and attenuating it with a little sleight-of-hand performance in "changing the books."

If it is a principle that some peculiar change can be made on the books of the Treasury that will reduce the legal weight of the gold dollar by 2.1 grains, and at the same time keep the purchasing power of the domestic dollar and values in general at the same level as before the reduction, it should be possible to use the same formula for changing the Treasury books to maintain the same level of purchasing power and values if the content of the gold dollar were reduced by 3 grains, 5 grains, 10 grains, to one-tenth grain, or to any fractional part thereof.

Of course, Mr. Morgenthau would not claim for his Treasury bookkeeping formula any such extreme application as this—for the simple reason that it is not based on any principle, or on anything remotely related to principle. This being true his formula is no more applicable where the content of the gold dollar is reduced by 1 grain than if it were reduced to one-millionth part of a grain.

In other words, Mr. Morgenthau and Mr. Bell have no trick by which they can change the books of the Treasury so as to debase the gold dollar in any amount and at the same time maintain the purchasing power of the dollar and all values at their former level.

Of course, there is a trick in this so-called devaluation scheme. It is, however, not a new trick. It is as old as coinage itself, and perhaps older. It is the trick that has been played by dishonest and corrupt rulers and governments since barter has been replaced by the exchange of commodities through the use of money. That trick is to lay a secret and deeply hidden tax on the great masses of people. Being afraid to tax the people outright, the political rulers in some devious way clip our coins. Then they give these clippings back to us either in payment of present purchases of our goods, services, and labor, or to pay off bonds we previously purchased from them.

As heretofore pointed out, the Treasury has already used $675,000,000 of clippings to pay off bonds.

Now, what has the whole gold and monetary policy of this administration done to our Nation? What has been its effect upon our economy?

It has destroyed our standard unit of value. Nothing that their political rulers could visit upon them could be more fatal to the happiness and welfare of any people.

It has destroyed the free and voluntary contract process and replaced it with political coercion and regimentation. The objective evidence of this is manifest everywhere. We see it in the moribund condition of new long-term contracts and the new capital market. Long-term private contracts in the last 10 or 11 years have averaged annually less than 20 percent of what they were in the 10 preceding years.

We see it in the huge volume of idle funds in the banking system, the like of which our country never before experienced. It should be noted, however, that the vast bulk of the idle funds in the banking system does not represent real savings or material assets, but represents the inflation created by the gold-buying policy.

The destruction of the free-contract process is even more manifest in the deterioration of old capital, capital already invested in industry. The National Industrial Conference Board shows there was a shrinkage in net capital in manufactuing industry of about $14,000,000,000 during the period from 1929 to 1937.

We see it in the wholesale taking over of private industry by our political rulers. We see it in the rapidly progressive regimentation of all groups—business, labor, and agriculture.

The free contract process is the wellspring of human and property rights. It is the source of the highest wages for labor and the fullest employment. It is man's basic protection to keep what he produces and to maintain the most equitable distribution of wealth. It is through and by means of this process that man's higher value sense is developed. The free contract process is the foundation of human liberty and civilization itself.

The gold policy of this administration, having destroyed the free-contract process, has ipso facto destroyed all these great sources of human achievement and happiness.

The debasement of money, in whatever form, always involves the destruction of the free-contract process. All the great thinkers of the world who have given consideration to this important subject have recognized this and the vital role the free-contract process has played in the development of the individual and civilization.

All of them have recognized the evil effects which debasement has had upon the lives of men—the destruction of productive industry, the oppression and tyranny, and the deterioration of the morals of the people. But, more particularly, all of them have recognized that the evil effects of debasement fall

more cruelly upon the poorer and more industrious classes, that they press less seriously upon the rich, and that they always inure to the benefit of the more dishonest and cunning of the race.

Said the great Mr. Horner in the House of Commons in his famous speech on the need of his country returning to specie payment, or the free circulation of gold:

With respect to the word "coin," what is it? Does it make any difference as to the standard? The coin is the King's assurance to his subjects that their property shall be protected, that the coin shall be of that fineness and weight necessary to give to all in their dealings an equal security and an equal participation of justice.

The bullion report of the select committee of the House of Commons, which I regard as the most profound study ever made of money, and which I think is so regarded generally by students of money, in referring to the evil effect of the debasement which was then afflicting England, says:

By far the most important portion of this effect it appears to your committee to be that which is communicated to the wages of common country labor, the rate of which, it is well known, adapts itself more slowly to the changes which happen in the value of money than the price of any other species of labor or commodity.

Pelatiah Webster, who, as I recall, was a merchant in Philadelphia during colonial days, and who experienced the evil effects of debasement, which was in the form of inconvertible paper currency known as bills of credit, had this to say of it:

We have suffered more from this cause than from every other cause or calamity. It has killed more men, pervaded and corrupted the choicest interests of our country more, and done more injustice than even the arms and artifices of our enemy.

Daniel Webster was no more sparing in his condemnation of debasement. Said he:

A disordered currency is one of the greatest political evils. It undermines the virtues necessary for the support of the social system and encourages propensities destructive to its happiness. It wars against industry, frugality, and economy, and it fosters the evil spirits of extravagance and speculation. Of all the contrivances for cheating the laboring classes of mankind, none has been more effectual than that which deludes them with paper money. This is the most effectual of inventions to fertilize the rich man's field by the sweat of the poor man's brow. Ordinary tyranny, oppression, excessive taxation, these bear lightly on the happiness of the mass of the community, compared with fraudulent currencies and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough, of the demoralizing tendency, the injustice, and the intolerable oppression on the virtuous and well disposed, of a degraded paper currency, authorized by law, or any way countenanced by government.

President Cleveland, who by his brilliant and noble leadership in repealing the Silver Purchase Act, which caused a serious debasement of the money, in his message to Congress urging its repeal said:

There is one important aspect of the subject which especially should never be overlooked. At times like the present, when the evils of unsound finance threaten us, the speculator may anticipate a harvest gathered from the misfortune of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuations of values; but the wage earner—the first to be injured by a depreciated currency and the last to receive the benefit of its correction—is practically defenseless. He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortunes of others, nor hoard his labor.

In referring to previous debasements of the coin, the Earl of Lauderdale said, in a speech during the debate on resumption in 1811:

Every such instance of reduction was a fraud on the people; and it was remarkable in looking back to those periods, when such deteriorations were established, that they were uniform periods of discontent and turbulence.

Said Joseph Harris, one of the great money prophets, in his Essay Upon Money and Coins:

The measures in a kingdom ought to be constant: It is the justice and honor of the King; for if they be altered, all men at that instance are deceived in their precedent contracts, either for lands or money, and the King most of all; for no man knoweth then, either what he hath, or what he oweth.

Then, referring to an attempt which had been made by some in Queen Elizabeth's time to debase the coin, Harris said further:

This made Lord Treasurer Burleigh, in 1573, when some projectors had set on foot a matter of this nature, to tell them that they were worthy to suffer death, for attempting to put so great a dishonor on the Queen, and detriment and discontent upon the people. For, to alter this public measure is to leave all the markets of the kingdom unfurnished.

Queen Elizabeth, in considering the reforming of the debased coin of England, referred to it as "Conquering all that monster."

On the monument of that illustrious Queen are inscribed these prophetic words:

Moneta in justum valorem reducta.
Money restored to its just value.

Mr. COCHRAN. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, it would take a lot more than 10 minutes to try to make this matter really clear, especially in view of some of the things that have been said.

In the first place, I wish to say that inflation does not take place just because an expansion of the money supply of the country takes place. You might have a very marked expansion of the money supply of a nation and, if the production of wealth of that nation were expanding as fast as that in proportion, you would get no inflation at all. The sign of inflation is when you begin to get a sharp rise in the general over-all price level. Let us nail that down first.

In the second place, it ought to be made plain that the stabilization fund is not used to purchase gold, that what the stabilization fund resulted from was the profit that accrued to the American people from the first and original devaluation of the gold content of the dollar, a measure which at the time met with universal approval and which certainly added to the general over-all economic health of the United States.

Another thing I wish to say is that I, for one, am going to be against—I am against it now and I am going to keep on being against it—seeing this country at any point in the procedure pay the kind of rates of interest that had to be paid on some of the Liberty loans during the World War. I know, and so does every other thoughtful gentleman in this House, that some of the monetary powers that have been vested in the President are an effective means of preventing the financial interests of this country from causing a sufficient restriction of available credit to compel those rates of interest to rise. When we view the matter from the standpoint of the general well-being of the American Nation as a whole, it seems to me the case is very clear and plain as to where the national interest lies. Of course, at this very present moment, the Federal Reserve Board has the power to go into the open market and purchase with the national credit which it has been empowered to use, any amount of Government obligations that it wants to.

If you want to know what the real possibility of inflation is in this country, I could tell you in a few words. It is the possibility of an inflation of private bank credit on the basis of fractional reserves. If you want to control it, it is very simple to see how that can be done. It has to be done by means of a real program of dollar-for-dollar reserves behind those deposits.

A number of gentlemen have gotten up here and opposed this bill on the ground that Congress ought to retain its constitutional powers and that by passing this bill we give to the President certain powers that belong to the Congress. As a matter of fact, I think that is true, but the gentlemen who make that argument have no more intention of having Congress exercise these powers than they have of making an alliance with the Eskimos.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. Yes. May I say that I am the first gentleman who has spoken on this bill, so far as I know, who has yet yielded.

Mr. AUGUST H. ANDRESEN. I am very glad that the gentleman has yielded, but I believe the gentleman is very unkind in his remarks in impugning the motives of the Members who want to have this power returned to the Congress so that Congress can legislate.

Mr. VOORHIS of California. If I appeared to impugn the motives of any gentleman, I am very sorry and I apologize, because that was not my intention at all.

Mr. AUGUST H. ANDRESEN. I thank the gentleman.

Mr. VOORHIS of California. Perhaps I might have meant to question their understanding of the situation a little bit.

Mr. DEWEY. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I should like to make my point clear, then maybe it will not be so necessary.

What I want to make clear is this: If these powers are taken away from the President and not renewed, we have presently no machinery in the hands of Congress or in the hands of any agency of Congress whereby an effective control over any of these matters can be exercised. We could, it is true, set up such a control; and we could, it is true, set up such a monetary agency of the Congress; and I should like to see that done, but we do not have that under consideration today and until we do, my position is that I vastly prefer to see the power over the gold content of the dollar or any other similar power in the hands of the President of the United States, who at least represents the people of the Nation, rather than to see the power go back into the mercy of the manipulation of private and, in many cases, international banking houses, which is precisely where it would go if you take this power away from the Government official.

Now I yield to the gentleman from Illinois.

Mr. DEWEY. May I ask the gentleman if he does not believe that the Congress of the United States also represents the people, and, also, if the writing up of assets, gold, is not liable to raise interest rates? It always has, if you cheapened the currency.

Mr. VOORHIS of California. Is not the gentleman asking me two questions? My answer to the first one is that I believe the Constitution charges Congress with the responsibility of coining money and regulating its value. I should like to see Congress exercise that power, but Congress is not exercising it. Until it takes the steps I have outlined briefly, it will not be exercising that power. As long as Congress does not propose to do that job, I would rather have the President do it than have it in the hands of private financial institutions.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. MASON. I just want to know when it was in the gentleman's opinion that the Congress really relinquished its power over the coining and the valuing of money.

Mr. VOORHIS of California. I think it has been on three major occasions in our history. The first time when Congress set up the so-called United States Bank that Alexander Hamilton had chartered, and the second time it did it was when it passed the National Bank Act of 1863, which empowered the national banks to create banknote money on the basis of Government bonds, thus enabling them to literally buy the interest-bearing debt of the Nation with the Nation's power to create money. The third time Congress did it was when it passed the Federal Reserve Act and gave to the privately owned central Federal Reserve banks the power to create money and left in the hands of all private banks the power to create bank credit, which is a substitute for money, on the basis of fractional reserves.

Now, we have in this legislation and in certain other types of legislation a very partial recognition of the fact that the sovereign people of a great nation have a right and a duty and an economic responsibility to be the agency that controls their money. I want to preserve that right just as much as I can. I think that to take away those powers from the President now would be decidedly a step in a backward direction rather than forward.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Missouri.

Mr. COCHRAN. I have just at this moment read a letter, dated in April 1939, signed by Mr. Edward A. O'Neal, president of the American Farm Bureau Federation, where he used almost identically the same words that the gentleman just used in reference to taking this power away from the President at that time, and this period is more critical than it was then.

Mr. VOORHIS of California. It is, and I hope to get to that before I get through, and now I would like to ask to be permitted to proceed for a few moments without interruption.

Throughout the years the most inexcusable economic power that has ever been exercised by private individuals has been the power of the international bankers to purchase and sell gold and to ship that gold from country to country where the currency of those various countries was directly dependent upon, and in many cases redeemable in, gold, thus either expanding or contracting the monetary bases of those countries, depreciating or appreciating the value of their currency and making millions of dollars of profit out of such transactions to the economic loss of the people of the nations.

No one knows what the situation might have been in the United States if those powers had not been in the hands of some agent of the Government. As long as the money of any nation bears any relationship whatsoever to gold, there will be this danger, and therefore my belief is that never should the money of the United States be made redeemable in gold.

But gold is important in the settlement of international balances, and unless you are going to go to the barter system, it is going to continue to be useful in the settlement of international balances.

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. VOORHIS of California. After all, when we come right down to it, the real reason why so much gold has come into the United States is one and a very simple reason, and Congress is largely responsible for the situation. It is because we have insisted upon exporting more than we wanted to import. I am not going into the question of whether that has been a good or a bad policy, but I do say that the imports of gold have represented the excess of exports over imports to a very large degree. The question is whether you want to start importing more than you export or whether you want to loan money or give more money to the British to assist them, as our policy indicates we want to do, or whether you want to continue to buy gold. Unless we do one of these three things aid to England is impossible and so are any American exports.

I could make a criticism of considerable force here on what we ought to do with this metal once we get it into the country, and I would say that I believe if you are going to spend what really is the substance of America—that is, the production of America—to pay for this gold, once you get it here you ought to use it as a base for Government credit instead of using interest-bearing bonds for that purpose, but I am not going into that today.

So this whole matter has to do with whether you want the control of the international exchange value of the American dollar under the control of a Government official, like the President of the United States, or whether you want it to be subject to the manipulation of private financial interests. That they will speculate in dollars the minute they believe it is opportune to do so goes without saying. To refuse a continuance of these powers means, in effect, to freeze the gold content of the dollar where it is, and once that has been done every nation in the world will know that by depreciating its currency it can put the American producers in the position of paying their cost of production in money of greater value in international exchange, that is, than foreign currency. Clearly such action would put the producers in foreign countries in a favorable position not only in the world market but in the American market itself. Should this war come to a close, there is every chance that real devaluation of currencies will take place in many parts of the world, and any person interested in the welfare of American farmers or hopeful that our trade can be revived will not want our people to be caught where they have no protection against such a situation.

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. Yes.

Mr. WILLIAM T. PHEIFFER. I would like to know whether it is the gentleman's idea, in following out his line of reasoning, with regard to the hazard of removing these powers from the hands of the President and leaving it to the manipulation of speculators, that the gentleman means to imply by that, that that great grant of power should remain permanently vested in the President and taken away from the Congress.

Mr. VOORHIS of California. I think I made myself clear in the beginning of my speech. Was the gentleman present then?

Mr. WILLIAM T. PHEIFFER. I was.

Mr. VOORHIS of California. Then I shall say it again. My belief is that this Congress should consider a piece of over-all legislation which would set up as an agent of the Congress operating under direct mandate of the Congress, a monetary agency charged with all of

these powers, concentrated in the hands of that agency, and exercising exclusively the right to create money. That is my position, and I would hope that very many of the advocates of the present bill would support such a proposition. But I am by no means convinced that they would. I have been appealing for such legislation regularly ever since I came here.

Mr. WILLIAM T. PHEIFFER. Then do I understand that the gentleman favors the present bill?

Mr. VOORHIS of California. My position is that this bill is vastly better than what would otherwise result in financial chaos. In other words, it is vastly better, if I cannot get all I want, to at least have an official responsible to the American people exercise these powers, rather than leave the power of manipulation in the hands of private financiers.

If gold is to be used at all and undoubtedly it will be to settle international balances, then the only way in which our domestic currency can be protected against international gold manipulation is by control over that gold to be exercised by a representative of the people, responsible to them and I would add to have ownership of it vest absolutely in the people as a whole.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield for a suggestion?

Mr. VOORHIS of California. I yield to the gentleman, my good colleague from California.

Mr. THOMAS F. FORD. Is not the stabilization fund, brought down to brass tacks, just a shotgun in the corner?

Mr. VOORHIS of California. I think most of these things are that; yes.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. COCHRAN. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. VOORHIS of California. I hope I shall not use all of that time. I want to make a couple of observations about some things that have been said concerning the purchase of gold. First of all let me say this: We hear a great deal about the downfall of France. I do not know how many Members of the House realize the fact that the Bank of France was controlled by a board of directors, one-third of whom had to do with the Government of France, and the other two-thirds being private individuals. The Bank of France was responsible and was in a position to be responsible for refusing credit to the nation, and indeed, when the Prime Minister of France at that time, Mr. Blum, against whom so many charges have been made, proposed a sharp increase in the national-defense budget in 1936, I believe what happened was a vast export of gold out of France so that it was not possible to get that bill through.

I do not want our United States left in a position like that. That is another reason why I am in favor of this bill.

When the Treasury makes gold purchases, as a matter of fact, when that gold comes into the country it comes into some bank some place. According to law, it must be delivered to the Treasury. The Treasury takes the gold, pays for the gold with a check on its balance with the Federal Reserve bank of the district in question, then replenishes its account with that Federal Reserve bank by delivering to that Federal Reserve bank gold certificates. In my view, such payments should be made in United States currency and not in gold certificates, for I believe that gold ought to actually be in the hands of the American people. If that were true, I think we would be in a clearer position and would understand the whole thing better. But what we are paying for the gold, as I have pointed out already, is not the bank deposits of America, but America's power to produce wealth which we send out of the country in greater quantity than we import. As long as we want to do that you will have a situation where gold will flow into the United States. If you want to change that, you might as well understand that, in the long run, the only way we can do it is by importing more than we export.

I could make a long speech about how that might be made possible and still economically desirable for the American people, but I shall not do it.

I close by saying that, as I have already suggested, I think we could vastly improve the use to which we put these metals once we have acquired them. I think they belong to the American people. I think they should be used as a base for Government credit instead of interest-bearing bonds. I think we need to think thoroughly about some of these matters. As a matter of fact, today we have $3,781,000,000 of entirely free silver seigniorage and gold in the Treasury which can be used for any of these purposes, if necessary. It is a good idea that the American people find themselves in as independent a position as they do with regard to dependence upon private manufacturers of credit. I would wish they were in a still more independent position, but I am going to vote for this bill because I certainly do not want them to be in a more dependent position than they are now. This is no time to remove these powers. It will be no time, especially should this war come to a close, for at that time the welfare of any American producer who has anything to do with foreign trade is going to depend on our Nation being in a position to protect its currency against the devaluation of other foreign currencies. To my mind, these powers should not only be kept in the hands of a governmental official but I hope that one of these days, when the time is ripe, some of them will be used in a constructive fashion to be sure that our agricultural price level, for example, goes up to where it belongs. [Applause.]

[Here the gavel fell.]

Mr. REED of Illinois. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. SCOTT].

Mr. SCOTT. Mr. Chairman, with reference first to the extension of powers dealing with the stabilization fund, I heard no reason advanced by the Treasury Department for the continuance of these powers other than the statement that the fund constitutes a so-called reserve against the time when the Secretary of the Treasury may be unable to borrow money, except at what the Secretary called "exorbitant interest rates."

The Treasury argument, being based upon fears of possibly higher interest rates in the future, must rest upon the assumption that the holders of money, big and little, will at some point in the future cease to have as much confidence in the credit of their Government; at which point "the shotgun in the corner" can be used on unwilling lenders. More than that, the Treasury presupposes that a very low interest rate is altogether good. There are two sides to that question, however, as the Federal Reserve Bulletin for January 1941 points out:

> Interest rates have fallen to unprecedentedly low levels. Some of them are well below the reasonable requirements of an easy-money policy, and are raising serious, long-term problems for the future well-being of our charitable and educational institutions, for the holders of insurance policies and savings-bank accounts, and for the national economy as a whole.

The argument in favor of the continuance of the stabilization fund was stated to the committee in most general terms. No more than 10 percent of the stabilization fund has ever been actually used. No use was projected for the remainder except as a threat with which to get interest rates down. Therefore, while it appears that the power to use the remainder of the fund will probably never be resorted to, the Treasury asserts that it may be needed at some time in the unforeseeable future. This is, of course, only an argument for indefinite continuance of the power; for final abrogation of the constitutional power of the Congress to regulate the value of money.

None of the money in the stabilization fund is drawing interest. The Secretary of the Treasury, using an average interest rate of 2.5 percent, admitted in the hearings before the committee that the use of that part of the fund lying dormant, namely, $1,800,000,000, would yield between forty and fifty milion dollars annually. The Government can save about $45,000,000 annually by reducing the stabilization fund to the $200,000,000 actually used by the Treasury; and this would be increased if the interest rate were to go higher. The Treasury Department says, "Give us the power and trust us not to use it unless some change in the world situation compels us to do so." But it is well known that Congress is likely to remain in continuous session during the period of emergency, and the Congress can surely be trusted promptly to vest in the Secretary of the Treasury necessary controls to protect it from having to pay excessive rates for the use of money. As so well stated by the secretary of the Economists' National Committee on Monetary Policy:

> It is most important for Congress and the public to understand that if Congress were exercising this power, and if the question of further devaluation arose, there would be debate and at least some deliberation in which the public could participate, as a consequence of which there should be better informed opinion regarding the various considerations involved.
>
> As matters stand today, the President can act when, as, and if, he pleases, and his reasons may be good, bad, or indifferent. There need be no reasons, no deliberations, no understanding of the possible and prob-

able consequences of his act. This is not a characteristic of careful and responsible government.

Why should we not save these $45,000,000 annually on a fund which has lain dormant since 1934, and which the Treasury disavows any present intention to use hereafter?

In other words, we are asked to trust the Treasury and lose $45,000,000 a year; why can we not trust the Congress, where the administration has a large majority to work its will, to provide the controls which would be needed and save the $45,000,000 a year during the period when the controls are not needed? We throw away annually more than it would cost us to build a battleship as big as the *Hood* or the *Washington;* more than it would cost us to build two large army cantonments, even when construction costs are tripled over the original estimates.

Already, taking Mr. Morgenthau's average interest rate of 2½ percent, we have lost, in earnings on this fund, the colossal sum of $337,500,000, more than a third of a billion dollars. At this rate we have thrown away enough for eight capital ships in the last 7½ years. Are we going to sink in the same fashion two more battleships in the next 2 years?

Can we afford such lavish catering simply because the Secretary of the Treasury might some day find use for a power which he has not used for nearly 8 years, and which unanimous opinion of the country's leading experts, both in and out of the Federal Reserve System, hold should not be used at all?

The continuance of the stabilization fund deprives us of money with which to build our sorely needed weapons for defense. But the other power contained in H. R. 4646, the power to devalue the dollar, subsidizes our enemies and sometimes more than neutralizes aid to our friends.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I am sorry; I cannot yield at this point.

We belatedly discover that China is a democracy, and we lend her $50,000,000 to support her currency, but since 1936 we have given Japan a profit of $240,000,000 on gold purchases from her in excess of $700,000,000. It is well known that Japan has used this profit to buy gasoline, fuel oil, and other materials with which to wage war against the Chinese, who can hardly be expected to understand or to appreciate this kind of American dollar diplomacy. Who are we helping, anyway? We are worse than the "fillyloo" bird, which flies with its beak underneath its wing; who does not care where he is going, but who likes to know where he has been. We do not seem to care where we are going, as we toss forty-five millions a year down the rat hole; but we are not even interested in where we have been, when we were tossing away over a third of a billion dollars over the last 7½ years.

Who advised the Treasury that these powers any longer serve a useful purpose? These advisers could not have been the most responsible monetary officials of the Nation—the men who manage and control our great Federal Reserve System—because on January 1 of this year all 26 of those officials issued an unprecedented joint report to Congress explicitly recommending that the Congress should not renew the power previously given to the President to devalue the dollar. The report says, and I quote:

> In view of the completely changed international situation during the past year, the power further to devalue the dollar in terms of gold is no longer necessary or desirable and should be permitted to lapse.

The same advice has repeatedly been given to Congress by the Economists National Committee on Monetary Policy, a group of 81 outstanding monetary specialists.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield.

Mr. AUGUST H. ANDRESEN. Japan has not only used this dollar exchange to fight its war against China, but it has also used it to build up a huge fleet which now threatens our very doors and which compels us to arm to defend ourselves from that source.

Mr. SCOTT. The gentleman is quite right, and I thank him for his contribution.

A vote for the dollar devaluation powers contained in this bill is a vote to put in the hands of the Treasury the power, and to subject it to the temptation to embark upon a policy of inflation as an easy means of financing the defense program. When inflation comes, with its train of public ills and private woes, the people whose life-insurance policies and savings have been lost will want to know how the inflation began, what led up to it, and whose votes made it possible. There will be explaining to do, and political heads will roll.

On the other hand, what benefits will result if the bill is amended as recommended in the minority report?

First, by prohibiting purchases of foreign gold at more than $35 an ounce, further inflation of the currency is prevented; a return is then possible to specie payments, that is to say, to the full conversion standard which permits convertibility of all currency into gold, or vice versa, at the option of the holder.

Second, as to the proposed limitation of the stabilization fund to the highest amount actually used by the Treasury Department, that is $200,000,000, the Treasury said that amount was sufficient for all such operations the Treasury was contemplating.

Last summer's increase of the lending power of the Export-Import Bank by $500,000,000 accomplishes identical objectives, namely, the support of the currencies of friendly countries.

It is submitted that not only will the proposed amendment limiting the fund to $200,000,000 curb dangerous tendencies toward inflation, but it will save forty to fifty millions per year by releasing dormant funds which the Treasury would otherwise be required either to borrow from the pockets of the people, or to tax from their hides. Is that much money worth saving? The Treasury does not think so. We think the American people believe otherwise, and we want that money put to work building planes and tanks and battleships, now. [Applause.]

Mr. REED of Illinois. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, about 7 years ago two college professors got an idea that if Uncle Sam would raise the price of all foreign gold from $20.67 to $35 an ounce our export market would revive, farm prices would increase, and agriculture would become prosperous, and the millions of our unemployed would be put back to work. These professors convinced the President their idea would work, and thereupon Uncle Sam began the impossible trick of trying to pull himself out of the depression by his boot straps.

That was in 1934. We then had about $4,000,000,000 in gold in this country, and the world price of gold was $20.67 an ounce. The President demanded and secured from Congress the authority to devalue the dollar and to fix the price of gold. This right, up to that time and according to our Constitution, was vested solely in Congress. The President reduced the value of the dollar to 59 cents and raised the price of all foreign gold and newly mined gold in this country to $35 an ounce. Since then we have bought over $18,000,000,000 worth of foreign gold and buried it in a hole in the ground at Fort Knox, Ky., and foreign countries have profited to the extent of six billions on "Uncle Sap." Great Britain also made two and one-half billion.

You all recall how you were commanded to bring any and all gold that you possessed to the banks, and you were paid for it at the rate of $20.67 an ounce, but any foreigner who had any gold in his possession at that time was paid $35 an ounce for his gold. In other words, all of us American citizens who possessed a $20 gold piece at the time, which contained about 1 ounce of gold, were paid $20 for it. At the same time any citizen of any foreign country was paid $34.33 for his $20 gold piece. This financial legerdemain on the part of Uncle Sam at the expense of American taxpayers resulted in such a gold rush from foreign countries to the United States as had never before been experienced.

Communistic Russia, by the use of convict and exile labor, has produced over a billion dollars in gold at a cost of about $10 an ounce and has sold this gold to the United States for $35 an ounce—a total of over a billion dollars to Russia. Instead of investing the profit of $25 an ounce in American agricultural products, machinery, and other American products, Russia took her profits home and financed her war against little Finland, one of the best friends the United States has among the nations of the world. Japan did the same thing and invested the profits from the sale of $700,000,000 of her gold to Uncle Sam in the purchase of war supplies to carry on her war with our good friend the Republic of China, and to enlarge the Japanese Navy, which may be used against us in the near future, if our warmongers continue their devastating propaganda. I am leaving it to you whether the idea of these gold

purchases by the New Deal, the devaluation of the dollar, and the increase in the price of foreign gold has revived our export market, restored agricultural prosperity, or put our unemployed to work.

Instead of stimulating agricultural exports, burdensome farm surpluses have increased by virtue of the devaluation of the dollar.

What was formerly the Republic of France made about a billion dollars' profit on the sale of her gold to the United States; Belgium made a profit of one hundred and fifteen millions; the Netherlands almost four hundred millions. And now these countries and their wealth have been swallowed up by Hitler and the Axis Powers. This is another case where Santa Claus put our gifts in his bag and took them down the other fellow's chimney. These are some of the reasons why someone has suggested that Uncle Sam should change his name to "Uncle Sap."

Our Government now owns more than $22,000,000,000 of gold. With the power and authority given the President to control the value of the dollar and the price of gold, should the President exercise this authority and devalue the dollar to the limit allowed him, our hoard of gold could be increased to more than $26,000,000,000 by the mere gesture of the pen. And thus $4,000,000,000 of Federal indebtedness could be wiped out overnight.

Suppose the administration had asked Congress for authority to print $4,000,000,000 worth of greenbacks to pay off part of our indebtedness without the necessity of providing any assets to secure the payment of the $4,000,000,000 worth of greenbacks. This would be the start of inflation.

The members of the Federal Reserve System, in their report of January 1 of this year, advised against renewing the authority to devalue the dollar now requested by the President and the Secretary of the Treasury, because, in their opinion, this would lead to inflation. And this recommendation was also given to Congress by the Economists' National Committee on Monetary Policy.

One of the earmarks of inflation is a growing and ever-increasing overexpansion of bank credit due to the influx of some $18,000,000,000 of gold from foreign countries, brought about by our gold-buying spree at the rate of $35 an ounce. These excessive reserves are raising grave problems in long-term securities, and thus a serious impediment to the future well-being of all religious and charitable institutions, as well as to the owners of insurance policies and bank accounts.

Inflation can ruin the entire efficiency of our defense program. A major objective of our Government should be to prevent inflation. Inflation will burden those who are least able to carry the burden. It will make the rich richer and the poor poorer. The prices of the necessities of life will rise, and thus the poor will have to use all their income to pay for food, clothing, and rents. And the rich, who sell them the food and clothing and who own real estate, will profit thereby. Unscrupulous speculators will profit through the unstable financial situation at the expense of careful and thrifty investors who will find the buying power of their investments gradually declining.

For these reasons the Board of Governors of the Federal Reserve System, in their report to Congress, stated that it was no longer necessary to further devalue the dollar or to increase the price of gold; that this was not desirable and should not be permitted by Congress.

The United States Constitution, article I, section 8, states:

> Congress shall have power: to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

The danger of inflation is becoming more actual and imminent because of conditions which have developed, and the temptation for the administration to take the easy road to inflation should be removed for the safety of the Nation.

The administration says that it has no present intentions whatever of devaluing the gold content of the dollar, but that the President needs this power because he cannot predict the future. By the same logic the President might be entrusted with all the powers vested in Congress and the Supreme Court by our Constitution, but such a course would surrender constitutional government and establish totalitarianism. [Applause.]

Mr. WHITE. Mr. Chairman, will the gentleman yield?

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I yield 1 minute to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, will the gentleman answer one question?

Mr. STEVENSON. My time has expired.

Mr. WHITE. Mr. Chairman, I yield back the balance of my time.

Mr. COCHRAN. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

STABILIZATION FUND

Mr. PATMAN. Mr. Chairman, this power is needed by the Executive now more than ever before. I cannot see any good reason, not even an excuse, why any member of the Democratic Party should vote against this particular bill. It merely extends a needed power that has been extended heretofore.

It is true that we have a reservoir of gold amounting to approximately 75 or 80 percent of all the gold that is in monetary use in all the world. This gold, it is true, is buried in the hills of Kentucky and is not used now domestically, but by having a reservoir of gold the time will come when it will place our country in a position of great advantage. This war is not going to last all the time and when this war is over, regardless of who loses the war, they will be dealing with the United States and the United States will be dealing with all the countries in the world and good, safe, secure loans can still be made with certain countries. Not all countries will pay their loans off for they will not be able to, but there are countries in this world that will be able to provide good and adequate security for any loan that is made. By the redistribution of this gold when peace comes to the world our country will be at a great advantage over the other countries of the entire world.

HIGH INTEREST OR LOW INTEREST

I notice the minority report filed with this bill indicates that the major objection urged to the stabilization fund is that interest rates have been forced down. Let us analyze this question for a moment. Is it in the interest of the people of the country and the general welfare to have low interest rates or high interest rates? I think it is in the interest of the country that we have low interest rates. One of the main objections to this proposal by the minority Members I therefore consider is in the interest of the people

I happen to know, having dealt with housing legislation before the committee of which I am a member, that the average home owner today, when he purchases a $5,000 home, paying for it over a period of 20 years, like he used to pay for it, under our present plan saves $1,600 by reason of lower interest rates. Our friends on the minority say this law which is to be extended has been one of the principal reasons for forcing down tax rates. The objection they have to this bill therefore is that it helps the average home owner in this country who buys a $5,000 home to the extent of $1,600. That is a lot of money. I do not consider that a great sin has been committed by this administration in helping the average home owner save $1,600 on a $5,000 home over a period of 20 years. I think it has been a good thing. Not only have the home owners been saved an enormous amount in the purchase of their homes, but the farmers have been saved an enormous amount of money in interest. In fact, the farmers of today, by reason of low interest rates that have been forced, I will admit, by this administration, are paying less interest than the farmers of any country on earth have ever paid in the history of the entire world. Is that criminal? Is that wrong? Do you want the farmers to pay more interest than that? Do you think it is in the interest of the general welfare for everybody to pay high interest rates? If you do, you should vote against this bill because it has a tendency to keep interest rates low, as they have been in the past.

I know that there is a group of college professors, I believe, who call themselves the economists committee, and they have been advocating the changes that have been advocated by the Federal Reserve Board. I am not willing to follow the Federal Reserve Board, and I have good and sufficient reasons why I will not follow the Federal Reserve Board. Originally the Federal Reserve banking system was pretty obnoxious to the banks of the country. They opposed it, they fought it, they did not want it, but they had to take it anyway. When they got it, they commenced getting a little amendment here and there and finally they got about 40 amendments to the Federal Reserve Act. The big banks got charge of it again. Now they are perfectly satis-

fied with it because it is their own. They handle it, they control it, they own it, they run it like they want to run it.

The Federal Reserve Board proposal has no more weight with me than if a group of Wall Street bankers were to get together, pass a resolution, and ask Congress to adopt their proposal. I consider it just the same as a Wall Street bankers' proposition, because it is in the interest of the big bankers of the country and against the interest of the general welfare of the people.

The fact that the Federal Reserve Board, assisted by the advisory council and the directors of the local Federal Reserve regional banks, have advocated a change is no reason in the world why we should grant it. In fact, it is a reason to many of us why it should be carefully investigated.

These economists are college professors. Let us see what they have in mind. Many of our great colleges and universities are endowed. These endowment funds are invested in securities of different kinds and types, drawing as much interest as possible, of course consistent with sound investment. If interest rates go down low, or if they are decreased, these endowment funds cannot be invested to such good advantage and if instead of receiving an average of 4 percent per year a bill like this or a law like this forces interest rates down generally and they only get 2½ percent or 3 percent per year, they complain. Why? They say that it cuts down the amount of money available for the university and "we will probably have to discharge some professors" or "we cannot grant the increases in salaries and expenses that we would like to grant; therefore we are against any policy that would force down interest rates. We believe in high interest rates."

If you will read the arguments that are made, one of the main reasons suggested in this minority report filed by the minority members, our friends, the Republicans, states that this bill is bad because it forces down interest rates. I say for that reason it is a good bill, it should be enacted, and it should be extended. If we were to kill this bill or to defeat this law or the extension of it, we would be encouraging high interest rates again. It is true that would be very favorable to the big banks, it would be very favorable to the college professors who believe that the interest of the country is in granting higher interest rates so they will get more on their investments and thereby have more money to spend, including the payment of higher salaries. When their endowments receive more interest, they have more money to spend at each college and university, and, having more money to spend, they can get bigger salaries, better salaries, greater and larger expense accounts, and things like that. I consider that a very selfish view, but that view is taken, although I do not impugn the motives of those who accept that view. They are just as honest in their opinion, doubtless, as I am, but I believe they are absolutely wrong.

Mr. Chairman, I think it is against the interest of the people of this country to have high interest rates. Low interest rates are more favorable to the country than high interest rates, and for that reason, among others, I think this power should be extended. I see no reason in the world why any Democrat should vote against this bill, and I can see many reasons why I believe the Republicans should also vote for it. [Applause.]

[Here the gavel fell.]

Mr. REED of Illinois. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. EDWIN ARTHUR HALL].

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I rise to make a few brief observations in stating my opposition to the bill now under consideration. No one sitting in this House day after day, voting on some of the astounding measures which we are called upon to consider, can escape the analogy between his own acts and the story which I am about to tell.

It seems that within the confines of a certain asylum for the insane, a farmer drove an old broken-down wagon bearing a load of fertilizer. Suddenly, he was accosted by an inmate of that hospital. The patient hailed the farmer and said to him: "What have you got in that wagon?" The farmer answered, "Manure." The inmate then asked, "What are you going to do with it?" The farmer replied, "I am going to put it on my strawberries." Whereupon the inmate made answer, "I put sugar and cream on mine and they call me crazy."

I cannot help but feel, Mr. Chairman, that with many of the measures which we vote for or against day after day that we are following the same astounding course that has been here described.

When the Congress of the United States was first called to consider the gold-stabilization fund and to surrender its authority to the President over this matter, it marked one of the early steps that led to giving up our privileges to the Executive branch of the Government. In every speech that I have ever made, I have continually deplored the tendency of the majority to scrap constitutional government and supplant it in this country with dictatorial, totalitarian methods.

I am going to make the following observation and quote a Biblical passage which I think applies in this instance. I believe it was Moses who made the statement 5,000 years ago: "Cursed is he who destroys his nation's landmark." There is no greater landmark in this free country of ours than the Constitution of the United States. There is no symbol in the entire world which means as much to you and to me as that blessed instrument of liberty which spells freedom for the American people and guarantees continuance of this Congress as a free body.

Mr. Chairman, I hope that the bill now under consideration will be defeated. [Applause.]

[Here the gavel fell.]

Mr. REED of Illinois. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. WILLIAM T. PHEIFFER].

Mr. COCHRAN. Mr. Chairman, I likewise yield 5 minutes to the gentleman from New York [Mr. WILLIAM T. PHEIFFER].

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, I am indeed grateful to the distinguished acting chairman of the committee for yielding me an additional 5 minutes, particularly in view of the fact that I am rising in opposition to this measure, and some of the things I am going to say may not be exactly pleasing to my friends on the other side of the aisle.

How can we, the Congress of the United States, ever hope to get this country back on an even keel and back to that normalcy which obtained for the first 150 years of its history, so long as a saber-rattling, money-meddling, spendthrift administration keeps the people in mortal fear and panic, fear for their lives and pocketbooks, by the perennial cry of trumped-up emergencies?

This bill, H. R. 4646, is a classic example of the penchant of the third New Deal to perpetuate and make permanent the vast emergency powers vested in the first New Deal, despite the oft-repeated assurance of the administration that these powers would be exercised only temporarily and would be returned to the people long ere this.

The minority report on this bill is one of the finest and sanest documents I have ever read. Its arguments are incontrovertible. The only fault I have to find with it is that it does not go far enough and it temporizes with an unconstitutional and dangerous grant of power that should be completely erased from our statute books. No President should have the right to meddle with the value of the American dollar, and particularly a President whose administration has been characterized by profligacy and waste and whose respect for the value of the dollar was epitomized in his statement of December 17, 1940, referring to the "silly old dollar sign." As to the stabilization fund, it is significant that for the first time the Secretary of the Treasury has condescended to inform the people who own these $2,000,000,000 as to how it has been and is being used; and it is shocking that in these days, when every available dollar should be used for building an unassailable defense for our country, that the gentlemen on the other side of the aisle should urge that the unexpended balance of $1,800,000,000 of this fund should lie fallow in the Treasury. This money belongs to the people and to no one else, and it is rank injustice to exact the last pound of flesh from the people in the form of vastly increased taxes so long as the huge sum of $1,800,000,000 is on deposit to their account in the Treasury of the United States.

Let us go back to 1935 when the act of May 12, 1933, under which the President altered the metallic content of the dollar was tested as to constitutionality in the Supreme Court of the United States in four cases, two of these arising out of corporate obligations containing gold clauses, one based on a United States Fourth Liberty Loan bond of 1918, calling for payment April 15, 1934, and another involving a gold certificate of the series of 1928. Let me read to you a few brief excerpts from the dissenting opinion in those cases of Mr. Justice J. C.

McReynolds, one of the greatest jurists ever to serve on the Supreme Court of the United States, and a man who will be honored and acclaimed by posterity for his devotion to American principles of government which was the foundation for his constant unyielding opposition to the seizure by the Roosevelt administration of unconstitutional powers. You will recall that Justice McReynolds was joined in his dissenting opinion by those three other stalwart jurists, Van Devanter, Sutherland, and Butler. Here briefly is what the four of them said in the dissenting opinion. I quote from Two Hundred and Ninety-fourth United States Reports, pages 361–362:

Acquiescence in the decisions just announced is impossible; the circumstances demand statement of our views. "To let one's self slide down the easy slope offered by the course of events and to dull one's mind against the extent of the danger, * * * that is precisely to fail in one's obligation of responsibility."

Just men regard repudiation and spoliation of citizens by their sovereign with abhorrence, but we are asked to affirm that the Constitution has granted power to accomplish both. No definite delegation of such a power exists, and we cannot believe the far-seeing framers, who labored with hope of establishing justice and securing the blessings of liberty, intended that the expected government should have authority to annihilate its own obligations and destroy the very rights which they were endeavoring to protect. Not only is there no permission for such actions; they are inhibited. And no plenitude of words can conform them to our charter.

You all recall the sensation caused throughout the country by the headlines the next day telling of the off-the-record comments of Mr. Justice McReynolds, delivered from the bench. This is what he said, and it is just as true today as when he said it then:

It seems impossible to overestimate the result of what has been done here this day. * * * God knows I do not want to talk about such matters, but it is my duty. The Constitution is gone. * * * This is Nero in his worst form. We are confronted with a dollar which has been reduced to 60 cents, which may be 30 cents tomorrow, 10 cents the next day, and 1 cent the following day. We have tried to prevent its entrance into our legal system, but have tried in vain.

It is no doubt true that we of the minority are trying in vain here today to prevent a continuance of that system, fraught with all its dangers. This measure before us now is just as important to the country and just as important to every citizen of our land as was the bill of May 12, 1933, yet it is a sad commentary on the proceedings of this House that we find only a portion of the membership present to decide and pass on such a far-reaching measure.

The proponents of this bill—my friend the gentleman from Texas and my friend the gentleman from Illinois—on yesterday lightly dismissed the recommendations of the Board of Governors of the Federal Reserve System which warns against the effects of this measure, despite the fact that the Board maintains a great research and statistical staff of experts. It is far larger—and many persons believe far better informed—than the Treasury's. Its findings have been found extremely accurate over many years and are accepted generally by the public and by business as gospel. But the gentlemen on the other side of the aisle say, in effect, that because they are bankers their recommendations should be discounted 100 percent. But let us get down to the grass roots on this thing and quit talking in generalities. I believe it is safe to assert that the opinions voiced by the Governors and Advisory Council of the Federal Reserve Board would be echoed and reechoed by 90 percent of the rank and file of the bankers of this country, and I do not refer alone to the bankers who are in charge of the great financial institutions of my home city of New York, but I specifically include the small country-town bankers who own and operate the modest little banks on the Main Street corners with a capitalization of between $25,000 and $100,000. I have practiced law in country towns and have represented country-town banks. Hence I speak advisedly when I say that the existing law, which it is now proposed to extend for 2 long years, has played havoc with the business of those banks and the business affairs of their customers. Not only has it dried up the business and earnings of every bank in the country but it has given rise to thousands of cases such as this:

The widow Jones or the widow Smith comes in to see her small-town banker, who has always been regarded as the financial oracle of the community. She has fallen heir to a small estate, let us say, $2,000 in cash. She says, "Mr. Banker, how am I going to invest this money where No. 1, it will be safe, and, No. 2, it will provide for me a modest income?" In former years, prior to the act of May 12, 1933, the small-town banker could accurately advise her, but no, not now. If he tells her to put her mony in bonds or mortgages there is no assurance that the dollar will not again be devalued to the point where her bond or mortgage will have no fixed value; likewise, the threat of confiscatory taxation and the possibility of Government price fixing makes an investment in real estate equally hazardous. Thus the poor widow knows not where she may safely invest her mite.

I appeal to you, my fellow Members, to consider carefully your decision on this subject. Forget about the center aisle and realize and weigh the consequences of your vote. Let us restore to the Congress its rightful prerogatives and constitutional control over the monetary system of our country. And, for one, I assure the country that Congress will exercise those prerogatives and that control fairly and squarely. [Applause.]

[Here the gavel fell.]

Mr. REED of Illinois. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I am not an expert on money. I leave that title for my distinguished friend the gentleman from Missouri [Mr. COCHRAN], who has received his instructions from his collaborators down at the other end of the Avenue. I approach this problem and the money question from the viewpoint of a layman trying to use good, common horse sense in analyzing what should be done for the best interests of our country.

Many of the experts who were in favor of this present monetary scheme which has operated for the past 7 years and 4 months are no longer for it. The only remaining ones of the so-called monetary experts who are supporting the program are the ones who are on the Government pay roll. They could not very well do otherwise and maintain their positions. So we cannot help but appreciate that they are biased in their opinion when they recommend that Congress continue this authority in the President of the United States for another 2 years. I am going to give you just a little history of this legislation and why and who put it on the statute books.

In 1932 Candidate Franklin Delano Roosevelt, who was then running for President, said he wanted sound money in this country. He ran on the famous Democratic platform and most of the people subscribed to that platform. They wanted sound money. Mr. Roosevelt was elected and took office on March 4, 1933. He and his associates began searching around for ideas to give the people action. In the search for ideas they discovered there was a noted English economist who had come to the United States and who had certain brilliant ideas about money. His name is John Maynard Keynes, a recognized authority in England on the money question; and, by the way, he is now in the United States advising the administration on what kind of a tax bill we ought to put through. At that time he thought it would be a good idea if we would adopt a new monetary policy in this country, particularly with reference to the purchase of foreign gold, for England or the British Empire produces two-thirds of the world's supply of gold. So he sold his ideas to Professor Warren and another distinguished monetary professor of Cornell, who in turn sold the idea to the President of the United States, and that idea we are being asked here today to continue until June 30, 1943.

Mr. WHITE. Mr. Chairman, will the gentleman yield for a correction?

Mr. AUGUST H. ANDRESEN. I am sorry; I cannot yield.

I will discuss a little more of the policy as I go along, and what has been done.

The hearings before our committee were very brief. The only one permitted to testify before the committee was Secretary Morgenthau. I wanted to have Mr. Eccles, the Chairman of the Federal Reserve Board, one of the greatest monetary experts in the United States, as claimed by some, to come before the committee, but he refused. I asked that other witnesses might appear, but a majority of the committee decided against any continuation of the hearings. Therefore the only record you have before you today as to the working out of the monetary policy and what the administration expects to do is found solely in the testimony of Secretary Morgenthau. The advisory committee of the Federal Reserve Board recommended

that the power now lodged in the President to further devalue the dollar should be discontinued and allowed to lapse on June 30 of this year.

Mr. DEWEY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to my colleague.

Mr. DEWEY. Is it not true that all the monetary gold in the United States is under the control of the Federal Government, and not being in circulation this authority might permit the Treasury Department, the President or the person in power, to write up that asset to any amount he might think well, and having started and having had a taste of such writing up of an asset, might it not be possible for that asset to be written up where it could cover the entire public debt of the United States and gold certificates issued against the gold and the public debt paid off in that way?

Mr. AUGUST H. ANDRESEN. It might be possible to do that if Congress would give the President the additional authority to reduce the number of grains of gold in the dollar below 50 cents. Under the existing law or the bill we have before us, the President can devalue the amount of gold in the dollar an additional 9 cents so as to give us a 50-cent dollar instead of a 59-cent dollar, which we have today.

There is $22,568,000,000 worth of gold in the ownership of the United States Treasury, a large portion of which is pledged to the Federal Reserve System. Should the President take advantage of the authority given in this bill to further devalue the dollar an additional 9 cents, it would mean that the Treasury would be able to take a profit of $4,100,000,000 from the American people on that gold. Now, originally the Treasury took a profit of $2,800,000,000 on the $4,000,000,000 worth of gold we had on February 1, 1934, after devaluation. Approximately $800,000,000 of the profit went to the general revenue fund, and $2,000,000,000 was retained in the stabilization fund which is also being considered here today for renewal.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. The gentleman uses the phrase, "make a profit off of issuing gold securities."

Mr. AUGUST H. ANDRESEN. By that I mean that if you have 100 horses that cost you $50 apiece, and you decided that those horses are worth $100 apiece and raised the price $50, that is, you mark them up, then you will have in your own mind a paper profit on your own books of $50 for each horse, and that is about the way this has happened, because we cannot sell the gold to anyone in the world, and we are buying all the gold of the world. In fact, we now have between 80 and 85 percent of the supply of gold in the world.

Mr. VORYS of Ohio. I do not understand this monetary theory very well, but when you mark it up, when you give yourself a profit, all you do is to inflate, is it not? You simply issue more money for the same value than there was before, so that if everybody was smart and the thing worked perfectly, prices would change accordingly, because there is no more value behind the money than there was before.

Mr. AUGUST H. ANDRESEN. I shall go into the details of that in a little while, and I believe that I can explain it to the satisfaction of the gentleman.

Mr. JONKMAN. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I shall yield in a few moments. I am going to refer now to the $2,000,000,000 of profit taken in 1934 and used as a stabilization fund. Some of my colleagues have already pointed out that only $200,000,000 of the $2,000,000,000 has been used as capital for the stabilization fund. One billion eight hundred million dollars has been lying dormant. During all this time we have sold billions of dollars of interest-bearing bonds to the American people, and each year we have lost $45,000,000 of interest on that dormant fund in the stabilization fund held by the Secretary of the Treasury. The Secretary of the Treasury does not propose to use that $1,800,000,000 for any other purpose. He says that $200,000,000 is sufficient capital for all the operations of the fund. The fund ceased to operate at the beginning of World War No. 2, so that there is no reason at all for the stabilization fund in any manner whatsoever. Originally the purpose of the fund was to equalize foreign exchange in relationship to the American dollar. We depreciated our money to meet the British pound and the French franc in 1934—to meet their devaluation, so that our money in America would be on a par with the French franc and the British pound and other currencies where they had devalued in 1932 and 1933.

Mr. MAAS. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. In a moment. Since that time these same countries like England and France and every other country in the world have again devalued their currency and their money is now out of line with the American dollar. If we are to be consistent here and make our theories work, we should have another devaluation in the United States, but, after all, when we have another devaluation just as we had the first one, we are letting the bankrupt countries of the world dictate the monetary policy of the United States and such action should not be again tolerated.

Mr. MAAS. And does not the gentleman fear that that will prove to be the fact that there will be a devaluation to meet the depreciated currency of the other countries?

Mr. AUGUST H. ANDRESEN. That has already taken place. Take, for instance, the Canadian dollar. There is a 10-percent premium on the American dollar in Canada. An ounce of gold is now worth, as fixed by the President and the Treasury, $35 in the United States, and an ounce of gold in Canada is worth $38.50. Why? Because $35 in American money will buy $38.50 worth of Canadian money, and so we have caused a boost in the prices in Canada and given them the benefit of our monetary policy without a return benefit to the American people. If we want to get even with Canada, we should have another 10-percent devaluation on our gold, and so it would go on.

Mr. MAAS. What would happen if we attempted to restore the original price, if this Government ever attempts to do that?

Mr. AUGUST H. ANDRESEN. If we would go back to the original amount of gold in the dollar, which was around 23 grains, the price of gold would be brought back to $20.67 an ounce, as against $35 an ounce at the present time. We have 644,000,000 ounces of gold. For every dollar you reduce the value of gold we lose $644,000,000. So you can figure it out. Take 14.33 cents and multiply that by 644,000,000 ounces and you will see the tremendous loss the Treasury would have to take.

Mr. GIFFORD. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. GIFFORD. Following all the reading I could find from the beginning of this stabilization fund, it was to stabilize the currencies of the world.

Mr. AUGUST H. ANDRESEN. That is right.

Mr. GIFFORD. For the first time at your recent hearings we find it is to be used entirely for another purpose. Morgenthau says that this $1,800,000,000 is sort of a nest egg. "When we have to borrow money and pay too high interest, I will buy bonds with it." It is entirely apart from the original thought and it is held as a nest egg to buy bonds if he has trouble buying from the public and he has had that four times already. Does the public know he has had trouble four times already?

Mr. AUGUST H. ANDRESEN. No. The public knows very little about money or what the Treasury is doing. In fact, most of the Members of Congress, unfortunately, rather feel that the money problem is so complicated that they would rather leave it to experts like the gentleman from Missouri [Mr. COCHRAN] and those down in the Treasury to dictate just what should be done.

That nest egg to which the gentleman referred represents simply clipping the dollars held by the American people to the tune of $1,800,000,000. The Secretary said he was holding that in trust for the American people, that it was not drawing interest, and that some day he was probably going to do something with it. I called to his attention the dire need for money to pay for our national defense and I asked him who this national defense was for; if that was not for all the American people; and I suggested to him that we use this $1,800,000,000 to help pay for the national defense of all the American people. He said we would not do that; that he wanted to keep this for a nest egg. Maybe, later, it will come in handy some day when we figure that our national debt will soon reach $100,000,000,000, if it is not there already. Perhaps it is there today. But I say if we are in danger in this country, particularly when we are spending about $50,000,000,000 for national defense to protect all the American people, then we should use

available money, without continuing to pay interest and raise exorbitant taxes. I strongly favor complete defense for our country, but I want to get full value for every dollar spent for this purpose.

Mr. GIFFORD. Did the gentleman hear the gentleman from Texas when he said this means that a householder could save $1,600 on a $5,000 mortgage in 20 years, and connected this with it? Can you connect it with this?

Mr. AUGUST H. ANDRESEN. Not at all, because, after all, the agencies of the Federal Government during the past 7½ years have really taken over the function of loaning money to the people on all investments, as most of you know, so that it is impossible for an individual or a bank or an insurance company to go out in the market and compete with the Government.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. CURTIS. Does this bill carry a continuation of the authority for the purchase of foreign gold?

Mr. AUGUST H. ANDRESEN. It does, and I am coming to that in just a moment.

Mr. CURTIS. Will the gentleman tell us what the effect of that has been upon the Japanese-Chinese situation, when he reaches that?

Mr. AUGUST H. ANDRESEN. I hope to discuss that in just a moment.

Mr. PLUMLEY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Yes; I yield.

Mr. PLUMLEY. I was surprised to find, Mr. Chairman, that on the 7th day of October 1940, I said in this Congress that a subservient Congress granted the Secretary of Agriculture the right to impose taxes. That is up your alley. "They gave to the President authority to fix the value of money, a power so great over the lives of men as never heretofore to have been enjoyed save by a complete despot." I said it then, and I say it now.

Mr. AUGUST H. ANDRESEN. I thank the gentleman for his contribution.

Mr. YOUNGDAHL. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. YOUNGDAHL. Was it brought out in the hearings or does the gentleman know how much is lost each year, based upon the average interest rates of today, as a result of the nonuse of the $1,800,000,000?

Mr. AUGUST H. ANDRESEN. Forty-five million dollars a year, or a total over the 7 years of over $337,000,000, has been lost to the American people and has been paid out in interest by the United States Treasury on bonds.

Now I want to discuss the devaluation proposition, in which you are all interested.

[Here the gavel fell.]

Mr. REED of Illinois. Mr. Chairman, I yield the balance of my time to the gentleman from Minnesota [Mr. ANDRESEN].

The CHAIRMAN. The gentleman is recognized for 11 additional minutes.

Mr. AUGUST H. ANDRESEN. One of the main reasons for the devaluation program of the dollar was to bring about an increase in the price levels of farm products in this country, and the other reason was to stimulate exports. The theory back of all of it was this: That if we would raise the price of foreign gold from $20.67 an ounce to $35 an ounce, the foreigners would sell us their gold and that the money we gave them would be used to buy our farm and manufactured products. In that way we would get recovery in the United States. We would dispose of our surplus farm products, we would dispose of our manufactured products, start the unemployed men back to work, and we would again have good old American prosperity. That was the theory on paper as advocated by money experts and the men in the administration who sponsored the idea in 1933. It did not work that way. We got the gold, yes; we purchased nearly $15,000,000,000 worth of gold from foreign countries at $35 an ounce. What did they do with it up to the time the war started?

Mr. Keynes, the noted English economist, was, of course, interested in the idea. Great Britain produced two-thirds of the gold of the world. The British Empire sold us between $10,000,000,000 and $11,000,000,000 worth of gold during the last 7½ years. And how much did we pay them as a premium? The difference between $20 67 and $35 an ounce. We gave them a premium of around $4,400,000,000. It was an outright gift from the American people. They owed us from the last World War $4,200,000,000, without interest. So, in fact, we canceled the debt; not only canceled the debt but gave them, on top of that, $4,400,000,000, a gift from the American people. No wonder Mr. Keynes was over here to recommend the passage of this type of legislation.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. REED of New York. We also have lent them $7,000,000,000 recently.

Mr. AUGUST H. ANDRESEN. That is on top of this.

Mr. JONKMAN. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I am sorry; I cannot yield. I have but 7 minutes left.

Mr. Chairman, I will name some of the other countries that benefited by our generosity. At the time we started this New Deal scheme, Japan was not armed and did not have an adequate army and navy. They had to get their raw war materials from other countries. Before World War No. 2 started we sold Japan 65 percent of her supplies of war materials, England sold her 15 percent of her supplies, and the balance of her war supplies came from other countries in the world; but now we are selling Japan pretty nearly 80 percent of her war supplies. In the last 4 years Japan has sold us $700,000,000 worth of gold, and we have given them a premium of $280,000,000 just to take that gold off their hands; and right today they are buying increasing quantities of gasoline, steel products, and scrap iron, all things she needs to carry on her war.

I listened to the radio the other night and heard Col. "Wild Bill" Donovan, the man the administration sent overseas to induce the Yugoslav Government to get into the war. Somebody asked him the question in the "round table," Why does the United States continue to sell war materials to Japan? He said, "I do not know." He said, "I cannot understand it."

I asked Mr. Morgenthau the same question when he was before our committee. He said, "You will have to ask Mr. Hull." Here we have Japan, a recognized potential enemy of the United States, and we are cooperators in the partnership to bring destruction to America by furnishing her with the war materials that may be used to shoot down our boys and destroy our own ships. [Applause.]

I should like to have some man on the majority side answer the question why the United States is buying Japanese gold at a premium and selling our essential war supplies to them. I should like to know the reason for helping Japan build up a navy big enough to some day attack us.

Mr. WHITE. Mr. Chairman, would the gentleman care to answer a question?

Mr. AUGUST H. ANDRESEN. I cannot yield, Mr. Chairman; I am sorry. The gentleman can answer in his own time.

We are friends of China, and God knows we want her to win. At last we are going to give her some credit, $50,000,000 out of the stabilization fund, but we did not sell her war materials or give it to them. During the last year alone we sold Japan more than $54,000,000 in gasoline and lubricating oils and more than $247,000,000 worth of war supplies they are getting ready to use against us.

It is high time we stopped this policy of giving aid to a potential enemy.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. REED of New York. I hope the gentleman will not forget the supplies we furnished Russia at the time Finland was making her gallant fight for life.

Mr. AUGUST H. ANDRESEN. No. I was coming to that.

Russia has produced $1,250,000,000 worth of gold since we inaugurated this policy—$1,250,000,000. Much of it found its way into the United States Treasury. Russia benefited for all of her gold production, because our Treasury fixed and maintained the world price at $35 per ounce.

So every country in the world, including Japan, Germany, Italy, and England, have been parties to selling the United States $15 000,000,000 worth of gold. They have enjoyed our bounty and the profit on their gold. This profit alone amounts to a gift of over $6,000,000,000, a gift from the American people.

Our duty as Members of Congress is to stop such a program. We should take this power away from the President, and we can take it away from him if we adopt amendments that will be offered here today.

Mr. JONKMAN. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Michigan.

Mr. JONKMAN. Is it not possible that some of these war materials furnished to Japan during the last few years might have found their way to some of the other Axis powers?

Mr. AUGUST H. ANDRESEN. There is no question about that, because once those materials land in Japan, the record shows they are finding their way into Russia, Germany, and even down to Italy, where they are now using those materials against friendly democracies.

Mr. Chairman, for the benefit of my good friends from the South, I want to point out one more thing. I have stated that we purchased between fourteen and fifteen billion dollars' worth of foreign gold, most of which lies buried down here in the ground in Kentucky. Do you know how much that is? I am going to tell you how much it is.

All of the real estate, the personal property, the farms, the mines, the railroads, the furniture and everything else of any value in the following Southern States does not equal the value of the gold that we have purchased from these foreign countries under this fantastic New Deal monetary scheme: Alabama, Delaware, Florida, Georgia, South Carolina, North Carolina, Louisiana, Mississippi, Virginia, and West Virginia. The total value of everything in those States amounts to about $12,987,000,000; yet through our beneficence we have purchased $15,000,000,000 worth of foreign gold that now lies buried down in the ground in Kentucky. You can guess as to its real value.

We have given away the equivalent in value of 11 fine States in the United States. Who got it? People who were only interested in the United States for what they could get out of her.

Did this program increase prices in the United States or increase exports? It did not. Foreigners sold us $15,000,000,000 worth of gold. They put the money in the banks and bought war materials and American securities with it—an interest in American business. They took the stock back with them and they are now drawing dividends. We have to pay those dividends in gold. You will find, for instance, that as a result of the American securities these people purchased with that premium money we gave them for their gold, we will probably pay out close to $300,000,000 worth of American gold as interest and dividends.

We are again playing the "Uncle Sap," as one of my colleagues stated a short time ago.

I ask you to vote for the amendments that will be offered to the bill. I am sorry I have not more time to finish my argument. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the gentleman from Minnesota certainly has my sympathy. I realize that he cannot be an expert on too many questions. Naturally, when he gives so much of his time to the farm problem, he has little time to spend in studying monetary problems. I appreciate the gentleman's reference to my ability on this subject. He is extremely kind in his remarks. But I want to ask the gentleman from Minnesota if it is not true when he has great farm problems before him if he goes to the farm organizations to find out how they are going to look at the question, and then, when he determines how the great farm organizations feel, if he does not follow the leaders' advice in the interest of the farmers.

I call the gentleman's attention again to the letter the American Farm Bureau wrote to every Member of this House—and it has never been recalled or changed—in which that organization appealed to us in the interest of the farmers, and the merchants, to pass this very legislation 2 years ago, fearing grave results if we did not do so.

The gentleman is rather critical in his remarks of me because he said I go up to the other end of the Avenue to secure my information on this subject. I confess that when I am seeking information I go to the best available source, and I feel in this instance the best available source is the Secretary of the Treasury and the Treasury Department. Yes, I go there; yes, I secure my information there; and the information I secured is sound in this instance. Follow that advice with me and you cannot go wrong.

The gentleman spoke of Japan. Are we at war with Japan? Does the gentleman want to create a situation that might force Japan to declare war upon us? The gentleman says that we are selling our goods to Japan. So long as we are at peace with Japan, should we not sell our goods to Japan? Does the gentleman demand we stop all trade with Japan?

I do not know where the gentleman gets his information, but I want to know before I will admit what we are selling to Japan today is going through Russia and finding its way into Germany. I do not know whether that is true or not, and I venture the assertion that he does not know positively that it is.

So far as I am concerned, I am not a bit backward in telling the gentleman that the information I have given to the House upon this very delicate subject—upon a subject that concerns every man, woman, and child in this country—a subject which the Secretary of the Treasury told me and told you is just as essential to our financial program as our Navy is to our national defense—came from the Secretary of the Treasury, and I say the Secretary of the Treasury is the man to get this information from. I pass it along to you and hope at this critical period you will accept it and not try to make a political football of this bill.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I certainly would not cast any reflection on the distinguished gentleman from Missouri, because I recognize that he is a sincere, conscientious Member of the House, and that he is performing his duty and working with the majority. Naturally he must go down and have a talk with the Secretary of the Treasury and the other experts in the Treasury Department before advocating legislation.

Mr. COCHRAN. And the gentleman's duty is to work with the minority. He is going along with the minority leader, and I compliment him for going along with his leader. At the outset the gentleman from New York made this a political issue. You know how you are going to vote. The sooner we vote the better. [Applause.]

Mr. Chairman, I yield the balance of my time to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, it is very interesting to listen to the distinguished gentleman who preceded me, the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]. It is also very interesting to hear so many statements in disregard of the mechanics of money. We are told that we must not do business with foreign countries because they may be potential enemies.

I tried to ask a question two or three times but no one would yield. Speaking of money, when a man is accused of a robbery and pays a lawyer a fee to defend him, I am wondering if that money should be retired and go out of circulation because it had been connected with some nefarious operation. We are dealing here with the function of money, the most important function that is supplied by the Government to the business of the country.

For the benefit of the members of the committee, I should like to read a few statements that were made at the time this legislation was first under consideration. May I remind the gentlemen who were speaking about gold that due to the shortage of gold at the time this legislation was under contemplation many of the currencies of Europe were unable to obtain the necessary gold reserves. I read from a statement by Mr. Benjamin Anderson, economist of the National City Bank of New York:

> There grew up a very wide practice of central banks in Europe holding dollars and sterling instead of holding gold in their own vaults. The Netherlands Bank had a lot of sterling and dollars, and the Bank of France had a tremendous lot of both dollars and sterling.
>
> In the collapse of sterling the Bank of France lost several times its capital, and the Government had to make good its capital. The Netherlands Bank lost its capital and the Government made good half of it.
>
> In the trouble that followed they could not trust sterling.

When they are talking about sterling they are talking about the notes of the Bank of England. Gold was so scarce as a result of the war, there had been such a strain placed upon gold, the law of supply and demand had made gold so increasingly high in terms of commodities or anything else with which you may measure gold, that its value had gone way past the price we finally legalized, $35 an ounce. If you followed the press reports of that day, you know that the French hoarders were paying $25 for one of our $20 gold pieces. So the fact that gold was increasing in value and everything

else was falling, that depression and distress were overtaking this country, was one of the reasons that some monetary legislation and some monetary plan had to be worked out.

Let me tell you something about the operations in gold and how they affected our business. Gold was so scarce that banks in other countries had very low gold reserves covering their currency. If an exporter in this country found a customer in another country, particularly in central Europe, for any of his products, and made a sale, the customer with the currency of his own country went to his bank and asked for exchange with which to remit to America for the goods we wanted to export and he wanted to import. The man at the bank simply shook his head and said, "No; we cannot issue you foreign exchange because it will come back here as a draft on our gold supply, and we are so short of gold we cannot permit any gold to flow out." That condition, due to the shortage of gold, just simply stopped business.

We have gone back a thousand years in international transactions. We are reduced to the expedient of barter. We are going through the clumsy process today of gathering up our cotton and our wheat and bartering them for tin and rubber, whereas if we had the proper system of international exchange we would pay cash and eliminate all those expenditures and chances for profiteering that exist in the barter system. I just call the attention of the Members to that situation, and ask for this legislation.

Let me read a little further. This is Mr. Vanderlip testifying. He was former Assistant Secretary of the Treasury, president of the National City Bank of New York, and chairman of the New York Clearing House. I am speaking now about the situation that made the stabilization fund a necessity in this country:

But there came another influence of that international capital movement which was much more menacing than these more-or-less normal movements of capital. When England went off the gold basis, Parliament almost at once appropriated £150,000,000 as a stabilization fund. That sounds innocent, and Parliament had a perfect right to do it, undoubtedly. It was for the ostensible purpose of preventing violent fluctuations of the pound in foreign exchanges. How could they prevent it? Only by manipulating foreign exchanges, by throwing across frontiers capital without any relation to foreign trade. One hundred and fifty million pounds is a goodly sum, but that was soon found not to be enough. It was quickly increased by £200,000,000, so that the stabilization fund, amounting to one and three-fourths billion dollars, is dropped into the foreign exchanges, to be handled by a gentleman sitting in the chair as the governor of the Bank of England. It is a movement of capital across borders, that today is as dangerous as an armada of airplanes. It is moved for the one purpose of the welfare of English commerce. Now, you may say that is also for the welfare of the world. It may be or it may not be. It certainly was not moved with any design for our welfare, and has demonstrated that it is a force that the gold standard must be guarded against.

Quoting further from Mr. Vanderlip:

It was an account that placed in the hands of the governor of the Bank of England the ability to buy exchange in one country or sell exchange in another and to bring an element into the foreign-exchange situation having, as I have repeatedly said, no relation at all to foreign trade movements.

Now, there is another attack on the monetary gold stock that is fatal to it, if it is brought in large enough volume, as it was a little over a year ago. Hoarders may withdraw gold, if all currency is redeemable in gold, and do that without any question as to the purpose for which the gold is to be used. Hoarders may invade your monetary gold stocks in a way that would threaten or might actually put you forcibly off the gold standard. Hoarders withdrew in the neighborhood of six hundred million of gold a year ago.

Now, remember that $1,000,000,000 of gold may be multiplied into 16 times that demand on your bank loans, and you must reduce your bank loans forcibly, if you are down without any surplus reserves, let us say, 16 times as much as the gold withdrawal. A withdrawal of six hundred millions by hoarders becomes an enormously important force under such a situation.

So that I believe that if you do not want to set up an impermanent gold standard, you must insulate it against these two forces of hoarding and of an irresponsible international movement of capital that has no relation to foreign trade.

Now, it has been estimated by as high an authority as the London Times that there is at the present time ten billions—again that would be on the old gold figure—ten billions of liquid capital that flows across the borders, actuated sometimes by fear, sometimes by astuteness, sometimes by Government policy

That is as dangerous to the financial ship of state as a cargo of loose cannon balls that cannot be controlled, if you allow it to attack your monetary gold base. That makes this section of the bill, I believe, an absolutely essential one.

Now, the gold standard worked for a century, but in that century we had no such movement of liquid capital. It did not exist. In the movement of liquid capital is also reflected the work of exchange speculators. We have not in this country any large speculation in foreign exchange. In Europe that is a very favored form of speculation. Our speculators do not understand foreign exchange very well, and we have never developed that form of speculation. But in France, in Belgium, in Switzerland, in Holland, and to some extent in England, there are tremendous speculative forces that are engaged in just this thing of capital movements across frontiers that have no relation to foreign trade. I keep repeating that phrase, but it is a thing that must be grasped. This movement of capital across frontiers, without regard to foreign trade, must be guarded against. You must insulate your standard against that.

What does that mean? It means something that is obnoxious. It means a method of somehow separating a demand that is a legitimate demand against a debit or credit balance in foreign trade from the movements of capital that have no relation to foreign trade. It would mean the setting up of some machinery.

Now, remember that it is just as dangerous to a country to have an inflow of capital, without any relation to foreign trade, as it is an outgo.

Mr. Chairman, that was the situation in that time of stress when this legislation was first put into operation. I am sure that every Member of the House and every Member of Congress will agree that times are far more critical, there is far greater danger of an unsettled world and of an unsettled financial situation to be guarded against, than was the case at the time this act was put into operation.

So much has been said about the power to devalue the dollar that I call the attention of the Members of the House for a moment to what happened about this time when Japan devalued its yen, and by that expedient was able to get its goods across our tariff barriers and come into this country and take our market. With the devalued yen they could pay our tariff and, in view of the high-priced dollars with which we paid for their goods, they could take away our foreign trade. It was by devaluing the dollar that we safeguarded the protectionist principle of the gentlemen on the other side that are standing for high protection. If they want protection, they have got to have protection in a way that will be effective and efficient, with power to regulate and adjust our monetary system with the systems of other countries.

Mr. Chairman, our money, the American dollar, is the best money in the world today.

In monetary management among the currency systems of the other nations, our Government has achieved that supremacy for stability, security, and recognized value of our money that has been the goal of every other nation.

When the manipulations of the financiers of other countries threatened to upset the value and stability of the United States currency, when our national economy was facing disaster after 4 years of strenuous efforts of the administration preceding President Roosevelt to revitalize our monetary system and stabilize business had met with failure, when our financial institutions were tottering on the brink of ruin, this administration came to the rescue of the business and the bankers of this country with constructive legislation and skillful monetary management, and the Treasury with the aid of Congress righted the financial ship of state and built one of the strongest monetary systems that the world has ever known, a system that made American money and American credit the best in the world, a system that brought to this country 80 percent of the world's gold.

When the banking system of this country failed to finance business and industry and investment capital dried up at a time when other nations were playing havoc with the exchange value of our currency by establishing and manipulating huge stabilization funds and dark depression brought disaster and threatened destruction to American business, it was not enough that we drew on the only stable thing we had remaining, the national credit, to set up the Reconstruction Finance Corporation to supply the desperate need of business for capital and credit, the new administration came in and by its constructive financial and monetary program strengthened and expanded this great Government financial agency to better finance business and industry.

But the banks and the R. F. C. were unavailing; without a stable monetary system, new legislation was imperatively needed. First we brought the monetary

value of gold into line with the value that an abnormal demand throughout the world placed upon it and further strengthened the base of our currency system by putting in use the money-metal, silver produced largely in our own country. Next to bulwark our national credit and our financial business structure at home and abroad, we matched the financial system of our competitors by setting up a stabilization fund of $2,000,000,000 created and placed in reserve without the cost of a penny to the American people by setting aside the increment of gold obtained by reducing the gold content of our dollars.

Thus, our Government in the time of financial stress evolved and put into operation one of the most ingenious and constructive programs of monetary management that it has been the good fortune of any government or people to have at any time.

How has this legislation, the Gold Reserve Act of 1934, worked? Look about you. Gold, the bulwark of money and credit in every nation, began to flow into our Treasury in an increasing tide; the national credit has grown stronger under every strain that has been put upon it. Our money, the American dollar, is the strongest currency in the world today.

And now to quote from the words of Secretary Morgenthau:

We are going forward into times of even greater peril. We are in the midst of many systems of currency and exchange control. Some are operated with no friendly intent toward the United States. Our stabilization fund is a potent weapon of defense in our international economic relations. This is hardly the time to abandon the machinery of control which we have built up to protect the dollar and the American economy.

Economic warfare, as well as military warfare, is now being waged on all sides of us. There is no certainty that even with peace these aggressive economic instruments will be abandoned by other countries. Nobody can say what kind of international economy will emerge from this war. But it would surely be unwise if we chose this time to let private speculators and foreign governments determine the exchange value of the dollar.

In these circumstances, I have no hesitation in making the strongest possible recommendation that Congress extend the stabilization fund powers.

Statement from the United States Monetary Commission of 1878:

No country, Mr. President, can keep more than its distributive share of what may be called international money. You might issue bonds until doomsday, and even if you got with them hundreds of millions of gold for your Treasury, yet if you do not lock up that gold and keep it under guard it would not remain. The vacuum created in the money volume abroad would lead to a fall of prices abroad, while the increase of the money volume here would create a rise here, and the moment you unlocked your Treasury it would flow out again. It would be as futile to keep gold under such circumstances as to attempt to pump water out of the harbor of Liverpool into the harbor of New York and expect to maintain two separate levels of the ocean by the operation. It would be utterly impossible. If you have the gold standard you must content yourself with the gold range of prices and must be prepared to see the condition of the working and producing masses of this country brought down to the level of the like masses of Great Britain and Germany.

The volume of inconvertible paper money, on the contrary is local and subject to the control of the country issuing it, and should be regulated solely with reference to existing prices, and consequently should be neither increased nor diminished, except in correspondence with changes in population and commerce.

The proposition often made that the quantity of money in this country should amount now to as much per capita as it did at some anterior period, or to as much per capita as in England or France, rests on no philosophical basis whatever. Irrespective of time contracts, it is of no consequence what the volume of money may be, provided it be subdivided into such number of units, or fractions of units, as would meet physical requirements, while the equity of such contract can be met only by maintaining the relation between money and other things undisturbed.

RATES OF INTEREST ALWAYS LOW WHEN MONEY IS SHRINKING

Equally fanciful and erroneous is the proposition that the rates of interest depend upon the volume of money. The rates for the use of loanable capital depend upon entirely different factors, such as the current rates of business profits, productiveness of the soil, the security of the property, the stability of government, pressure of taxation, and the fiscal policies of governments, such as the maintenance of public debts, which necessarily increase the rate of interest. In truth increasing the amount of money tends indirectly to increase the rate of interest by stimulating business activity, while decreasing the amount of money reduces the rate of interest by checking enterprises and thereby curtailing the demand for loans. This is signally illustrated by the present condition of things in every part of the commercial world. The rate of interest should be, and under a correct money system would be, merely an expression of the rate of profit which could be made through the use of borrowed capital.

Under a proper monetary system investment in productive enterprises would be as profiable now as at any time heretofore. This country is not half built up, and money should find increased use, and at least undiminished profit, in enterprises that employ labor. Surely in a country like this, whose development has hardly more than begun, it must be considered extraordinary that interest on first-class securities is so low. In new countries interest is always higher than in old. Interest will on the average represent what men can make by the use of money, else there would be no reward for the enterprise or energy which induces men to borrow and invest in industrial enterprises. Indeed, it is probable that interest rates represent rather more than, on the average, can be realized from the use of money in business, as the hopes of those who have the activity of temperament and the disposition to invest in industrial enterprises are usually sufficient to lead them to expect too much.

The rates of interest are not fixed by individual borrowers or by individual lenders, but by the general consensus of experience among men as to the amount of profit which can be made by the use of money. This profit is limited and controlled by the prices of the commodities in whose manufacture the capitalist engages. When money is shrinking in quantity and its value increasing—that is, its purchasing power—the fall of prices, which under the gold standard knows no end, renders impossible the rate of profit on which men of enterprise had calculated when they entered into business.

The fact that rates of interest are constantly growing less is a sign that the borrower cannot afford to pay higher rates We know that the lender would take no low rate if he could get a higher; no one will for a moment suspect that the money lender would lend his money at less than he can exact from the borrower. But he must be contented with what he can get. If he does not take that rate, his money will lie idle altogether. When men of enterprise find no profit in industrial undertakings—when they discover that the persistent fall of prices renders impossible a reasonable degree of profit—they either decline to borrow, in which case they reduce expenses by discharging a portion of their workmen, or if they borrow and utilize the money in their business the lender must take such interest as they can afford to pay.

An idea seems to exist in the minds of many that if interest or the charge for the us of money is low, therefore, money is cheap. This is an entire misapprehension as to the nature of money and as to the nature of cheapness. The interest on money simply represents the amount of profit that can be made by its use. It is altogether different from the purchasing power of money. It is plain that when the value of money is increasing by reason of a diminution in the quantity, there is a diminution in the profits of business. It does a man no good to borrow money even at 1 percent if the business in which he invests it is losing instead of making money.

Of what use is it for a man to put his money into property or into industries for the manufacture of products, when he knows that a constant fall is taking place in the prices of the products which his money would help to create? In that case he finds that had he delayed his investment he could put his money to better use, inasmuch as he could buy more with it each year than he could the year before. At the same time he observes that people who have invested their money in gilt-edged bonds * * * have always an absolute guaranty of the rate of interest, whatever it may be, which they bear, whereas it is questionable whether anything could at such time be made upon the money if invested in industrial enterprises, where labor was employed in production.

The demand for that class of bonds, therefore * * * has been very great, and they have risen in value in about the same proportion that other property has fallen. Who would hesitate to pay even 10 percent for money if he knew that property was going to increase 20 percent in value? On the other hand, if a man knew that he could borrow money for 2 percent, but that property was falling in value by 3 percent a year, how could he utilize the borrowed money at a profit? The rate of interest seems to be very small. A few persons might be willing to pay more, but they would be such as were forced by circumstances to do so in order to protect themselves from serious loss.

Instead of interest becoming less as money becomes more plentiful interest rises, because more profit can be foreseen in the use of it than when the value of the unit is increasing and the quantity of money decreasing. But the natural rate of interest will never be known until society shall obtain a unit of money that shall be unchanging in value. With a money increasing in value and decreasing in quantity, the rate of interest will be lower than if money were unchanging. If prices continue falling, interest will be lower.

WHY IS INTEREST FALLING?

When the prices fall, the hopes of the producer of wealth are taken away; he is deprived of all prospect of profit, which is the only inducement to investment of capital—and nobody is benefited but the lender of money—the man who juggles with the counters by which profits are computed.

When prices of commodities and property are falling, moneyed men will not part with money in order to acquire property which in a month will be worth less than they paid for it, or to employ labor, the prices of the

products of which are constantly declining. They keep their money, either in the form of gilt-edged bonds or as deposits in banks, subject to their order. In other words, so far as all the purposes of money are concerned, it may be said to be hoarded. People instinctively hoard and hold that which is becoming more valuable. If wheat is rising in price, those who deal in wheat and can afford to keep it on hand will do so for the manifest purpose of making a better profit at a later period.

When money is rising in value, therefore, men instead of putting it to use take it practically out of use. Hence at such times it refuses to perform the beneficent functions for which society intended it.

When, therefore, prices rise interest rises; with the fall of prices of commodities interest falls. When money is increasing in volume and decreasing in value, prices rise, and each investment in productive enterprises becomes more profitable. As a consequence interest rises. When it is decreasing in volume and so increasing in value, it is because prices are falling. At such times investments in property and in industrial enterprises become unprofitable. As a natural consequence money avoids them and seeks gilt-edged bonds, on which no default of interest is to be expected.

Such bonds naturally increase in price.

* * * * *

But this is altogether an error. If a man could be moderately certain of making 4, or 5, or 6-percent profit in a business enterprise, he would not take a Government bond at 3 percent, no matter how good the credit of the Government.

The most certain sign, therefore, that the value of the monetary unit is increasing * * * is the fact that interest on securities of the first class is decreasing.

There has been much talk about this gold that is stored in Kentucky. Economic law is in operation here and throughout the world, and if we were to coin that gold and put it into circulation, to be withdrawn at will by people of foreign countries, we would soon be bereft of this great bulwark to the security of our national economy and our national currency.

Mr. Chairman, I am going to yield at this point to my good colleague the gentleman from Nevada [Mr. SCRUGHAM] who was not in the House at the time I was yielded time.

Mr. SCRUGHAM. Mr. Chairman, money, including its metallic forms—gold and silver—is generally subject to the same laws of supply and demand that govern the value of commodities and services. For many decades, up to the time of the present Roosevelt administration, the value of money in this country was largely controlled by a comparatively small group of shrewd men, known as international bankers, who manipulated money values chiefly for their personal profit. Our business and economic system was built on the right of profits to all who could get them, with little or no regulation or consideration of whether or not the Nation as a whole had any benefit therefrom. The control of the money of a nation is a prize that is still being fought for by vested interests, and their proposed method of accomplishment of their end is to hamstring the Government control, through freezing the value of the medium of exchange, gold, and the prevention of Government regulation. Our greatest weapon in protecting the industries and wage earners of the country from low wage foreign competition is our great stock of gold and silver. Our governmental control of our money is what controls the situation. With this mighty instrument in administration hands we can stabilize the value of Government securities. We more fully control runaway paper inflations and depressions, as has been well demonstrated during the past 7 years. America today stands in a peerless position to dominate the world financial situation, which we could not do by freezing our gold and silver values. The powers proposed to be again given to the administration are not only a protection to the taxpayers and the public of this Nation, but an absolute necessity if we are to hold our own economic supremacy in this stupendous and cutthroat international competition which faces us in the immediate future. I can imagine no more short-sighted congressional policy than to refuse our Treasury the right to place the proper value on our own gold, which will be to the best economic interest of the whole Nation. We certainly do not want to play into the hands of profiteers.

This talk of inflation due to our control of the price of gold is, to my mind, the sheerest nonsense. On the contrary, nothing will be more conducive to stability. After the Civil War destructive inflation due to the vast circulation of unsecured greenbacks was ultimately prevented by the production of hundreds of millions of dollars' worth of gold and silver from the Comstock mines of Nevada and from other Western States. Quoting from the report:

During the last 2 years the international-exchange markets have been more disrupted than they have been in the past 20 years. It appears that the period ahead of us may be even more critical. We are in the midst of many systems of currency and exchange controls. Some are operated with no friendly intent toward the United States. Economic warfare as well as military warfare is now being waged on all sides of us. There is no certainty that even with peace these aggressive economic instruments will be abandoned by other countries. The stabilization fund has proved its value during years of unparalleled crisis in international trade and finance and is a potent weapon of defense in our international economic relations. Your committee believes that it would be unwise at this time to abandon the machinery of control which we have built up to protect the dollar and the American economy. It would surely be an inopportune time to let private speculators or foreign governments determine the exchange value of the dollar.

The bill also extends for 2 years the authority of the President to alter the gold content of the dollar. The President's authority, as under existing law, will be limited to fixing the gold content of the dollar between 50 and 60 percent of its former weight. The President exercised this authority on January 31, 1934, by fixing the gold content of the dollar at 15$\frac{5}{21}$ grains of gold, nine-tenths fine, which is approximately 59 percent of its former weight. The Secretary of the Treasury assured your committee that there is no present desire or intent on the part of the administration to alter the gold value of the dollar. However, as was stated by the Secretary of the Treasury, this is no time for the United States to surrender any of its instruments for dealing adequately and promptly with international economic and monetary problems.

We are facing a period of inevitable economic warfare of world-wide extent, the like of which has never been known in all recorded history. The time will come when our factories must change from the manufacture of instrumentalities of destruction to something else. Our production of materials of peacetime economics must compete with almost pauper labor from most of the other nations of the world. We must not surrender or freeze the value of our gold and silver. I earnestly ask this body to fully approve the bill as presented to the House. [Applause.]

The Clerk read as follows:

Be it enacted, etc., That subsection (c) of section 10 of the Gold Reserve Act of 1934, approved January 30, 1934, as amended, is further amended to read as follows:

"(c) All the powers conferred by this section shall expire June 30, 1943, unless the President shall sooner declare the existing emergency ended and the operation of the stabilization fund terminated."

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: On page 1, in line 9, before the period, insert a comma and the following: "and after June 30, 1941, such funds shall be reduced by $1,800,000,000, and such sum shall be credited to the general fund of the Treasury."

Mr. AUGUST H. ANDRESEN. Mr. Chairman, the purpose of this amendment is to reduce the stabilization fund to its capital amount of $200,000,000, taking the balance, $1,800,000,000, which has been dormant for 7½ years, and is now dormant, and placing it in the general fund of the Treasury to be used for national-defense expenditures.

When Secretary Morgenthau appeared before our committee he stated that this $1,800,000,000 was being held in trust for the American people and that he wanted to keep it intact for the American people.

During this critical time when we are spending billions of dollars for national defense, when the Congress proposes to increase tremendously the levies of taxes upon the rank and file of the people for national defense, it seems to me this money that is now lying dormant and not drawing any interest, could well be used to defend and protect all American citizens.

By not using this fund for the past 7 years and 4 months the Treasury has lost $45,000,000 a year of interest. The tax bill that will come before the House will contain many provisions. The committee is searching around trying to find additional sources of taxation so as to raise just a few million dollars here and a few million dollars there. By using this money we can at least save the taxpayers $45,000,000 a year and at the same time spend this money so that it will be for the welfare of all the American people.

The purpose of the stabilization fund was to stabilize foreign currencies in their relation to the American dollar. The Government of the United States entered into an agreement with Great Britain and France called the tripartite agreement. That was an arrangement between the countries whereby we would

seek to have a normal and stable exchange rate between the French franc, the British pound, and the American dollar. The operations under that agreement ceased when the World War No. 2 started, and since that time the fund has not functioned in any manner to stabilize the American dollar with relation to foreign currencies. All of these foreign currencies have depreciated in value. Many of the countries have issued block money where the country that gets the block money in the normal channels of foreign trade must spend such money in the country of origin. There are now no foreign currencies to stabilize.

Secretary Morgenthau said that the main reason he needed the stabilization fund was to handle a $50,000,000 item for China. We are going to help China stabilize its currency and provide them with some foreign exchange so they can purchase war materials here in the United States. Another reason was that we were lending about $40,000,000 to the Argentine to help them stabilize their currency and get foreign exchange in the United States.

These two items and any other items that they might want to use can be handled through the $200,000,000 capital stabilization fund which will be left and which Secretary Morgenthau indicated would be sufficient to take care of any of the needs they might have for such a fund in the Treasury. I may be mistaken in my theory of the use of this money. It seems to me a good business judgment that if we have money that is not drawing any interest, we should use it rather than borrow money and pay interest. If we have to borrow the money, it costs us $45,000,000 a year, and if we use it, we save that money to spend for national defense.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. WHITE. Mr. Chairman, this is a novel proposition and a novel position taken by the minority members of the Coinage, Weights, and Measures Committee. I have in my hand their minority report, and I shall point out some of its inconsistencies in a moment. I am wondering what would have happened to the big business institutions of our country, say, such a company as the Standard Oil Co., if they had squandered their assets and had not maintained a strong cash position, and I am wondering what would happen to the mining industry if these big companies spent all of their money during periods of mining prosperity and had nothing to carry on with to keep their organization together and their mining properties pumped out and in operation. I wonder what will happen to this country in this maelstrom of world war if we dissipate this little fund and security that has not cost the American people a cent, coming as it did from the increment in the devalued gold dollar. It has been the greatest bulwark and the greatest instrument to stabilize our foreign relations, insofar as our currency is concerned, we have ever had. Why, Dr. Sprague, from our own Treasury Department, was a man from this country who went to England and who helped the Bank of England out of a hole by establishing a stabilization fund when that country went off the gold standard. We have had to match the machinations of these countries by setting up our own stabilization fund. Listen to this inconsistent report. They advocate two principles that are diametrically opposed to each other. Let me read to you:

> We oppose the continuation of the President's power to reduce the gold content of the dollar for two reasons——

I shall not read the whole report. I have not the time. Quoting further:

> Thus as a consequence of the defense effort the dangers of inflation are much more actual and imminent than they were 2 years ago.

Don't overlook the point. They are talking about inflation. To continue with the report:

> Although inflation did not result from devaluation of the dollar in January 1934, the situation now existing is in no way comparable. In the years prior to the defense emergency the economic system was operating far below full capacity, whereas at present we are operating very close to capacity. As production approaches capacity, the danger of inflation becomes ever more acute. Since inflation can ruin the efficiency of our entire defense program, administrative spokesmen repeatedly emphasize that a major objective of governmental price policy today is to prevent inflation. For example, a major purpose of the Office of Price Administration and Civilian Supply created by Executive order on April 11, 1941, is, according to the President, to avoid "unwarranted price rises." Similarly, the President created the Priorities Division of the Office of Production Management to allocate certain scarce materials to prevent the prices of such materials from being grossly inflated by unusual and inequitable demands. Certainly the administration is aware that inflation must be guarded against now, more than ever before in the Nation's history.

That is a fine principle, that is the basis of the report, but listen to the inconsistency of the thing. I turn now to another part:

> In effect the remaining $1,800,000,000 in the exchange stabilization fund is lying idle in the Treasury at the very time when taxes on the American people are being greatly increased for defense purposes. The interest on this sum at current rates is more than $45,000,000 a year. Consequently we recommend that this $1,800,000,000 in the inactive account of the exchange stabilization fund should now be used by the Federal Government to reduce the amount of borrowing that will have to be done through the banking system. This will be highly advantageous for there are certain inflationary tendencies resulting as a consequence of governmental deficit financing.
>
> The Secretary of the Treasury asserts that the money in this account is a "nest egg" being held in trust for the benefit of the American people as a whole, and that the money should only be spent for a worthy purpose. There can be no more worthy purpose, benefiting the whole Nation, than financing national defense. Certainly if the money in this fund is used for this purpose now it will remove all temptation to use it for a less worthy cause on some unforeseen future occasion.

What would happen if $1,800,000,000 of gold were dumped into the money stream, into our currency? It would operate to make an inflation of eleven and one-half billion dollars, and I would like to ask the gentlemen how they reconcile this proposition of being opposed to inflation and wanting to dump $1,800,000,000 in gold into the currency stream, thereby causing an inflation of eleven and one-half billion dollars. Consistency, thou art a jewel.

Mr. WORLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITE. Yes.

Mr. WORLEY. Is it not a fact that the Secretary of the Treasury testified in the committee as follows:

> The very fact that I have this reserve is a kind of a cap on the market to keep the people who own the money from running the rates up on me, because they know I have it.

If the amendment should be adopted, the Secretary would be doing exactly as he said he would be doing, paying through the nose for higher interest rates. He would find himself in the same position as the Richfield Oil Co. with all their assets, all their oil wells, and all their business, when they had no reserves.

The CHAIRMAN. The time of the gentleman from Idaho has expired.

Mr. WHITE. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WHITE. The Public Lands Committee had to pass a bill to relieve the Richfield Oil Co. of $1,500,000 of royalties that the Standard Oil Co. might take them over which they could do with their cash reserves. Here in this great crisis, with the world aflame, when nobody knows what is going to happen, we are asked to dissipate and throw away this bulwark against the national economy of the American people. I do not think I have to ask you to vote down the amendment. It is foolish. Let us follow the plan we started.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. WHITE. I will yield, but the gentleman would not yield to me.

Mr. AUGUST H. ANDRESEN. The gentleman asked me a question, and I want to answer him.

Mr. WHITE. The gentleman would not yield to me, but I will show him that courtesy.

Mr. AUGUST H. ANDRESEN. I just wanted the gentleman to know that I am more interested in the American people than I am in foreigners.

Mr. WHITE. Well, let us protect the American people and protect our currency and protect our national economy. Let us continue the stabilization fund.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I cannot help but refer to the statement that the gentleman from Idaho [Mr. WHITE] just made, "Consistency, thou art a jewel." When I think of the gentleman asking the question why the Standard Oil Co. had great reserves, why any other great corporation had great reserves, in order to be in good financial position we all know that it was to protect business in time of depression. But I want the gentleman from Idaho

to take up the daily statement of the United States Treasury and see what condition you have it in. It is simply awful. Every time you mention the Treasury statement they all start to run away; they do not want to hear about what they are doing to it. When I speak of "they," I mean the new dealers.

Mr. WHITE. We are just running for the statement.

Mr. RICH. Yes; you just are running it in the red every minute. I will give you one. Pick up the statement of the United States Treasury and see what this New Deal administration has done to this country in the last 8 years. It is a sorry-looking statement. They all ought to blush with shame. Then the gentleman from Idaho, with all the gentlemen on that side, has voted for the great waste and extravagance that this administration has put on this country. When you look at the national debt that we have of over $50,000,000,000 caused by the New Deal and then make the statement, "Put your house in order," and then say, "Consistency, thou art a jewel," I wonder if they should not put their heads on their arms and weep crocodile tears and really be ashamed of what they have done. I think it is time for the American people to wake up to these Members of Congress who say one thing and do something else. I am sick and tired of all the talk we have on the floor and then they say, "Consistency, thou art a jewel."

Mr. MASON. Squandering thirty billion.

Mr. RICH. They have squandered thirty-three billion and they will continue to do it as long as the President asks them to do it, because they do not have enough backbone to say to the gentleman in the White House "no." If my people would send me to Congress and I did not have enough backbone to tell the gentleman in the White House that I would not do the things that are wrong, do the things that would wreck this country and put my children and my children's children in jeopardy and put this Nation in jeopardy, I would be ashamed of myself.

Now you have been in power for 8 years. Did you hear my statement this morning about President Roosevelt when he criticized Mr. Hoover and his administration, as he said, for 3 long years? You remember what he said. I say to you, for 8 long years you have been in the red every year. You are going in the red right now for this year more than Mr. Hoover was in all his administration of 4 years. You have been in the red on the average every year since this administration has been in office more than Mr. Hoover was in his 4 years. Yet Mr. Roosevelt said when he came in office he was going to balance the Budget. He has not said a word about it for the last 4 years. Now, you Democrats want to give this administration the power to regulate money. Perhaps I had better say new dealers, in case there might be some Jeffersonian Democrats who are opposed to the squandering and spending of this administration. I hope there are a few of them left and I hope that the people back home will recognize those few and spare them for posterity, because I do not know what will be done with all the new dealers that have supported this administration. You come in here and you want to give this administration, the President, the power to regulate money. It is simply absurd. I would not give the President of the United States this power any longer. Certainly not this third termer. If the people in my district said that I should, I would resign my seat in Congress. I am sure they would not ask it; they are too sensible in my district.

Mr. WHITE. Will the gentleman yield?

Mr. RICH. No; I do not yield.

Mr. WHITE. How do you expect to get an answer if you do not yield?

Mr. RICH. I want to tell you something. I do not want to hear you any more. [Laughter and applause.]

Mr. WHITE. That is very apparent.

Mr. RICH. It is ridiculous. It is ridiculous and embarrassing, the things you say.

Mr. WHITE. I know it is always embarrassing to a Republican to have his record pulled on him.

Mr. RICH. You will find that the Republicans have always been able to take care of themselves. If I had to turn into a new dealer to keep my seat in Congress I would not be here; I just would not have the job at that price. [Applause.]

Let us vote for this amendment.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. COCHRAN. Mr. Chairman, I find that six gentlemen desire to be heard on this amendment. I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. GIFFORD. Mr. Chairman, I support the amendment offered by the gentleman to use this $1,800,000,000. We note that the Secretary of the Treasury acknowledged that he does not need it for the purpose for which it was set up. He may need it possibly sometime after the war is over, but at the present time $200,000,000 is sufficient. To our amazement he acknowledged for the first time in the last 7 years that he wants to buy bonds with it if he finds the public does not buy readily or if he is forced to pay a high rate of interest. I recall that this was denied when the purpose for which this money was to be used has been discussed on the floor of Congress. Many of us suggested it might be used for that purpose.

We should not continue this power. I suggested yesterday that the only way to stop the joy ride was to arrest the chauffeur or take his license away from him. And that is what some of us are trying to do here. That is the necessity of the moment. When license is given to him, let us point out the roads that he must necessarily travel. These new untried thoroughfares which have led us into this mountainous debt and into a dangerous financial situation must be avoided. Congress should again take the wheel and assume its responsibility. He should now be our servant and not our master. Many Presidents seem to like to get into a position where they are the master. Woodrow Wilson, speaking in St. Louis, said:

> Things get very lonely in Washington sometimes. The real voice of the great people sometimes seems faint and distant in that strange city. You have politics until you wish that both parties were smothered in their own gas.

That is the respect President Wilson had for Congress.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Mr. Chairman, I do not yield.

Mr. Chairman, I propose to read a few things said by your old masters of finance, great men of the Democratic Party, whose opinions no longer prevail.

> The principle of spending money to be paid by posterity, under the name of funding, is but swindling posterity on a large scale.

That was said by Thomas Jefferson.

John C. Calhoun said:

> A power has risen up in the Government greater than the people themselves, consisting of many and various powerful interests combined into one mass and held together by the cohesive power of the vast surplus in the banks.

And today we are trying to do something to reduce that surplus and we find a party in power opposing it, scorning the recommendations of their own competent advisers who have warned us and earnestly recommended that many so-called emergency powers be now discontinued. I refer to the Federal Reserve Board.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. GIFFORD. In just a moment I shall be pleased to.

I have read you what John C. Calhoun said. Grover Cleveland repeated it in almost the same words.

Thomas H. Benton said:

> This new page opened on the book of public expenditures, and this new departure taken—which leads into the bottomless gulf of civil pensions and family gratuities.

The driver of this automobile has been scattering free rides and free lunches until the supply has run out, and now he asks you to furnish him more gasoline and oil to go perhaps over exactly the same road and scatter more largesse. It is high time the driver was deprived of his license and when it is reissued he should be given direction by the Congress as to the exact road he is to follow in this experimentation of coin clipping and other acrobatics with the Nation's money and credit.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. PATMAN. Does the gentleman favor the amendment to put this $1,800,000,000 into circulation?

Mr. GIFFORD. I favor using this to buy bonds now instead of paying interest.

Mr. PATMAN. I do not believe the gentleman has answered my question.

Mr. GIFFORD. Will the gentleman repeat his question?

Mr. PATMAN. Does the gentleman favor the amendment or is he opposed to it?

Mr. GIFFORD. As I read the amendment I favor it if the money would be used to buy bonds instead of having to borrow that much and pay interest on it.

Mr. PATMAN. I do not believe the gentleman is answering my question.

Mr. GIFFORD. Yes; I am answering it; it is the gentleman who attempts to becloud my answer.

I have many notations here. I have read the hearings, not only the current hearings but the hearings back in the other years when these powers were granted and renewed. Still again the President wants to extend this power against the advice of his own Federal Reserve Board. Well do we now realize that this President of ours desires all kinds of delegated power and once given he will never consent to give them up. It is necessary to take them from him.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN] for 4 minutes.

LOW INTEREST IN PEOPLE'S FAVOR

Mr. PATMAN. Mr. Chairman, I do not believe that the gentleman who has just spoken can consistently be for this amendment. This amendment would put into circulation $1,800,000,000. One time when I offered a bill to pay the World War veterans much less than $1,800,000,000 it was branded as an inflationary measure. This proposal would pay into circulation more than would have been paid to the World War soldiers on their so-called bonus certificates. I do not know of any amendment that has ever been offered that is half as inflationary as this particular amendment, and how those who want to avoid inflation can consistently argue in favor of this amendment, I cannot understand.

The payment of $1,800,000,000 into circulation means inflation to the amount of at least $12,000,000,000 under our present system. If you want to inflate the currency to the extent of $12,000,000,000 and do it immediately, quickly, overnight, you should vote for this amendment. I believe in a certain amount of expansion of currency when it is needed, but the country seems to be going along now rather smoothly and I do not know what kind of a shock it would be to our economic and financial system to have injected into its economic veins $12,000,000,000 of new money without any brakes whatsoever. However, those of you who want $12,000,000,000 pushed into circulation immediately should vote for this particular amendment.

Although I have been branded as an inflationist many times, I am certainly not that kind of an inflationist. I find myself now opposed to those who have opposed me in the past. The truth of the matter is, and the Members of the House might just as well recognize it now, the Federal Reserve Banking System is in the hands of the big banks of this country. When you hear the voice of the Federal Reserve Board you hear the voice of the biggest bankers in this Nation. They are jealous of the United States Treasury. They want this amendment in here. Why? Because the Treasury if it has this $1,800,000,000 will have some influence over the United States bond market. That is admitted. I am glad of it. It has a good, wholesome influence, it has something to do with interest rates, and I am glad for the Treasury to have it. But if this amendment is adopted, then the Federal Reserve will have succeeded in taking away from the Treasury an enormous power which they, representing the big banks of the country, want for themselves.

Those who favor the big banks against the people should vote for this amendment. Maybe I am wrong about it. I know that they are just as honest in their views as I am, but I am telling you the effect of it; and if you favor high interest and are against low interest, you should vote for this amendment because it will have a tendency to bring about high interest.

Mr. DEWEY. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

Mr. DEWEY. Might not the $1,800,000,000 be applied to the retirement of that amount of public debt now held by the Federal Reserve System, which certainly would not be inflationary?

Mr. PATMAN. It could be done, yes; but then the Treasury would be deprived of a great power and I am not willing to deprive the Treasury of it. If I had the confidence in the Federal Reserve Board that some people have I would be willing to strip the Treasury of all its power, but this means stripping the United States Treasury, which is supposed to represent the people and does represent the people, of an enormous power and turn it over to representatives of the big banks, and I am opposed to it. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. RANKIN] for 4 minutes.

Mr. RANKIN of Mississippi. Mr. Chairman, if it were not for the emergency in which we find ourselves, I would be inclined to vote against the continuation of this authority. But since it is now necessary to borrow large sums of money for our defense program, I think this measure should be passed.

I was co-author of this original act. The measure was first introduced by me in the House and by Senator THOMAS of Oklahoma in the Senate. However, our bill did not contain the stabilization-fund provision. I cannot see where it is our duty to stabilize the currencies of other countries.

One of the liveliest debates I ever had on this floor was with Hon. James M. Beck, of Pennsylvania, on this proposition in 1933. I expect to extend my remarks in the RECORD and to insert some of the statements I made at that time.

I do not share the apprehension of my distinguished friend the gentleman from Texas [Mr. PATMAN]. I think we need some expansion of the currency and, for that reason, I sponsored the legislation in the beginning. The Thomas-Rankin bill was finally tacked on as an amendment to another bill in the Senate, but Senator THOMAS of Oklahoma and I had been working on it for a long time.

When this measure was passed it was my understanding that a sufficient amount of currency would be issued against the gold we then had to raise commodity prices back to the normal levels prevailing in 1926, which would have meant 20-cent cotton and $1.50 wheat. We gave the President the power to issue $3,000,000,000 in currency for that purpose. But the only powers exercised under the act so far has been to create these stabilization funds and to reduce the gold content of the dollar.

If the administration had carried out the policies which we advocated at that time, it could have restored the prosperity of the country and avoided a great many of the mistakes we have made in the meantime. The greatest of all philosophers once said:

Neither a borrower, nor a lender be,
For loan oft loses both itself and friend,
And borrowing dulls the edge of husbandry.

While we are using this fund for the benefit of foreign countries that are in direct competition with American farmers in practically all of their activities, and advancing them large loans, we are borrowing money from the rich and giving it to the poor here at home, dulling the edge of husbandry and teaching our people to lean upon the Federal Government for support. This policy cannot continue if this Government is to survive. [Applause.]

Hon. Charles F. Curry, of California, once said that our gold policy reminded him of a thing that happened about four thousand years ago when an old long-haired agitator went down through Asia Minor making speeches to the people, telling them that the precious flint out of which they were making their war clubs, hatchets, and arrow spikes was rapidly being exhausted. He said this got those ancients so badly excited that they began to hoard this rock and hide it in the ground, similar to the way our gold is buried in Kentucky. He said it created a panic that lasted for several hundred years. [Laughter.]

I wonder if we are walking in that path today.

Mr. Chairman, I shall not oppose this bill, but just as soon as we get out of this emergency I hope to see Congress take back the powers vested in it by the Constitution of the United States to coin money and regulate the value thereof. [Applause.]

The trouble with the Treasury Department is, and always has been, and the trouble with the Federal Reserve System is, and always has been, that they, like Prometheus of old, are chained to the gold standard and do not know how to shake loose from it. We are witnessing a world catastrophe today as a result of one section of the world hoarding its gold

and the other is operating on a regulated, or a managed currency, and competing with us for world trade, while we hold down the prices of farm commodities to the farmers' detriment and increase the national debt to keep people on relief who could earn their own living if we followed the other course.

As soon as this emergency is over, I hope to see this power restored to Congress and see this body resume the functions vested in it by the Constitution to coin money and regulate the value thereof. In doing so I believe it will be necessary for us to take over the Federal Reserve banks, in order to take our monetary system out of the hands of private bankers and restore it to the people's government where it belongs. [Applause.]

Under the permission granted me to extend my remarks in the RECORD I am inserting an address I made on this subject on May 2, 1933.

The matter referred to follows:

[Speech of Hon. JOHN E. RANKIN of Mississippi, in the House of Representatives Tuesday, May 2, 1933]

PRESIDENT ROOSEVELT'S CURRENCY EXPANSION PROGRAM

Mr. RANKIN. Mr. Speaker, with the probable exception of the signing of the armistice, which brought to a close the most devastating war in all history, the passage of this currency expansion measure will likely be the greatest step ever taken by any government since Biblical times. If properly and fully carried out, it will be the greatest boon to suffering humanity of any measure ever passed by a legislative body in all the tides of human history.

I only regret that every man in this House cannot join in its support, the passage of which will probably mark a turning point in the history of our civilization.

I should particularly like to see my distinguished, able, affable, eloquent, and erring friend from Pennsylvania [Mr. Beck], who has just spoken—and for whom I have an abiding affection—throw the weight of his great ability into the scales on the side of this program and help secure the passage of this, the most far-reaching and beneficient measure ever adopted by a legislative body. If he would do that, he would render his country the greatest service of his long and distinguished career. The suffering people throughout the world, even the generations yet to come, might then "rise up and call him blessed." [Applause.]

In order to successfully contest on this floor with the gentleman from Pennsylvania one should be able to "bend the bow of Ulysses" or wield the spear of Goliath. I realize my feeble inabilities to meet such a test. But I am conscious of the admonition of his favorite author, William Shakespeare, to the effect that "Thrice is he armed that feels his quarrel just." Or, as was once said by William Jennings Bryan, "The humblest citizen of the land, clad in the armor of a righteous cause, is stronger than all the hosts of error." [Applause.]

It is said that Alcibiades once stopped up his ears and fled from the presence of Socrates for fear that he would grow old listening to his eloquence.

As I have listened to the adroit and persuasive arguments of the distinguished gentleman from Pennsylvania, the greatest Shakespearean scholar in either House, and one of the ablest lawyers in America, who probably knows more about the Constitution than any other man in Congress, and possibly more ways around it—as I have melted beneath the magnetism of his marvelous eloquence, embellished by his unaffected rhetoric, and reinforced by a literary resourcefulness equaled by few men on this earth, I have found myself holding to the seat to keep from slipping, lest he should sometimes even persuade me to go astray. [Laughter and applause.]

I am told that he was once a Democrat, back in those struggling years of his youth and young manhood, before he attained his present status of eminence and distinction. But you know we are told by his favorite author that—

"Lowliness is young ambition's ladder,
Whereto the climber upward turns his face;
But when he once attains the upmost round,
He then unto the ladder turns his back,
Looks in the clouds, scorning the base degrees
By which he did ascend."

[Applause.]

But we also have the consoling assurance of Holy Writ that if you teach a child the way it should go, when it is old, it will not depart therefrom. Probably when he begins to grow "old," and reaches the age of mature discretion, he will return to the conviction of his early youth and join in the fight for the promotion of every righteous cause. [Laughter.] Nothing would be more fitting as a climax to his long and able career than to make that change today. "While the lamp holds out to burn, the vilest sinner may return." Come on, Mr. Beck, join the hosts of righteousness in this crisis of the world's history, when America is awakening like a sleeping giant from a long and hideous nightmare, breaking the fetters of this depression, turning from the dead past toward the living future, catching the step and taking the lead in the onward march of modern progress.

If he will do that, he will not only render his country his greatest service but he may then spend the evening of his career in quiet and ideal peace conscious of a well spent life, and confident of its good, enriched with an abundance of those blessings which Shakespeare says should accompany old age, such as "honor, love, obedience, troops of friends." [Applause.]

I have often remarked that his speeches remind me of another expression of his favorite author, when he said:

"The world is still deceived with ornament.
In law, what plea so tainted and corrupt,
But being season'd with a gracious voice,
Obscures the show of evil?"

And when I hear his attempts to fortify his erroneous positions with copious quotations from the celebrated literature of the past, even including passages from Holy Writ, I am reminded of the further expression:

"In religion,
What dammed error, but some sober brow
Will bless it, and approve it with a text,
Hiding the grossness with fair ornament?"

I am afraid that by his gracious voice, his persuasive eloquence, his attractive personality and literary resourcefulness, he has not only obscured the evil of his contentions, but has led the minds of many members to reach the wrong conclusion. [Applause.]

As was once said by a great American, "It is a condition and not a theory that confronts us." We are not only charged with the gravest responsibility that will probably ever come to Members of this body in our day and generation, but we are confronted with the most glorious opportunity for service to humanity with which we will ever have to deal.

We are in the midst of the most terrible panic of all history. For more than 3 years we have witnessed the tragedy of increasing failures, foreclosures, and bankruptcies—farmers forced to sell their crops far below the cost of production, and see their lands swept away for debts or sold to pay their taxes. People are being driven from their homes to join the hungry multitudes who crowd the streaming bread lines along the streets of our cities. Ten or twelve million men, who are able, willing, and anxious to work, are tramping the streets or treading the highways, begging for employment by which to earn their daily bread. Men, women, and children from the best families of America, people who won't get the chill of the humiliation out of their blood for two or three generations, are forced to beg their bread from door to door. A crimson wave of suicide is sweeping over the land—mothers killing their children to keep from seeing them suffer and then committing suicide across their dead bodies.

All this is happening in a land teeming with abundance, where we have more wheat, more corn, more cotton, more manufactured articles, more of everything necessary to sustain human life and contribute to human happiness and human comfort than was ever known before. All this is happening in the most advanced and enlightened age, when we have gained the greatest ascendancy over the forces of nature and the greatest command over our surroundings ever reached in all the history of the human race

What is the cause of all this? The answer is simple: we are in a money panic—a man-made panic, which we are attempting to cure by the passage of this the most far-reaching piece of financial legislation ever enacted on this earth. We are "cutting the Gordian knot" that binds suffering humanity to the gold fetish, antiquated theories, and discredited policies of the past. By this measure we hope and expect to put the people of America back on the highway to permanent prosperity.

When the Great War closed it left the people of the world, including America, loaded with a burden of indebtedness that at best it will take generations to pay. Those debts were contracted on an expanded currency, when times were prosperous and commodity prices were high We are now asked to pay them with a contracted currency that has so reduced commodity prices as to render this burden too heavy for the people of the world to bear. Yet they are asked to carry on, or told to carry on, driven by the whip of the money kings, who offer them no hope of relief. They have about reached the point of exhaustion and are now stumbling, fainting, and falling under the very cross of taxation upon which they and their children and their children's children are to be crucified.

Something must be done. They can stand this strain no longer. This bill will do the work. I have said time and time again that one of three things is bound to happen:

We are going to have to expand the currency to bring back commodity prices to where they were when our debts were incurred, or we are going to have to have a radjustment of all debts, public and private, scaling them down, extending the time for payments, and reducing interest rates almost to the vanishing point. Unless one of these two courses is pursued, we are going to be swept into a saturnalia of wholesale repudiation of public and private obligations, including district, municipal, county, State, and Government bonds. That would be revolution, the last protest to which an oppressed or suffering people resort.

By this measure we propose to expand the currency to raise commodity prices, and restore the purchasing power of the American farmer, which will automatically restore the purchasing power of the industrial laborers, because it will enable the farmers to buy the things they need. That will start the wheels of industry to turning and furnish work for the unemployed. Then our bread lines will melt away, our entire economic machinery will begin to function normally, and the clouds of this depression will disappear.

But the distinguished gentleman from Pennsylvania questions the constitutionality

of this law which delegates to the President the power to diminish the gold content of the dollar. I. my opinion, that question was settled by the Court when it upheld the constitutionality of the flexible clause in the tariff bill. The gentleman from Pennsylvania and I both voted against that clause and both of us thought then that it violated the Constitution of the United States, but the courts decided differently, and the law was upheld, just as this one will be, in my opinion, if it is ever put to a test. Besides, this matter will be disposed of by the President before the Supreme Court could ever act upon it. Then, if there is any doubt as to the constitutionality of his acts, Congress would have ample time to ratify them.

Then, too, there is a higher law than the Constitution. The safety of the people is the supreme law. This is war. We are at war with the most destructive depression of all times—one that not only threatens the life and safety of every person under the American flag but one that challenges the very existence of our civilization.

The genetleman from Pennsylvania refers to the President's advisers as the "brain trust," as if this currency-expansion theory originated with them. He knows, and every other Member of the House knows, that for more than 3 years I have advocated a liberal, controlled expansion of the currency as the only possible means of relief from this unprecedented depression. I have made this appeal in the House, through the press, over the radio, on the stump, and everywhere else that an opportunity has presented itself. Other Members of the House and of the Senate have done the same thing.

We were not prompted by any "brain trust," but we were opposed by the "money trust," representing the owners of great fortunes who have their money invested in tax-exempt securities and are now opposing expansion because they know that under the present state of depressed prices their hoarded dollars will buy three or four times as much of American commodities as they will when this currency is expanded and normal conditions return.

I want to touch briefly on the three principal points involved in the currency expansion provision of this bill. It has been stated, by the opposition, time and time again, that the $6,000,000,000 of new currency provided for in this bill, $3,000,000,000 through the Federal Reserve System, and $3,000,000,000 of United States notes, will be "fiat money."

There is not a scintilla of truth in that statement. Every dollar of this money, under the Gold Standard Act of 1900, will be worth 100 cents on the dollar. It will be interchangeable with every other dollar we have, whether it is gold or silver, or United States notes, or Federal Reserve notes, or national-bank notes, or what not.

This measure has also been attacked because of its provision on the silver question. Did you know that more than 1,000,000,000 people in this world use silver almost exclusively as a money? Silver is mentioned in Holy Writ as a money, before we find any mention of the use of gold as a currency. Silver is the money of the Orient. It is the money of all Central and South America, of all eastern Europe. In 1926, when the international bankers who are opposing this measure induced England to force India onto a gold standard, they destroyed the purchasing power of silver and therefore destroyed the purchasing power of a billion of America's customers.

Some of you gentlemen opposed William J. Bryan on his silver policy in 1896. We Democrats were in favor of the free and unlimited coinage of silver at a ratio of 16 to 1 [applause], and in the Republican platform of 1900, if not in 1896, you provided for the coinage of silver, provided it was done by international agreement, on the theory that if you remonetized silver in the United States alone it would draw the surplus silver to America and drive down the American dollar.

This bill, from that standpoint, is merely carrying out the ideas you expressed more than 30 years ago. In addition to broadening the base for the issuance of American currency it will restore the purchasing power of the people of the silver countries throughout the world, who buy American cotton, cotton goods, wheat, wool, manufactured goods, and other commodities.

Probably the most important proposal contained in this measure is that to give the President the right to reduce the gold content of the dollar, in order to broaden the base of our circulating medium and to reach an understanding with foreign nations for some kind of a working agreement as to monetary standards.

The chief opposition to this provision is coming from that element of our people who own Government bonds payable in American dollars based on the present gold standard. They prefer to prevent, in any way they can, an expansion of the currency that would raise commodity prices, for the simple reason that it reduces the purchasing power of their dollars invested in those tax-exempt bonds. They prefer to exact the last "pound of flesh." They ignore the appeals of suffering humanity. They ignore the ominous warning of discontent. They ignore the pleas of the President to the effect that this change is necessary to bring order out of chaos, restore the prosperity of the American people, and to save American institutions. When they are asked to cooperate in this stupendous undertaking, they raise the question of the Government's right to cut down the gold content of the dollar and ask, in the words of the greedy Shylock, "Is it so nominated in the bond?"

If by some chance we had discovered an unlimited supply of gold and had offered to pay these bonds in that commodity, then they would have demanded American dollars instead.

The Government has a perfect right to change the gold content of the dollar, without consulting the holders of Government bonds. If this program goes through, they will be paid every dollar the United States owes them in United States money. If they should block its passage, and this country should be swept into the maelstrom of repudiation, they might find, as did Shylock of old, that they had forfeited their bonds by their own perfidy.

We have come to a change in world affairs. We are in the same condition the people of Europe were in at the time of the fall of the Roman Empire. Two thousand years ago Rome sat upon her seven hills, the unchallenged mistress of the world. A few people owned practically all the wealth of the empire. They had gathered unto themselves the gold of the known world. The supply was limited and the amount per capita was gradually diminishing, and there was little or no hope for the discovery of new supplies. They were charging the people as high as 48 percent interest at the time of the murder of Caesar. He was murdered, not because he was ambitious, as many of us have been led to believe, but because he had taken the side of the people of Rome and was wringing the loathsome fingers of the money changers loose from the throats of the suffering people of Europe, just as Roosevelt is doing in America today. [Applause.]

After his death, they continued to concentrate and control the money supply of the world. They drove commodity prices down. International trade fell off, and commerce died. Because of the lack of a circulating medium, the people were driven to barter in trade. Poverty increased, stagnation prevailed, patriotism withered and perished away, corruption crept into the state, Rome tottered and fell, and Europe lapsed into an economic lethargy that lasted for 1,000 years. It was broken only by the discovery of America, and with it new, and apparently unlimited, supplies of gold. When this new gold was added to the circulating medium of the Old World, Europe awoke, as it were, from her lethargy of centuries and leaped forward into an era of prosperity, the like of which mankind had scarcely dreamed.

Commodity prices began to rise, wages were increased, employment became plentiful, commerce was revived, international trade was stimulated, and there dawned upon this earth what is known as the "golden age," the most glorious period in the history of the human race—an age that gave to the world more of genius and of greatness than any other period in all the annals of recorded time. Into that age Shakespeare was born—"the rarest genius and the richest soul that ever lived and loved and wrought of words, the statues, pictures, robes, and gems of thought." Into that age came Cervantes, the author of Don Quixote, who by his ingenuous pen swept away the fallacies of centuries, and struck from the minds of men the shackles placed upon them by caste systems of ancient institutions.

Into that age came Galileo, the seer of the centuries, before whose matchless genius the old heavens folded away, and a new universe swung into view. It was indeed a golden age. Its glories are still reflected in the marble of Michelangelo, the paintings of Rembrandt, the engravings of Cellini, whose handiworks today adorn the art galleries of the world.

Under the impulse of progress generated by this revival, our forbears swarmed across the Atlantic and carved this Republic out of the unbroken wilderness of the New World, and established here, for the first time, a nation dedicated to the proposition that government derives its just powers from the consent of the governed.

For approximately a century after the establishment of the American Republic, we had a double monetary system of gold and silver. In 1873 silver was demonetized, and soon thereafter the supply of gold per capita began to wane.

Today we are in the same condition the people of Europe were in at the time of the fall of the Roman Empire. The gold supply is insufficient, with the present standards, to supply the basis for the circulating mediums of the world and the amount per capita is on the wane. We are virtually at the end of gold. We have prospected every field, we have searched every territory, we have exhausted every mine. There are apparently no more fields to be discovered. We must find some other method of broadening the base for our monetary supply, or suffer the fate of the people of Rome.

A great American orator once said that "It took Rome 400 years to die, and our death, should we perish, will be as much more terrific as our intense civilization has given us more bone and sinew and nerve and strength and vitality."

We are making history today. The world is looking to America for leadership. The destiny of our civilization is in our hands. We must not fail. [Applause.]

Some years ago, Lord Robert Cecil, Viscount Cecil of the British Empire, is reported to have said in a speech in Chicago, that "England's sun is going down." But he said it would be a "glorious sunset." And it will. No nation that has ever risen and fallen in all the tides of human history has contributed more to the progress and enlightenment of mankind than has the British Isles. He is quoted as having said further that "The leadership of the world has now been transferred to the United States." In order to maintain that world leadership, we must prove ourselves worthy and able to lead. We are in the crucial test today Upon the outcome of this measure may depend, not only our

leadership, but the very destiny of our American institutions.

One of the ablest Ambassadors ever sent to the United States, said in a speech in this country a few years ago that "An age is dying in Europe, the waves caused by its death agonies are lashing the shores of America."

In the midst of possibly the greatest crises through which the British Empire has ever passed, when all that she had builded for a thousand years was threatened with dissolution, Phillip Snowden, one of the greatest Chancelors of the Exchequer that country has had in a hundred years, arose in the House of Commons, just out of a sick bed, pale and emaciated, dramatically pointed his bony finger at the opposition across the aisle and hurled at them a challenge that will ring down the centuries, in which he said:

"All our past acclaims our future: Shakespeake's voice and Nelson's hand,
Milton's faith and Wordsworth's trust in this our chosen and chainless land,
Bear us witness: come the world against her, England yet shall stand!"

In this tragic hour, when American institutions, and probably American civilization, are trembling in the balance, let us draw courage and inspiration from the sacrifices and accomplishments of the past, and say in the words of that great Englishman that all our past proclaims our future. The sword of Washington, the pen of Jefferson, the heart of Lincoln, the spirit of Lee, the valor of Davis, and the voice of Bryan, the blood of a million American heroes crying out to us from the ground, echoed and re-echoed from the hearthstones of millions of American homes—all these admonish us that America must not fail, our civilization must not perish, our institutions must not die. [Applause.]

By the consummation of this program we can restore the prosperity of the American people, broaden the base of our monetary supply, and restore normal conditions throughout the world, and thereby usher in the golden dawning of a new and a grander day.

Let me appeal to you again, and especially to the erudite gentleman from Pennsylvania, to join us in this fight and follow our great leader in this "battle of centuries," to rescue and perpetuate the civilization of mankind. Then you will not only receive the deserved plaudits of a grateful Nation, but throughout the distant lapse of far-off years your praises will be sung by the sons of men, even in the ages yet to come, when this, our lofty scene, shall be acted over "in states unborn and accents yet unknown." [Prolonged applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, the claim that is made here that the Republicans are inconsistent in asking that the $1,800,000,000 stabilization fund that is not being used be spent, and that it will produce inflation if it is spent, if it is used to pay for current or past bills, is very foolish.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. No; I cannot yield. I have said it for the last time now.

Mr. WHITE. Mr. Chairman——

Mr. SMITH of Ohio. Mr. Chairman, I refuse to yield.

The CHAIRMAN. The gentleman from Ohio declines to yield.

Mr. SMITH of Ohio. I am going to ask you this simple question. What are you going to do with the $1,800,000,000?

Mr. WHITE. How am I going to answer it if the gentleman will not yield?

Mr. SMITH of Ohio. I ask for order, Mr. Chairman.

The CHAIRMAN. The gentleman from Ohio declines to yield.

Mr. SMITH of Ohio. I ask you, what are you going to do with this $1,800,000,000? It is created. Sooner or later you will have to spend it. It is an act that is completed. It is not as though we intended to create that fund; it is here. Therefore, all the Republicans, if you want to make it a party issue, are asking is that it be used and spent now, when it is needed. That is all they are asking.

Furthermore, why talk about $1,800,000,000 producing inflation? What about the $675,000,000 of the so-called profit that has already been spent to pay off bonds? What have you to say about that? What have you to say about the $145,000,000 the Treasury is carrying in its general fund? Talk about inflation.

Mr. WHITE rose.

Mr. SMITH of Ohio. Mr. Chairman, I refuse to yield.

Mr. WHITE. Mr. Chairman, I rise to a question of personal privilege.

The CHAIRMAN. The gentleman from Idaho cannot raise that question while the gentleman from Ohio has the floor. The gentleman refuses to yield and will proceed.

Mr. WHITE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. WHITE. The gentleman has addressed a question to me, and I want him to yield so I can answer it.

Mr. SMITH of Ohio. I have not addressed a question to anybody.

The CHAIRMAN. That is not a point of order. The gentleman from Ohio will proceed.

Mr. SMITH of Ohio. You talk about inflation, you talk about the danger of inflation if this $1,800,000,000 should be used to pay off bonds. I explained to you this afternoon that through the gold-purchase program you have created $14,000,000,000 of inflation in the banking system. I challenge you to deny that.

What have you done with the bank deposits of the United States? You have reduced them in value. You have depreciated them in value so that the bank deposits, taken as a whole, are worth only 75 cents on the dollar, and you are talking about $1,800,000,000 here producing a dangerous inflation.

Further, the statement was made that this would be paid to the Federal Reserve banks. It would not be paid to the Federal Reserve banks. It would go into circulation. The Federal Reserve banks would have nothing whatever to do with it.

Here is another thing about inflation. What is being done at the present time by the process of depositing bonds in the banks? The Treasury simply deposits the bonds in the banks and checks against them. What is that but inflation?

I should think that the New Deal Party would be the last on earth to talk about the danger of inflation. Do you know that the President of the United States has today the power, if he cares to use it, to set into motion a potential inflation that already exists of about $400,000,000,000? Then you talk about the danger of inflation.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. No; I will not yield at the present time.

So that your argument that this $1,800,000,000 will be used as inflation amounts to this. You have already spent $675,000,000. In other words, you have already stolen the first apple. What can we expect you to do following that? We expect you, of course, if you have the opportunity, to steal the remainder of our apples. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. WORLEY].

Mr. WORLEY. Mr. Chairman, I wish I knew more about the monetary system in America than I do. I wish I could say the bill under consideration is a perfect bill, but I cannot. I wish I could say that everything the majority party has done toward this particular piece of legislation has been perfect, and I wish I could say that it would be a panacea for all of our economic ills, but, in all fairness and in all candor, I cannot do it, and I do not believe anyone else can.

The amendment which was offered by the gentleman from Minnesota was also offered in the Committee on Coinage, Weights, and Measures by him. Testimony was obtained from the Secretary of the Treasury, Mr. Morgenthau, relative to this particular amendment, and I quote from the hearings of the committee. Mr. Morgenthau's reasons are these:

> I have felt that this $1,800,000,000 is a sort of nest egg that belongs to the people of this country—one that we could use in case the time might come when I might not be able to borrow, except at very unreasonable rates.

Continuing after a colloquy with the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], the Secretary of the Treasury said:

> The very fact that I have this reserve is a kind of a cap on the market to keep the people who own the money from running the rates up on me, because they know I have it.

It seems to me that an analogous situation would be that of a farmer who went to a bank to borrow money to buy a threshing machine. Suppose the farmer had $200. You know good and well that the banker would be inclined to give him a cheaper rate of interest if he had something in reserve than he would if the farmer did not have a dime in his pocket and had to rely entirely on the beneficence of the banker. You take away this $1,800,000,000 from the Secretary of the Treasury and he will necessarily have to go where he can get the money, and he will have to pay a higher rate of interest than the 2½ percent he is paying now.

It is perfectly true that the money in this stabilization fund is not earning any interest and the interest would run approximately $45,000,000 a year, but you must bear in mind at the same time that

if this money were taken away the $45,000,000 would be about one-half of what he would have to pay in interest. We had to pay 4¾ percent during the World War for money similar to this, and I say, in all fairness and in all candor, the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] should be defeated because I believe it to be a short-sighted amendment, and in spite of the fact this money would revert to the general-revenue fund, I still believe and I think the majority of the membership of this side, and I hope a majority of the membership on the minority side, will concur in the proposition that it is a short-sighted policy to try to take this $1,800,000,000 away from this fund [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. HARE] for 2 minutes.

Mr. HARE. Mr. Chairman, I am very grateful for the invitation to speak on the subject now under consideration, and I appreciate the compliment the chairman pays in suggesting by implication that my views may operate to harmonize the difference of opinion on the subject. However, I have never heard the theory of money discussed, but what I am reminded of the observation made by that great humorist, Will Rogers, when he said:

> There are two classes of crazy people in this country; one class is confined to our asylums and the other class is made up of those who claim to know all about money.

[Laughter.]

Therefore, in order to avoid being placed in the latter classification, I shall forego the pleasure of discussing this subject at present, but at some unguarded moment in the future I may be prevailed upon to express my views on the matter. [Laughter and applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. COCHRAN] for 4 minutes.

Mr. COCHRAN. Mr. Chairman, I do not belong to either class that the gentleman from South Carolina referred to. [Laughter.] I make no pretense of being an authority on money. We have one outstanding bond issue now, paying 4¼ percent. I do not believe we can recall them until 1952. In the meantime we must keep that obligation and pay 4¼ percent interest on those bonds until the time arrives when we can recall them.

The Secretary of the Treasury has told us, "Let me have this money and as long as I have the money I am not going to be dictated to by the money interests of this country as to the rate of interest I am going to be required to pay to run your Government when I need money." The Secretary of the Treasury also states that an increase of one-tenth of 1 percent in the average rate of interest on the public debt would more than offset the entire interest saving that might result from the use of the stabilization fund to retire a small part of the national debt. With your Secretary of the Treasury making this statement, it seems to me we should follow him and therefore I hope the amendment will be defeated. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

The question was taken; and on a division (demanded by Mr. AUGHST H. ANDRESEN) there were—ayes 95, noes 118.

So the amendment was rejected.

The Clerk read as follows:

> SEC. 2. The second sentence added to paragraph (b) (2) of section 43, title III, of the act approved May 12, 1933, by section 12 of said Gold Reserve Act of 1934, as amended, is further amended to read as follows: "The powers of the President specified in this paragraph shall be deemed to be separate, distinct, and continuing powers, and may be exercised by him, from time to time, severally or together, whenever and as the expressed objects of this section in his judgment may require; except that such powers shall expire June 30, 1943, unless the President shall sooner declare the existing emergency ended."

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. AUGUST H. ANDRESEN: On page 2, at the end of line 9, insert: "No foreign gold shall be acquired by the United States after the date of enactment of this act at a price in excess of $35 an ounce."

Mr. AUGUST H. ANDRESEN. Mr. Chairman, the amendment which I have just offered was proposed in the Committee on Coinage, Weights, and Measures and was adopted by a majority of that committee a week ago last Tuesday, I believe. The majority of the committee apparently regretted their action and on the next day they called a special meeting and rescinded it and the amendment was then defeated by a strict party vote, the majority at that time all voting against the amendment.

I am offering the amendment at this time and in the few minutes I have I want to explain it to you. We have already under the New Deal monetary policy with respect to gold purchased nearly $15,000,000,000 worth of foreign gold at $35 an ounce. Our total gold supply in the Treasury is $22,568,000,000 as of May 22, a few days ago. In addition to the gold in the Treasury there is around $1,900,000,000 in earmarked gold in the banks in New York, earmarked and held for foreign countries and individuals. This money will eventually find its way into the United States Treasury and we will soon have between 85 and 90 percent of the total world supply of monetary gold in the Treasury of our country.

My amendment seeks to peg the price paid for future purchase of foreign gold at $35 an ounce. In other words, my amendment fixes it so that the Treasury cannot pay more than $35 an ounce for foreign gold in the future. We are the only purchasers of gold in the world. We take it all at $35 an ounce. We fix and maintain the price. Under the bill before us, if continued, the President still has the right to raise the price of gold from $35 an ounce to $41.34 an ounce. The only ones who would benefit by such an increase in price of approximately $7 an ounce are the foreigners and a few domestic mines. Is there any reason in the world why we should raise the price of gold $7 an ounce and give the foreigners who are mining gold and gold speculators the advantage of it? My amendment here does not deprive the domestic miners of an increased price for their gold. It is somewhat similar to the proposition we established a few years ago when we discontinued buying foreign silver metal at 50 cents to $1 an ounce. We buy foreign silver at the world price, while in this country we continue to pay something like 71 cents an ounce for domestic-mined silver. My amendment pegs foreign gold at $35 an ounce so that the United States Treasury cannot pay more for it. That will give some stability to our American dollar and to our foreign exchange and will give stability to the contracts entered into between this country and citizens of foreign countries. Everyone will know that the gold dollar which we hope will be continued as a medium of international exchange will have a definite, fixed value. Therefore, I am proposing that this amendment be adopted by both sides of the aisle, so that we can stop the iniquitous practice of further devaluation of the dollar and increase in the price of gold. I believe it is our duty now to begin working for American citizens, and we can do it by adopting this amendment. [Applause.]

Mr. WORLEY rose.

The CHAIRMAN. For what purpose does the gentleman from Texas rise?

Mr. WORLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. WORLEY. Yes.

Mr. COCHRAN. Mr. Chairman, I ask unanimous consent that all debate upon this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection?

Mr. AUGUST H. ANDRESEN. Mr. Chairman, there are several other amendments to be proposed.

Mr. COCHRAN. Mr. Chairman, I ask unanimous consent that all debate upon this amendment close in 30 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WORLEY. Mr. Chairman, it is not my purpose to attempt to monopolize any of the time which belongs to the committee, but there are two phases of this bill in which I am particularly interested, and upon which I tried to inform myself officially so that I can at least give my views, which I think and hope are sound. During the discussion of the bill in the committee several amendments were offered by members of the minority side. All of them were defeated until this amendment was offered along toward the last of the morning session. Frankly, it sounded very good to the members of the majority side of the committee, and even better to the Republican members of the committee. Consequently it was adopted. It was adopted without a great deal of thought being given to it, and it was adopted by a two-vote margin, as I recollect. Shortly after its adoption the chairman asked the Secretary of the Treasury for his opinion as to the exact effect the

amendment would have on the bill. The answer which the Secretary gave I shall read, because I think it expresses concisely the proper objections. The Secretary said:

Section 2 of H. R. 4646 extends the power to reduce the gold content of the dollar. To this same section has been added a committee amendment which provides that no foreign gold can be acquired at a price in excess of $35 an ounce.

The effect of the amendment is to nullify completely the power to devalue the dollar given in the first sentence of section 2 since any dollar devaluation necessarily increases the price of gold. This is true, of course, because the value of the dollar is expressed in terms of gold and when the gold content of the dollar is reduced it means that you have to pay more dollars to buy an ounce of gold. Congressman ANDRESEN's amendment also constitutes a pro tanto repeal of section 8 of the Gold Reserve Act which is permanent legislation and which authorizes the Secretary of the Treasury, acting with the approval of the President, to purchase gold at home or abroad "at such rates and upon such terms and conditions as he may deem most advantageous to the public interest."

The reasons for the continuation of the President's power to devalue the dollar were fully explained by the Secretary of the Treasury in his testimony before the committee on May 8, 1941. The Secretary stated that the administration has no present intent whatsoever to devalue the gold content of the dollar, but that this is not the time to remove flexible power from the Executive when heads of other nations possess virtually complete powers over the domestic and external monetary affairs of their countries.

The power to devalue the dollar is a strong reserve weapon and is much needed to protect American monetary and economic interests.

There is no basis whatever for believing that the continuance of these existing monetary powers will have any inflationary effect. On the other hand, to take away these powers may well affect the interest rates which the Government will have to pay on the enormous financing program upon which it is embarking.

At a time when the United States owns over 22½ billions of gold, constituting about 80 percent of the world's monetary stocks of gold, Congress should not hastily adopt legislation limiting existing Executive powers to deal with gold.

I trust that that answer from the Treasury Department, which is charged with knowing, along with the Congress, the effect of different amendments offered to legislation which comes before this House for action, will be accepted as the most expert opinion that anybody in the Government can offer. I think the reasons advanced why this amendment should not be adopted are sound and sane, and I hope that the Members will vote against the amendment. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this amendment should prevail. As I understand it, it is a compromise between the recommendation of the Board of Governors of the Federal Reserve and those who want to continue this power.

May I take just a moment to tell you the history of this legislation? I will do it as briefly as I can. In 1933 the House Committee on Banking and Currency divided itself into subcommittees for the purpose of discussing several issues which were confronting us at that time. One of them was a bill to establish a Federal monetary authority, which the gentleman from Maryland, Judge Goldsborough, introduced. We worked for 7 weeks on that bill to establish a Federal monetary authority. We had all of the leading economists of the Nation before the committee at that time, including Professor Pierson, who collaborated with Professor Warren in advising the President on the gold policy which the President later put into effect. It was contended at that time by Professor Pierson that to devalue gold would result in an immediate increase in the commodity-price index. That is what we were very much concerned about in those days, the purpose being to create a situation where the equivalent of an ounce of gold was $35. Anything you formerly bought with an ounce of gold would have to be purchased with $35 instead of $20.67. The whole theory of gold-devaluation legislation was to increase the commodity price by 59 percent. It failed. The Treasury has admitted that it failed and I am told that one of the sponsors of the plan who advised with the President now admits privately to his colleagues that in practice the plan has failed, disproving the theory that the fluctuation in the dollar price of gold will necessarily cause a fluctuation in the commodity-price index.

It did not accomplish its purpose and the only single individual in the world today who still believes that it did or will is the President of the United States. In his stubbornness and contrary to his inaugural address of March 4, 1933, he insists upon following a plan which has been repudiated by every leading economist in the world. The Board of Governors of the Federal Reserve gave the President an out when they advocated that this power be allowed to lapse. Surely if we are ever going to have any stability in the world's money market we have to let this power lapse, or at least take the first step toward stabilization of the dollar value of gold. This amendment puts a ceiling on the dollar value of gold and may alleviate the fears expressed not only by the Board of Governors of the Federal Reserve but their advisory council, by all the leading economists, bankers, and money men in the United States, that we are approaching a situation which may result in having to take very drastic steps to prevent inflation.

The purpose of gold devaluation originally you understand was to inflate, and the President still thinks that by devaluing or revaluing the dollar price of gold, the commodity price index will fluctuate proportionately. It is a fallacy, and we, the Congress, who have this power to do so should today initiate the movement for stabilization of world currencies. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. VOORHIS] for 4 minutes.

Mr. VOORHIS of California. Mr. Chairman, I am more interested in the stability of the American dollar in our own markets and our own business than I am in an arbitrary figure with regard to its gold content. Furthermore, what the American people are interested in—and all they are interested in—is how much bread, meat, clothing, and shelter those dollars will buy. It makes no difference to them how the relationship of the dollar to grains of gold is arranged. The whole purpose of this legislation is to enable the American Government to prevent some other nations in the world from devaluing their currencies in terms of gold, which is used to settle international balances, and thus in effect raising the cost of production to the American producers in terms of international exchange without our being able to take compensatory action.

The adoption of this amendment will practically nullify the purposes of the legislation. It seems to me, therefore, it should be defeated. If we are ever going to arrive at a reasonable stability of the relationship between the currencies of the world it has got to be done by means of agreement, and certainly the way to start out is not to tie the hands of your own country so it will not have any basis or bargaining power on which to make such an agreement.

It is obvious to me, at any rate, that an attempt to influence the price level by changing the gold content of the dollar is likely to be a fruitless or, at any rate, an inadequate attempt. I do not believe it will do it. I think the thing that controls the price level is the relationship between the quantity of money in circulation and its velocity, on the one hand, and the quantity of goods and services, on the other. That is not the purpose of this legislation, and ought not to be injected into the discussion if we are trying to understand this matter.

It was said a little while ago that we should do something for the American people. I have heard speeches on the floor of the House over and over again wherein it was said that we should do something for the American people along the line of raising tariff barriers against the importation of certain products, and that we should try to encourage exports from our own country at the same time we discouraged imports into it. That is supposed to be doing something for our country, the idea being somehow or other that the more goods you send out of the country the better off you are and that the less you bring into the country the better off you are. I think that is open to some question. On the other hand, if we do not let other countries send their products to this country to pay for what we send out we have got to have some means by which they can pay. Under present existing circumstances the United States is, because of two reasons, exporting a very large quantity of goods. The main one of those reasons is that we are selling a great quantity of war goods—mostly, of course, to the British. The other is that we are trying to hold on to some markets for some of our products which are produced in real, actual surplus. If you are going to do that, and if you are not going to import a corresponding amount, which clearly is impossible, you have got to make it possible for the purchaser to pay for the purchases; and

under those circumstances there must be some means of payment, and so far it has largely been gold. Furthermore, we have got to be able to protect our producers against monetary manipulation from abroad. This need seems to me to justify the continuation of this power not only during the war but after the war is brought to a close.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. AUGUST H. ANDRESEN. Does the gentleman believe there would be any danger of manipulation of gold from abroad due to the fact we have such a large proportion of the gold right here in this country?

Mr. VOORHIS of California. I am not speaking of the manipulation of gold from abroad. I am expecting that the time will come, if this war should cease, as I hope it soon may, that there will probably be a tendency in many nations to devalue their currencies. It will be one easy way to discharge their debts. I think the result would be—and I believe the gentleman will agree that the result would be—that of raising the cost of production to the American producer. We should be able to prevent that. That is the purpose of this power.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. SMITH] for 4 minutes.

Mr. SMITH of Ohio. Mr. Chairman, the argument of the gentleman from California who just preceded me amounts to this: That if other nations debase and clip their coins, we want to be in position to debase and clip our coins. That is exactly what it amounts to. There is not a student of money who has not pointed out and who does not realize that no government ever benefits from such a policy. They know that the benefits that are supposed to be attached thereto are very temporary; that in the long run it costs them more than they get out of it.

I have heard it said here this afternoon, Mr. Chairman, that we have great people working at the Treasury. I am not going to dispute that, but I want to read a little testimony from the hearings held by the Committee on Coinage, Weights, and Measures. One of the members asked a question of Mr. Bell, Under Secretary of the Treasury, and I presume Mr. Bell was speaking for Mr. Morgenthau, Secretary of the Treasury. The question is as follows:

> Then the gold certificates handled by the Federal Reserve are a very insecure thing, if it is just on the value which is determined to a large degree by the President with the power to devaluate gold?
>
> Mr. BELL. They can change their books, could they not?
>
> They could not change their books, but it would change the security.
>
> Mr. BELL. They would still have $17,000,000,000 of gold certificates in their possession.

Let us reduce this proposition to common sense. In substance, the Secretary of the Treasury says that a $100 gold certificate is of the same value whether it calls for a hundred dollars of gold with a content of 13.71 grains to the dollar or whether it calls for a hundred dollars of gold with a content of 11.61 grains to the dollar. That is precisely the proposition we have here. If that is the case, then a gold certificate for $100 ought to call for the same value dollars if the gold content of the dollar is cut in two or in four or into a millionth part of its present content. Either Mr. Bell's formula stands on principle or it does not stand on principle, but by some sleight-of-hand performance they can change their books.

The politicians changed their books in France. They cut down the value of the franc so that at one time they took three and one-half billion dollars from the people. Furthermore, they could change their books in France so that the French peasants who bought bonds at $20 had to sell them for $3. They could also change their books in Russia. The Russian Communists changed their books so that at one time when they did change their books they cheated and stole from the poor Russian peasants over $9,000,000,000. So did the Germans change their books so that the German mark, or the content of the mark, was reduced a trillionth part of its original value.

Now, with regard to the limitation this amendment would place of $35 an ounce. Of course, it should be pegged at that figure. As far as I am concerned, I would take all of these powers away from the President. We should coin the gold and return it to circulation. That would bring back the free-contract process. The gold-prohibition law has destroyed the free-contract process—the very basis of civilization itself. [Applause.]

I believe the President could, under section 8 of the Gold Reserve Act, debase to any degree he might determine the gold dollar.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN] for 4 minutes.

Mr. PATMAN. Mr. Chairman, I cannot add anything to what my colleague the gentleman from Texas [Mr. WORLEY] has already said in opposition to this amendment. He gave a logical, convincing reason why the amendment should be defeated, and I, too, want to commend him for the ability he has demonstrated upon this occasion in support of the bill now under consideration. I think he has made a wonderful and effective fight.

The principle of this bill involves 640,000,000 ounces of gold—approximately 40,000,000 pounds. If that gold were shipped from New York to Fort Knox, Ky., in railroad freight cars, it would require 8 railroad trains carrying 50 cars each, each car containing 100,000 pounds of gold. So it does involve a commodity that is very valuable—something that should be given great consideration.

I was surprised at the desperation of my friend the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] in his effort to get some kind of an amendment to this bill and in order to get some kind of an amendment he is willing to submit an amendment which means putting this $1,800,000,000 into the general fund of the Treasury, then issuing what I have always understood from friends on his side of the aisle to be printing-press money. I hope that the gentlemen who voted for that amendment will never again condemn printing-press money.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. PATMAN. I will be glad to yield to the gentleman if he has not a long, involved question.

Mr. AUGUST H. ANDRESEN. The gentleman knows that that $1,800,000,000 is in gold and that the money which would be issued would be gold money.

Mr. PATMAN We cannot issue gold money.

Mr. AUGUST H. ANDRESEN. It would have gold backing. It would not be fiat money.

Mr. PATMAN. No; because gold is not in circulation any more and we could not issue gold certificates. That is illegal. What the gentleman is talking about would be good under the old law, but that law has been repealed.

Mr. AUGUST H. ANDRESEN. I recognize that.

Mr. PATMAN. Now, the only thing you could issue is what the gentleman has always referred to as printing-press money for the purpose of making these payments.

When this emergency is over, I do not know what kind of situation will confront us, but we do know that the President as the Chief Executive of this Nation should have some bargaining power. If you were to adopt this amendment, you would deprive the Chief Executive of the bargaining power which he needs to take care of the United States of America.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. PATMAN. For a brief question.

Mr. AUGUST H. ANDRESEN. Does the gentleman favor paying foreigners more than $35 an ounce for their gold?

Mr. PATMAN. My time has about expired. This is a question of helping the people of the United States and a question of giving the President sufficient power to deal with a great situation when this emergency is over.

Mr. Chairman, I hope the pending amendment will be defeated.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, in listening to the eminent gentleman from Michigan [Mr. WOLCOTT] I was reminded of what Will Rogers said in the midst of the last depression. He said:

> Too much wheat, too much cotton, too much beef, too much wool, too much pork, too much of everything, and we are going through the unique experience of starving to death in the midst of plenty.

The gentleman from Michigan says that this program of our administration is a failure. Well, if $22,000,000,000 of gold in our Treasury and a prosperous country with a national credit that sustains the borrowings of the Treasury represent a failure, then our program must be a failure, but I do not know how the gentleman from Michigan measures a failure if that is evidence of a failure.

Let me contrast for a moment what happened when the gentleman from

Michigan [Mr. WOLCOTT] was in the House and a Republican President was in the White House with what the situation is now. Let me contrast what his administration accomplished and what he probably rates as a success in contrast to his idea of the failure of this administration.

In that administration the surplus exports of this country just equaled the bonds we bought from foreign countries in lending them the money with which they bought our surplus goods. We all know what happened to the foreign bonds. When they were defaulted and we found that we had simply made those countries a present of these surplus exports that were exported during that great, successful administration. Now we have been sending our surplus exports abroad and having them paid for in good hard cash in the form of gold, and we have that gold safe in our vaults in this country. I wonder if the gentleman from Michigan [Mr. WOLCOTT] would say that is a failure. If he does, who will accept his verdict? But I believe the rating of economics will show that this program we are advocating here has been one of great success.

I hope this amendment will be voted down. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. MCCORMACK. Mr. Chairman, the gentleman from Minnesota [Mr. ANDRESEN] made the statement that his amendment would give stability to our dollar and to our foreign exchange. The adoption of his amendment in these days of uncertainty and rapid changes would have the opposite effect. It would have a tendency to unstabilize our currency and have an adverse effect upon our foreign exchange.

The amendment which was offered a few minutes ago, and which the Committee of the Whole in its wisdom rejected, would have taken $1,800,000,000 from the stabilization fund. If that amendment had been adopted it would have been fatal. The purpose of that fund is to protect the economic life of America in these trying days. It has played an important part during the past 7 years, and it might play a more important part in the future if certain events happen abroad which we all hope will not happen.

The pending amendment is aimed to take away the authority of the President to further devalue the gold content of the dollar. The purpose of the original passage of this legislation in 1934 was to protect our economic system. England had gone off the gold standard, France had gone off the gold standard, and other countries had gone off the gold standard, but the United States had remained on the gold standard. The result of these competing countries going off the gold standard was that their production costs were lowered, they were able to underbid American manufacturers and producers in the foreign markets, and they were able to get over our tariff protection and send their products into continental America.

By reason of their lowered production costs in consequence of the action they had taken, what we did then we had to do as a measure to protect ourselves and to protect our economic system. Following the passage of the law relating to the devaluation of the gold content of the dollar, the President issued a proclamation. He was authorized to devalue to between 50 and 60 percent, and he devalued to 59 percent plus. He now has that slender margin. He does not intend to exercise it unless events abroad compel him to do so. What he does in the interest of our country is dependent upon events that may happen abroad. We do not know what day in the future some country abroad in competition with our country may bring about some kind of a further devaluing influence which may compel the limited power extended to the President by the pending bill for the next 2 years to be exercised in our interest.

This bill simply extends the present law. In 1934 the original act was passed to remain in effect for 2 years, with the power in the President to extend it for 1 year, which he did. That was one extension. The Congress of the United States in its wisdom gave to the President two additional extensions. This is nothing but an extension of the present law, necessary by reason of world conditions, and in the best interest of the economic life of our Nation.

As I see it, this is a plain, simple question of common sense. I am surprised to see that a party issue is made of it. I regret it very much. In the last vote one Republican Member voted against the amendment. I do not know what will happen on this amendment so far as a party vote is concerned. However, the continuation of this power, limited now to a fraction of one-fifth of what it was before, to devalue the gold content of the dollar, is necessary, and the power will be exercised only in the event that future happenings compel it.

The original bill passed in 1934, the establishment of the stabilization fund, and the devaluation of the gold content of the dollar, were necessary as the result of actions abroad. Such action was in the best interests of our country. The amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] should be defeated and the bill passed. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 100, noes 120.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. COCHRAN and Mr. AUGUST H. ANDRESEN.

The Committee again divided; and the tellers reported that there were—ayes 116, noes 131.

So the amendment was rejected.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: On page 2, after line 9, insert "The first sentence of such paragraph (b) (2) so added is amended to read as follows: 'Nor shall the weight of the gold dollar be less, after June 30, 1941, than 15$\frac{5}{21}$ grains of gold nine-tenths fine.' "

Mr. COCHRAN. Mr. Chairman, will the gentleman from Minnesota yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. COCHRAN. Mr. Chairman, this amendment is identical with the other amendment except it deals with weight rather than dollars, and I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, the amendment that was defeated provided only that $35 should be paid for foreign gold, while the amendment that is now before the committee proposes to fix the weight of gold for both the dollar in this country and the amount paid to foreigners. In other words, the unit of value for gold will be 15$\frac{5}{21}$ grains of gold nine-tenths fine. This is the present weight of the gold dollar under the proclamation issued by the President in February of 1934. This amendment is broader than the amendment that was just considered and defeated, because it covers all of the gold we have in the Treasury and I may say definitely prevents the President from devaluing the dollar in terms of gold.

The purpose of the minority is to take away from the President the devaluation power which he now possesses and which expires on June 30, 1941, and which the majority seeks by this bill to continue for another 2 years. It is not necessary to have any great discussion on this amendment. You know the purpose of it. I believe the amendment should be adopted. The minority on the committee has agreed to it and that is the issue before us now. I am satisfied if we could have a secret ballot in this House on this amendment it would be adopted overwhelmingly. [Applause.]

Mr. COCHRAN. Mr. Chairman, the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] is to be complimented on his frankness and his fairness. He tells you just exactly what his amendment seeks to do. He wants to take away the power that section 2 of this bill gives the President. There are no ifs and ands about it. The gentleman makes it perfectly plain to you he seeks in this way to take out section 2 and therefore I hope the amendment is voted down. Mr. Chairman, I now ask for a vote. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 87, noes 105.

So the amendment was rejected.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: Page 2, line 9, strike out the period and insert: "*Provided*, That during this extension of time for the exercise of these powers, in paying for the gold authorized to be acquired by this act, as amended, the Secretary of the Treasury shall use gold coins or gold certificates based on the weight of the gold dollar fixed under these powers, and for that purpose he is authorized to provide for the coinage of gold coins of the value of $10 and $20, each of the standard of fineness proclaimed under these powers and to deliver the same to the tenderer of gold bullion in the amount of dollars to which he is entitled, or in lieu thereof, the Secretary of the Treasury may cause to be issued and delivered redeemable gold certificates in an amount in dollars equal in value of the gold coins to which the tenderer of gold bullion would be entitled."

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. Yes.

Mr. COCHRAN. Mr. Chairman, this is the last amendment and I ask unanimous consent that all debate upon this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection?

Mr. SMITH of Ohio. Mr. Chairman, I reserve the right to object. I would like to have 5 minutes.

Mr. COCHRAN. I suggest the gentleman take 2½ minutes and I shall take 2½ minutes.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent that all debate upon this amendment and all amendments thereto close in 10 minutes. Is there objection?

Mr. SMITH of Ohio. I object.

Mr. COCHRAN. Mr. Chairman, I move that all debate upon this amendment and all amendments thereto close in 10 minutes.

Mr. CASE of South Dakota. Mr. Chairman, I make the point of order that that motion is not in order at this time or until there has been debate.

The CHAIRMAN. The point of order is sustained.

"THE WAY TO RESUME IS TO RESUME"

Mr. CASE of South Dakota. Mr. Chairman, this amendment is rather a simple thing. It is not complex. If it were complex, I would not be offering it, because I do not pretend to be an expert in money matters. I listen to the real students of the subject with interest because I am convinced the question is fundamental. I listen and repeat what I read or hear. So this amendment is simple. It simply says, as a President of the United States once said, the way to resume specie payment is to resume it.

This amendment restores the use of gold coin and gold certificates as legal tender. That is the effect of it. The amendment provides that when the Treasury buys gold it shall use gold to pay for that gold, by the use of gold coin or gold certificates. A purchase will wash itself. The Treasury will no longer be obliged either to borrow money and pay interest on it or to go through some rigmarole with the Federal Reserve bank issuing notes and one thing and another.

It provides for a clean-cut transaction. The miner or the owner of gold bullion offers the gold to the Treasury and the Treasury will pay for the gold either with gold coin or gold certificates based on the standard of fineness then existing under the powers which the President is authorized under this general act to exercise. The miner, of necessity, pays his expenses with the gold coin he receives, and you have started the circle of gold exchange. Automatically the gold coin and the gold certificate must become legal tender for taxes and all other obligations. Whatever additional legislation is needed to provide a sufficient volume of gold coin and gold currency will follow as a matter of course.

Two years ago, when we were debating this same proposition, I remember using the illustration of the boy with the marbles, and asked the question what would happen when the boy captured all of the marbles. At that time we were increasing our acquisition of gold. We then had between 66 and 70 percent of the world's gold in this country. Some of you were worried then. What do you think of the situation now? Today, 2 years later, we have between 80 and 85 percent of the world's gold—about $23,000,000,000 worth of it. We have a tremendous stake, in other words, in the value of the world's gold.

This amendment is an attempt, first of all, to underwrite and to protect the value of the goods and labor that we have invested in the gold that we have already bought. The device is simple. It is to distribute the ownership.

The amendment is an attempt, in the second place, to provide a medium of exchange in order that the nations of the world can trade again. When we make it legal, again, to own and use gold exchange, it will find its way into international trade.

The reason for the economic breakdown in world affairs—at least one big reason—was the lack of sufficient gold in some countries to serve as a base for their currency and to clear their international exchange. They were forced, then, to take two steps: First, to devalue; second, to resort to barter. So common is the knowledge of those steps that one hardly needs to mention them. The break-down of Europe can be traced to the breakdown of the London Economic Conference. Other forces enter in, of course. Disaster feeds on disaster. Barter at a bargain, in turn forces another barter at a lower rate of return. In time the descending spiral spells ruin. Disaster reigns until some way is found to restore trade.

Barter limits trade, ordinarily, to two people. A medium of exchange, of a value acceptable to everybody, broadens trades to three, four, five, or more parties, and permits the producers of one kind of goods to get a fair return in goods they want. The value of a medium of exchange is that it reduces forced sales. You no longer have to take something you do not want in exchange for something you produced. You get, with an exchange medium, something you can use to buy what you really want. Through the ages gold has been found to be the best medium. And that is why many of our respected students of world problems insist that one of the most important steps to world order is the restoration of that medium for international exchange.

I have introduced other measures to work in that direction—for instance, the bill to authorize use of gold from the stabilization fund to pay for French possessions in this hemisphere. Other steps, such as the purchase of deficiency metals, must be worked out to distribute the gold by buying what we want or need, if the world is to achieve peace and order again.

This amendment proposes a simple step. It proposes to use gold to pay for the gold we buy and start the circle of exchange to that extent. It restores legality to the ownership and use of gold. It is a step that must be taken sometime. It will create a wider interest in the gold in which the United States has invested twenty-two or twenty-three billions of dollars' worth of labor and good.

Instead of reaching the point where Uncle Sam becomes the one boy who has cornered all of the marbles and has to quit playing when the other boys resort to trading jackknives, we will be reestablishing a system in which the other boys and the other nations in the world can get gold, and international trade can flow again. "The way to resume is to resume." I ask for the adoption of the amendment. [Applause.]

Mr. COCHRAN. Mr. Chairman, I ask unanimous consent that all debate upon this amendment and all amendments thereto close in 8 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SMITH of Ohio. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SMITH of Ohio. Mr. Chairman, I am happy to support this amendment. There is nothing that the United States of America needs so much today as to return to specie payments. Few people realize what happened to this country by the gold-prohibition law. The gold-prohibition law has done nothing less, as I said awhile ago, than to destroy the free or voluntary contract process, the very basis of civilization itself. The greatest protection the laboring man has to keep what he produces, is to be paid in value money, and the slickest device to cheat him out of what he produces is this which we are on at the present time, political promise to pay money, universally condemned by all sound students of money. Not only is the free circulation of gold the basic protection for the laboring man to keep what he produces, but to be paid in hard money, gold, is the greatest protection on earth to maintain the most equitable distribution of wealth.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. No, I do not yield. Mr. Chairman, I do not care to yield at this time.

If you will examine the literature on the question of debasement since the

coinage of money first began, about 700 years before Christ, and perhaps even before that, you will find that all students have condemned the debasement of money. That is all you are asking for here—to continue to debase money; to clip the coin. That is all you are asking for.

What did Daniel Webster say about the sort of money that we are now on and the New Deal party asks to have continued? He said it is the greatest of inventions, to fertilize the rich man's field by the sweat of the poor man's brow. That is what Daniel Webster said on the floor of the Senate about 100 years ago.

What did Grover Cleveland say about this kind of money? Grover Cleveland certainly would not support this money scheme that now exists; Grover Cleveland who saved the Democratic Party by abolishing or repealing the Silver Purchase Act. He understood money perhaps as well as most Presidents we have had. He pointed out that this kind of money has its most injurious effect upon the poor and the working-class people. He explained, as all men who study this question know, that the wages of the laborer always lag behind the price increase. Oh, yes; you say you are not going to have any price increase. You are going to have somebody to hold prices down. The very fact that you have set up an agency to control prices shows that you fear inflation. It makes no difference what you do, you are not going to prevent the effects of inflation which the gold policy has produced. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the minority has been arguing against inflation and still it submits an amendment that will provide inflation.

This amendment is contrary to the entire monetary policy of this Government now in existence. It provides for the coinage of gold coins in the value of $10 and $20, and delivery of same to individuals for gold bullion. In other words, the men who mine gold out in the Black Hills where the gentleman comes from will get gold coin in return for their bullion rather than paper money they now get. At the present time the Government hoards gold, but if you pass this amendment you pass out gold and the individuals who get it will then hoard the gold. If this was done it would be necessary to call in this gold ordered coined under this amendment, which the President has power to do under this act. So why coin gold and pass it out and have it brought back again?

This amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. CASE].

The question was taken; and on a division (demanded by Mr. CASE of South Dakota) there were ayes 84 and noes 108.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and Mr. COOPER having assumed the chair as Speaker pro tempore, Mr. RAMSPECK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 4646, and pursuant to the provisions of House Resolution 211, he reported the same back to the House.

The SPEAKER pro tempore (Mr. COOPER). Under the rule, the previous question is ordered.

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

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. AUGUST H. ANDRESEN. I am, Mr. Speaker.

The SPEAKER pro tempore. Is the gentleman a member of the committee?

Mr. AUGUST H. ANDRESEN. I am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Minnesota qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. AUGUST H. ANDRESEN moves to recommit the bill to the Committee on Coinage, Weights, and Measures with instructions to report the same back to the House forthwith with the following amendment: On page 2, at the end of line 9, insert "No foreign gold shall be acquired by the United States after the date of enactment of this act at a price in excess of $35 an ounce."

Mr. COCHRAN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 144, nays 218, answered "present" 3, not voting 66, as follows:

[Roll No. 57]

YEAS—144

Allen, Ill.	Coffee, Nebr.	Halleck
Andersen, H. Carl	Copeland	Hill, Colo.
Anderson, Calif.	Crowther	Hope
Andresen, August H.	Culkin	Howell
Andrews	Curtis	Hull
Angell	Day	Jennings
Arends	Dewey	Jensen
Baldwin	Ditter	Johns
Bates, Mass.	Dondero	Johnson, Calif.
Baumhart	Dworshak	Johnson, Ill.
Bender	Eaton	Johnson, Ind.
Bennett	Elston	Jones
Bishop	Engel	Jonkman
Blackney	Englebright	Kean
Boehne	Fellows	Keefe
Bolles	Fenton	Kilburn
Bolton	Fish	Kinzer
Brown, Ohio	Ford, Leland M.	Knutson
Burch	Gale	Kunkel
Burdick	Gamble	Lambertson
Butler	Gearhart	Landis
Canfield	Gehrmann	LeCompte
Carlson	Gerlach	Maas
Carter	Gilchrist	Martin, Iowa
Case, S. Dak.	Gillie	Martin, Mass.
Chenoweth	Graham	Mason
Chiperfield	Guyer, Kans.	Michener
Clason	Gwynne	Moser
Clevenger	Hall, Edwin Arthur	Mott
Cluett	Hall, Leonard W.	Mundt
		Murray
		O'Brien, N. Y.
Oliver	Rockefeller	Talle
Paddock	Rodgers, Pa.	Thill
Pheiffer, William T.	Rogers, Mass.	Thomas, N. J.
Pittenger	Rolph	Tibbott
Ploeser	Rutherford	Tinkham
Plumley	Satterfield	Treadway
Powers	Scott	Van Zandt
Rankin, Mont.	Shafer, Mich.	Vorys, Ohio
Reece, Tenn.	Simpson	Vreeland
Reed, Ill.	Smith, Maine	Walter
Reed, N. Y.	Smith, Ohio	Wheat
Rees, Kans.	Smith, Va.	Wigglesworth
Rich	Springer	Wilson
Robertson, N. Dak.	Stevenson	Wolcott
Robertson, Va.	Stratton	Wolfenden, Pa.
Robsion, Ky.	Sumner, Ill.	Wolverton, N. J.
	Sutphin	Woodruff, Mich.
	Taber	Youngdahl

NAYS—218

Allen, La.	Gibson	O'Leary
Anderson, N. Mex.	Gore	O'Neal
Barden	Gossett	Pace
Barnes	Granger	Patman
Barry	Grant, Ala.	Patrick
Beam	Green	Patton
Beckworth	Gregory	Peterson, Fla.
Beiter	Haines	Peterson, Ga.
Bell	Hare	Pfeifer, Joseph L.
Bland	Harrington	Pierce
Boggs	Harris, Ark.	Plauché
Boren	Hart	Poage
Bradley, Pa.	Healey	Priest
Brooks	Hébert	Rabaut
Brown, Ga.	Heffernan	Ramsay
Bryson	Hendricks	Ramspeck
Buck	Hill, Wash.	Randolph
Buckler, Minn.	Hobbs	Rankin, Miss.
Buckley, N. Y.	Holbrock	Richards
Bulwinkle	Hook	Rivers
Burgin	Houston	Robinson, Utah
Byrne	Hunter	Rogers, Okla.
Camp	Imhoff	Russell
Cannon, Mo.	Izac	Sabath
Capozzoli	Jackson	Sacks
Casey, Mass.	Jacobsen	Sanders
Chapman	Johnson, Luther A.	Sasscer
Claypool	Johnson, Okla.	Sauthoff
Cochran	Johnson, W. Va.	Scanlon
Coffee, Wash.	Kefauver	Schaefer, Ill.
Cole, Md.	Kelley, Pa.	Schuetz
Collins	Kelly, Ill.	Schulte
Colmer	Kennedy, Martin J.	Scrugham
Connery	Kennedy, Michael J.	Secrest
Cooley	Keogh	Shanley
Cooper	Kerr	Shannon
Costello	Kilday	Sheppard
Courtney	Kleberg	Sheridan
Cox	Kocialkowski	Smith, Conn.
Cravens	Kopplemann	Smith, Wash.
Creal	Kramer	Snyder
Crosser	Lanham	South
D'Alesandro	Lea	Sparkman
Davis, Ohio	Leavy	Spence
Davis, Tenn.	Lesinski	Starnes, Ala.
Delaney	Lewis	Steagall
Dickstein	Ludlow	Sullivan
Dingell	Lynch	Tarver
Disney	McArdle	Tenerowicz
Doughton	McCormack	Terry
Downs	McGehee	Thom
Doxey	McIntyre	Thomas, Tex.
Drewry	McKeough	Thomason
Duncan	McLaughlin	Traynor
Durham	McMillan	Vincent, Ky.
Eberharter	Maciejewski	Vinson, Ga.
Edelstein	Maciora	Voorhis, Calif.
Eliot, Mass.	Magnuson	Ward
Elliott, Calif.	Mahon	Wasielewski
Ellis	Merritt	Weaver
Faddis	Meyer, Md.	Weiss
Fitzgerald	Mills, Ark.	Welch
Fitzpatrick	Mills, La.	Wene
Flaherty	Mitchell	West
Flannagan	Monroney	Whelchel
Flannery	Murdock	White
Fogarty	Myers, Pa.	Whittington
Forand	Nelson	Williams
Ford, Miss.	Norrell	Worley
Ford, Thomas F.	Norton	Wright
Fulmer	O'Brien, Mich.	Young
Gathings	O'Connor	Zimmerman
Gavagan		
Geyer, Calif.		

ANSWERED "PRESENT"—3

Cole, N. Y.	Osmers	Stefan

NOT VOTING—66

Arnold	Bradley, Mich.	Cullen
Bates, Ky.	Cannon, Fla.	Cunningham
Bloom	Cartwright	Dies
Boland	Celler	Dirksen
Bonner	Clark	Domengeaux
Boykin	Crawford	Douglas

Edmiston	Johnson, Lyndon B.	Romjue
Gifford	Kee	Short
Grant, Ind.	Kirwan	Sikes
Hancock	Larrabee	Smith, Pa.
Harness	McGranery	Smith, W. Va.
Harris, Va.	McGregor	Somers, N. Y.
Harter	McLean	Stearns, N. H.
Hartley	Mansfield	Sumners, Tex.
Heidinger	Marcantonio	Sweeney
Hess	May	Taylor
Hinshaw	Nichols	Tolan
Hoffman	O'Day	Wadsworth
Holmes	O'Hara	Wickersham
Jarman	O'Toole	Winter
Jarrett	Pearson	Woodrum, Va.
Jenkins, Ohio	Rizley	
Jenks, N. H.		

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Stefan for, with Mr. Smith of West Virginia against.

Mr. Cole of New York for, with Mr. Larrabee against.

Mr. Douglas for, with Mr. Somers of New York against.

Mr. Short for, with Mr. Clark against.

Mr. O'Hara for, with Mr. Cullen against.

Mr. Hess for, with Mr. Pearson against.

Mr. Hancock for, with Mr. O'Toole against.

Mr. Grant of Indiana for, with Mr. Celler against.

Mr. Holmes for, with Mr. Romjue against.

Mr. Winter for, with Mr. Bates of Kentucky against.

Mr. Wadsworth for, with Mr. Harter against.

Mr. Stearns of New Hampshire for, with Mr. Bloom against.

Mr. Harness for, with Mr. Tolan against.

Mr. Hoffman for, with Mr. McGranery against.

Mr. Jenkins of Ohio for, with Mr. May against.

Mr. McGregor for, with Mr. Smith of Pennsylvania against.

Mr. Osmers for, with Mrs. O'Day against.

Mr. Jarrett for, with Mr. Kirwan against.

Mr. Dirksen for, with Mr. Boland against.

Mr. Hartley for, with Mr. Bonner against.

Mr. Cunningham for, with Mr Cannon of Florida against.

Mr. McLean for, with Mr. Boykin against.

Mr. Gifford for, with Mr. Woodrum of Virginia against.

Until further notice:

Mr. Cartwright with Mr. Crawford.

Mr. Sumners of Texas with Mr. Jenks of New Hampshire.

Mr. Arnold with Mr. Heidinger.

Mr. Harris of Virginia with Mr. Bradley of Michigan.

Mr. Jarman with Mr. Rizley.

Mr. Nichols with Mr. Hinshaw.

Mr. Mansfield with Mr. Marcantonio.

Mr. Dies with Mr. Edmiston.

Mr. Lyndon B. Johnson with Mr. Sikes.

Mr. Taylor with Mr. Kee

Mr. Sweeney with Mr. Wickersham.

Mr. COLE of New York. Mr. Speaker, I have a pair with the gentleman from Indiana, Mr. LARRABEE. If he were present he would have voted "nay." I therefore withdraw my vote of "yea" and answer "present."

Mr. OSMERS. Mr. Speaker, I have a pair with the gentlewoman from New York Mrs. O'DAY. If present, she would have voted "nay." I therefore withdraw my vote of "yea" and answer "present."

Mr. STEFAN. Mr. Speaker, I have a pair with the gentleman from Virginia, Mr. SMITH. If he had been present, he would have voted "nay." I therefore withdraw my vote of "yea" and answer "present."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. COCHRAN and Mr. AUGUST H. ANDRESEN asked for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 226, nays 139, answered "present" 2, not voting 64, as follows:

[Roll No. 58]

YEAS—226

Allen, La.	Geyer, Calif.	O'Connor
Anderson, N. Mex.	Gibson	O'Leary
Barden	Gore	O'Neal
Barnes	Gossett	Pace
Barry	Granger	Patman
Beam	Grant, Ala.	Patrick
Beckworth	Green	Patton
Beiter	Gregory	Peterson, Fla.
Bland	Haines	Peterson, Ga.
Boehne	Hare	Pfeifer, Joseph L.
Boggs	Harrington	Pierce
Bonner	Harris, Ark.	Plauché
Bradley, Pa.	Hart	Poage
Brooks	Healey	Priest
Brown, Ga.	Hébert	Rabaut
Bryson	Heffernan	Ramsay
Buck	Hendricks	Ramspeck
Buckler, Minn.	Hill, Wash.	Randolph
Buckley, N. Y.	Hobbs	Rankin, Miss.
Bulwinkle	Holbrock	Richards
Burch	Hook	Rivers
Burgin	Houston	Robertson, Va.
Byrne	Hunter	Robinson, Utah
Camp	Imhoff	Rogers, Okla.
Cannon, Mo.	Izac	Russell
Capozzoli	Jackson	Sabath
Case, S. Dak.	Jacobsen	Sacks
Casey, Mass.	Johnson, Luther A.	Sanders
Chapman	Johnson, Okla.	Sasscer
Claypool	Johnson, W. Va.	Sauthoff
Cochran	Kefauver	Scanlon
Coffee, Wash.	Kelley, Pa.	Schaefer, Ill.
Cole, Md.	Kelly, Ill.	Schuetz
Collins	Kennedy, Martin, J.	Schulte
Colmer	Kennedy, Michael J.	Scrugham
Connery	Keogh	Secrest
Cooley	Kerr	Shanley
Cooper	Kilday	Shannon
Costello	Kleberg	Sheppard
Courtney	Kocialkowski	Sheridan
Cox	Kopplemann	Sikes
Cravens	Kramer	Smith, Conn.
Creal	Lanham	Smith, Va.
Crosser	Lea	Smith, Wash.
D'Alesandro	Leavy	Snyder
Davis, Ohio	Lesinski	South
Davis, Tenn.	Lewis	Sparkman
Delaney	Ludlow	Spence
Dickstein	Lynch	Starnes, Ala.
Dingell	McArdle	Steagall
Disney	McCormack	Sullivan
Doughton	McGehee	Tarver
Downs	McIntyre	Tenerowicz
Doxey	McKeough	Terry
Drewry	McLaughlin	Thom
Duncan	McMillan	Thomas, Tex.
Durham	Maciejewski	Thomason
Eberharter	Maciora	Traynor
Edelstein	Magnuson	Vincent, Ky.
Eliot, Mass.	Mahon	Vinson, Ga.
Elliott, Calif.	Merritt	Voorhis, Calif.
Ellis	Meyer, Md.	Ward
Faddis	Mills, Ark.	Wasielewski
Fitzgerald	Mills, La.	Weaver
Fitzpatrick	Mitchell	Weiss
Flaherty	Monroney	Welch
Flannagan	Moser	Wene
Flannery	Murdock	West
Fogarty	Myers, Pa.	Whelchel
Forand	Nelson	White
Ford, Miss.	Nichols	Whittington
Ford, Thomas F.	Norrell	Williams
Fulmer	Norton	Worley
Gathings	O'Brien, Mich.	Wright
Gavagan	Rees, Kans.	Young
Gehrmann	Rich	Zimmerman

NAYS—139

Allen, Ill.	Baldwin	Brown, Ohio
Andersen, H. Carl	Bates, Mass.	Burdick
Anderson, Calif.	Baumhart	Butler
Andresen, August H.	Bender	Canfield
Andrews	Bennett	Carlson
Angell	Bishop	Carter
Arends	Blackney	Chenoweth
	Bolles	Chiperfield
	Bolton	Clason
Clevenger	Johns	Robertson, N. Dak.
Cluett	Johnson, Calif.	Robsion, Ky.
Coffee, Nebr.	Johnson, Ill.	Rockefeller
Copeland	Johnson, Ind.	Rodgers, Pa.
Crowther	Jones	Rogers, Mass.
Culkin	Jonkman	Rolph
Curtis	Kean	Rutherford
Day	Keefe	Satterfield
Dewey	Kilburn	Scott
Ditter	Kinzer	Shafer, Mich.
Dondero	Knutson	Simpson
Dworshak	Kunkel	Smith, Maine
Eaton	Lambertson	Smith, Ohio
Elston	Landis	Springer
Engel	LeCompte	Stevenson
Fellows	McGregor	Stratton
Fenton	Maas	Sumner, Ill.
Fish	Martin, Iowa	Sutphin
Ford, Leland M.	Martin, Mass.	Taber
Gale	Mason	Talle
Gamble	Michener	Thill
Gearhart	Mott	Thomas, N. J.
Geriach	Mundt	Tibbott
Gifford	Murray	Tinkham
Gilchrist	O'Brien, N. Y.	Treadway
Gillie	Oliver	Van Zandt
Graham	Osmers	Vorys, Ohio
Guyer, Kans.	Paddock	Vreeland
Gwynne	Pheiffer, William T.	Walter
Hall, Edwin Arthur	Pittenger	Wheat
Hall, Leonard W.	Ploeser	Wigglesworth
Halleck	Plumley	Wilson
Hill, Colo.	Powers	Wolcott
Hope	Rankin, Mont.	Wolfenden, Pa.
Howell	Reece, Tenn.	Wolverton, N. J.
Hull	Reed, Ill.	Woodruff, Mich.
Jennings	Reed, N. Y.	Youngdahl
Jensen		

ANSWERED "PRESENT"—2

Cole, N. Y.	Stefan

NOT VOTING—64

Arnold	Hancock	Marcantonio
Bates, Ky.	Harness	May
Bell	Harris, Va.	O'Day
Bloom	Harter	O'Hara
Boland	Hartley	O'Toole
Boren	Heidinger	Pearson
Boykin	Hess	Rizley
Bradley, Mich.	Hinshaw	Romjue
Cannon, Fla.	Hoffman	Short
Cartwright	Holmes	Smith, Pa.
Celler	Jarman	Smith, W. Va.
Clark	Jarrett	Somers, N. Y.
Crawford	Jenkins, Ohio	Stearns, N. H.
Cullen	Jenks, N. H.	Sumners, Tex.
Cunningham	Johnson, Lyndon B.	Sweeney
Dies	Kee	Taylor
Dirksen	Kirwan	Tolan
Domengeaux	Larrabee	Wadsworth
Douglas	McGranery	Wickersham
Edmiston	McLean	Winter
Englebright	Mansfield	Woodrum, Va.
Grant, Ind.		

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Smith of West Virginia for, with Mr. Stefan against.

Mr. Larrabee for, with Mr. Cole of New York against.

Mr. Somers of New York for, with Mr. Douglas against.

Mr. Clark for, with Mr. Short against.

Mr. Cullen for, with Mr. O'Hara against.

Mr. Pearson for, with Mr. Hess against.

Mr. O'Toole for, with Mr. Hancock against.

Mr. Celler for, with Mr. Grant of Indiana against.

Mr. Romjue for, with Mr. Holmes against.

Mr. Bates of Kentucky for, with Mr. Winter against.

Mr. Harter for, with Mr. Wadsworth against.

Mr. Bloom for, with Mr. Stearns of New Hampshire against.

Mr. Tolan for, with Mr. Harness against.

Mr. McGranery for, with Mr. Hoffman against.

Mr. May for, with Mr. Jenkins of Ohio against.

Mr. Kirwan for, with Mr. Jarrett against.

Mr. Boland for, with Mr. Dirksen against.

Mr. Cannon of Florida for, with Mr. Cunningham against.

Mr. Boykin for, with Mr. McLean against.
Mr. Woodrum of Virginia for, with Mr. Hartley against.
Mr. Smith of Pennsylvania for, with Mr. Bradley of Michigan against.
Mrs. O'Day for, with Mr. Crawford against.

General pairs:

Mr. Sumners of Texas with Mr. Jenks of New Hampshire
Mr. Arnold with Mr. Heidinger.
Mr. Jarman with Mr. Rizley.
Mr. Bell with Mr. Hinshaw.
Mr. Mansfield with Mr. Marcantonio.
Mr. Cartwright with Mr. Englebright.
Mr. Dies with Mr. Edmiston.
Mr. Taylor with Mr. Kee.
Mr. Sweeney with Mr. Wickersham.
Mr. Lyndon B. Johnson with Mr. Boren.

Mr. STEFAN. Mr. Speaker, I am paired with the gentleman from West Virginia, Mr. SMITH. Had he been present, he would have voted "yea." I voted "nay." I desire to withdraw my vote and now vote "present."

Mr. COLE of New York. Mr. Speaker, I have a pair with the gentleman from Indiana, Mr. LARRABEE. I therefore withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

DISASTER LOAN CORPORATION AND ELECTRIC HOME AND FARM AUTHORITY

Mr. SABATH, from the Committee on Rules, submitted the following privileged resolution (H. Res. 217, Rept. No. 641), which was referred to the House Calendar and ordered to be printed:

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 consideration of the bill S. 1438, to extend the operations of the Disaster Loan Corporation and the Electric Home and Farm Authority, to provide for increasing the lending authority of the Reconstruction Finance Corporation, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. 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.

DISASTER LOAN CORPORATION AND THE ELECTRIC HOME AND FARM AUTHORITY

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to file a supplemental report from the Committee on Banking and Currency on the bill (S. 1438) to extend the operations of the Disaster Loan Corporation and the Electric Home and Farm Authority, to provide for increasing the lending authority of the Reconstruction Finance Corporation, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

ELECTION TO COMMITTEE ON IMMIGRATION AND NATURALIZATION

Mr. FORD of Mississippi. Mr. Speaker, I offer a privileged resolution, House Resolution 218, which I send to the Clerk's desk.

The Clerk read the resolution, as follows:

Resolved, That OREN HARRIS, of the State of Arkansas, be, and he is hereby, elected as a member of the standing committee of the House of Representatives on Immigration and Naturalization.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to extend the remarks I made today and to include an address I made in the House some years ago on the same question.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

Mr. DAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a newspaper clipping.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DAY]?

There was no objection.

Mr. MARTIN of Iowa. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include an address by Col. William Cattron Rigby at Vicksburg, Miss., on May 25.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa [Mr. MARTIN]?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a newspaper article.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. SHAFER]?

There was no objection.

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an address I made on May 15, 1941, before the Illinois Federation of Women's Clubs.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. REED]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include certain newspaper clippings on the work of the National Youth Administration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a statement I made before the Committee on Appropriations.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington [Mr. SMITH]?

There was no objection.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article on the late George Peabody.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts [Mr. CONNERY]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CLAYPOOL, for 3 days, on account of important business.

To Mr. VINSON of Georgia, for 10 days, on account of official business.

To Mr. AUGUST H. ANDRESEN, until June 10, on account of official business.

The SPEAKER pro tempore. Under previous order heretofore entered, the gentleman from Michigan [Mr. DONDERO] is recognized for 20 minutes.

DECORUM IN HOUSE PROCEDURE

Mr. DONDERO. Mr. Speaker, on last Wednesday, May 21, I propounded to the Speaker the following inquiry:

I wonder if the Speaker of the House will restate to the House the proper way in which a Member ought to address the House of Representatives when we are in the House and when we are in Committee.

To which the Speaker replied:

The Chair is of the opinion that a Member is properly within the rule when he simply addresses himself to "Mr. Speaker," and that it is a violation of the rules to add "ladies and gentlemen of the House" or anything else. That is the rule, as the Chair understands it.

Mr. DONDERO. May I add to that, Mr. Speaker, when we are in Committee, the proper thing, then, is simply to address the Chair "Mr. Chairman," without saying "ladies and gentlemen" or "the Committee"?

The SPEAKER. The gentleman is correct (CONGRESSIONAL RECORD, p. 4307.)

THE RULE OF DECORUM AND DEBATE

The rule to which the Speaker referred in reply to my parliamentary inquiry is as old as the Government itself. It reads:

When any Member desires to speak or deliver any matter to the House, he shall arise and respectfully address himself to "Mr. Speaker," and, on being recognized, may address the House from any place on the floor, or from the Clerk's desk (clause 1, rule XIV).

That rule was adopted in 1880, but it was taken from older rules which date back to 1789.

DEBATE IN THE WELL—DISCOURTEOUS TO THE SPEAKER

In a political campaign or in a mixed assembly of people, at banquets and at the many thousands of different gatherings held throughout our land, it may be and probably is proper for one who is to make a speech to address "Mr. Chairman, ladies and gentlemen, distinguished guests, friends," and so forth, but such salutations are improper and out of place in a powerful legislative assembly—this House of Representatives of the Ameri-

can people, where a rule distinctly requires a Member to address himself only to "Mr. Speaker," who is the embodiment of the entire membership. To conclude a speech or an address with the words, "I thank you," is not only improper but amateurish and superfluous, since a Member of the House speaks as a matter of right after he is recognized by the Speaker.

This rule draws our attention not only to the instant matter of addressing "Mr. Speaker" but also the custom of speaking from the well of the House. This custom, although in conformity with the rule to address the House from any place on the floor, is, in my opinion, a bad practice and indecorous. Speaking from the well necessitates facing the Members and turning one's back on the Speaker, a discourtesy to the Presiding Officer. I am not sure as to the genesis of this custom, but I presume it dates from 1913, when desks were removed from the Chamber and present seating arrangements were installed. Also lecturns were then placed in the well, and lately microphones have been added.

RESTORE INDIVIDUAL DESKS

It is my opinion that it would make for better order and decorum in the House if individual desks were again provided so that each Member would have his own distinctive place and at the same time reduce to the minimum the constant strolling about the Chamber which we witness daily, itself a violation of the rule prohibiting "walking out or across the hall" when the Speaker is putting a question, "nor, when a Member is speaking, pass between him and the Chair"—rule XV, clause 7.

CRITICISM OF PRESENT ARRANGEMENT

Certainly, Mr. Speaker, American ingenuity could devise a compact desk and an appropriate design of a chair which could be accommodated in the Chamber without undue crowding, leaving ample aisle space. The present arrangement presents a funereal appearance, resembles an ordinary assembly hall, and is unworthy of a legislative body. It will not be long before these seats, having been in use nearly 30 years and showing wear and tear, will have to be replaced, and I therefore hope the proposal to replace them with desks will be given consideration. I have heard much criticism of the present appointments in this Chamber from visitors to the galleries, and criticism of addressing the House while a Member turns his back to the Speaker.

QUESTION IMPERSONAL

Now to return to the subject of my parliamentary inquiry. In these remarks I wish it to be understood, and I hope it will be understood, that they are entirely impersonal and not in the nature of captious faultfinding, nor am I attempting to lecture the House. Far be it from me to do so. My sole purpose is in the interest of decorum and proper observance of the rules. Each of us at one time or another has unwittingly or thoughtlessly transgressed the rules, and certain habits of conduct have fastened themselves upon us and become customary.

RAISED BEFORE BY MR. LUCE

The question I raised the other day is not a new one. It was brought to the attention of the House in the Seventy-third Congress by none other than the distinguished gentleman and learned authority on parliamentary procedure, the Honorable Robert Luce, of Massachusetts, author of a number of standard works on legislative assemblies, principles, and procedure.

MR. LUCE'S PARLIAMENTARY INQUIRY

On June 6, 1934, second session, Seventy-third Congress, Mr. Luce addressed the following parliamentary inquiry to the Speaker, the Honorable Henry T. Rainey, of Illinois:

Mr. LUCE. Mr. Speaker, Jefferson's Manual says that when any Member means to speak he is to stand up in his place uncovered and to address himself not to the House or any particular Member, but to the Speaker.

Fifteen years ago when I came here no Member ever broke that rule. No Member ever failed to follow the time-honored practice which came down to us through the centuries of addressing himself to the Speaker. Someone introduced the custom of also addressing himself to the Members of the House. This invasion of the time-honored dignified rule led me to confer with Speaker Longworth, who was even more severe in his criticism than I care to be. Later I brought the matter to the attention of the House and Speaker Garner was equally emphatic in his comments upon the situation. At that time I found that the official reporters had put me down as saying, "Mr. Speaker, ladies and gentlemen," which I did not say, because I had never broken the rule. My remonstrance has led to its omission in part from the RECORD, but still the words appear: "Mr. Speaker, ladies and gentlemen," and someone the other day went so far as to say, "Mr. Speaker, ladies and gentlemen, and friends." That took in the gallery.

I should like to know if in the Speaker's judgment the rule, which is not altogether clear, in that it refers to the first address made to the Speaker when seeking the floor, should be extended to cover all introduction, and it is further the Speaker's judgment that the practice is an invasion of the dignity of the House and ought to be stopped?

SPEAKER RAINEY'S REPLY

The SPEAKER. The gentleman from Massachusetts [Mr. LUCE] has read from section 354 of the House Rules and Manual, which clearly stated the rule. The Chair might also read clause 1 of rule 14, which has reference to decorum and debate:

"When any Member desires to speak or deliver any matter to the House, he shall rise and respectfully address himself to "Mr. Speaker," and, on being recognized, may address the House from any place on the floor or from the Clerk's desk, and shall confine himself to the question under debate, avoiding personality."

When the gentleman from Massachusetts [Mr. LUCE] presented this matter during Mr. Garner's speakership, Mr. Garner ruled:

"The Chair is in entire sympathy with the remarks made by the gentleman from Massachusetts. It is supposed to be a slight upon the Chair, according to the expressions of former Speakers of the House, when Members address the Chairman of the Committee of the Whole or the Speaker and then address Members on the floor en masse.

"The Speaker represents the House of Representatives in its organization, and by addressing the Chair he addresses the entire membership of the House."

There is not any question about the rule. The dignified method of procedure is to address the Speaker when the House is in session and to address the Chairman when the House is in Committee of the Whole, and thus the Member addresses the entire membership. The rule provides very clearly what the mode of address should be. The Chair thinks the rule ought to be followed in the interest of dignity and decorum in the proceedings of the House (CONGRESSIONAL RECORD, 73d Cong., 2d sess., p. 10627).

Nevertheless and notwithstanding this clear statement of the rule by Speaker Rainey, and by his predecessor, Speaker Garner, as quoted by the former, the objectionable practice has persisted to this day and is prevalent even to a greater extent than formerly Yet, I sincerely hope that by again bringing the matter to the attention of the House, Members will hereafter conform to the rule by simply addressing themselves to "Mr. Speaker" or to "Mr. Chairman," as the case may be, and thus, as Mr. Speaker Garner pointed out, he will be addressing "the entire membership of the House."

ADDRESSING A MEMBER IN THE SECOND PERSON

While in the mood, Mr. Speaker, and again disclaiming any purpose other than to preserve the dignity of our procedure, I bring to the attention of the House another more or less common practice in debate by referring to a Member in the second person, as "you" or "your," and by the use of a given name, as "John," "Sam," or "Joe." These are plain infractions of well-established parliamentary principles and against dignified procedure. There are a number of rulings to this effect.

Hinds' Precedents records that when the Honorable Joseph G. Cannon addressed the Honorable William P. Hepburn as "you," instead of referring to him as "the gentleman from Iowa," the Speaker, the Honorable Thomas B. Reed, called Mr. Cannon to order, saying:

The gentleman from Illinois should not address his colleague in the second person.

And when Mr. Cannon himself became Speaker, he cautioned a Member that—

it is not proper to refer to Members except in the usual way of the gentleman from So-and-so.

These and other like decisions may be found in Hinds' Precedents, volume 5, sections 5140–5145; and it is interesting to note that in each instance the Speaker himself interposed an objection to the offending Member's language.

SMOKING ON THE FLOOR

Now, Mr. Speaker, I will refer to one other rule of the House which is honored more in its breach than in its observance, and then my self-imposed task, ungracious though some may regard it, will have been accomplished. I refer to the rather general custom of smoking on the floor, in most instances behind the rail, nevertheless on the floor.

A part of the fifteenth rule, clause 7, is:

No Member shall smoke upon the floor of the House. * * * Neither shall any person be allowed to smoke upon the floor of the House at any time.

I am told that prior to the adoption of this provision of the rule it was

customary to smoke on the floor and that billows of smoke constantly floated about the Chamber, more to the discomfort of occupants of the galleries than to the Members on the floor.

Another portion of the same rule provides that—

the Sergeant at Arms and Doorkeeper are charged with the strict enforcement of this clause.

Therefore, I suppose, Mr. Speaker, reference to this rule is all-sufficient as notice to those efficient officers of the House to enforce the rule against smoking on the floor of the House.

O wad some Power the giftie gie us
To see oursels as ithers see us!

Referring to the suggestion made earlier in my remarks in regard to the installation of desks, it seems to me that not only would it avoid a violation of the rule prohibiting "walking out or across the hall," but I believe it would also induce the membership of the House to observe strictly the rule forbidding smoking behind the rail, which is considered a part of the floor, and would also prevent Members from congregating behind the rail for purposes of conversation and smoking, which certainly is a breach of proper decorum on the floor of the House causing noise and disturbance to the orderly procedure of the House and contributing confusion and noise to the sometimes unruly sessions of this body.

To me, and I am sure to many other Members of this body, has come sharp criticism from our constituents and friends who visit the House of Representatives and sit in the galleries to observe our conduct and the proceedings in the House. This criticism is leveled mostly at our apparent indifference to the one addressing the House, by walking out or across the hall; by reading newspapers in the Chamber; and by the placing of one's feet against or on top of the seats in front of him. Upon the whole the comment or criticism which has come to me, and I repeat again, I am sure has come to many other Members of this body, is clothed in surprise and, may I say, in great disappointment and disillusionment on the part of those who visit the proceedings in this historic Chamber, one of the very few great arenas of free debate still existing in this world. This Chamber is the House of Commons of the American people. To it a mighty Nation looks to those who represent them for that dignity and decorum which is commensurate with the vast power entrusted to us in the discharge of our duty as Representatives of a free people.

Now, Mr. Speaker, in conclusion these matters may be said to be unimportant, of no serious consequence, and in themselves harmless, and perhaps I may be adjudged hypercritical in bringing them to the attention of the House. At any rate constant disregard of the rules in these respects, to say nothing of the amenities that ought to be observed in a great legislative body, even in what may be deemed to be small matters among statesmen, tends to cast discredit upon the House and to bring it into disrepute and possibly lead to other and more important infractions of our rules. We cannot be too careful of our conduct here, because, unfortunately, there are people who are prone to seize upon any laxity on the part of lawmakers to criticize their actions.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 373. An act to amend section 45 of the act of March 4, 1909, as amended, to the Committee on the Judiciary.

S. 375. An act authorizing postgraduate instruction for civilian employees of the Naval Establishment; to the Committee on Naval Affairs.

S. 505. An act making provision for payment of employees of the United States Government, its Territories or possessions, or the District of Columbia, for military leave when ordered to active duty with the military or naval forces of the United States; to the Committee on the Civil Service.

S. 578. An act authorizing the Secretary of the Treasury to release certain interests in certain land which adjoins the Shark River Coast Guard station, in Monmouth County, N. J.; to the Committee on the Merchant Marine and Fisheries.

S. 752. An act to provide for the establishment of the Coronado International Memorial, in the State of Arizona; to the Committee on the Public Lands.

S. 878. An act to authorize the condemnation of lands or interests therein, which the War Department may be authorized by law to acquire, at the expense of States or political subdivisions thereof, persons, associations, companies, or corporations; to the Committee on Military Affairs.

S. 1133. An act to authorize the transfer of lands from the United States to the Maryland-National Capital Park and Planning Commission under certain conditions, and to accept title to another tract to be transferred to the United States; to the Committee on Naval Affairs.

S. 1304. An act granting the consent of Congress to the Norfolk & Western Railway Co. to construct, maintain, and operate a bridge across the Tug Fork of Big Sandy River, near Nolan, Mingo County, W. Va.; to the Committee on Interstate and Foreign Commerce.

S. 1346. An act to authorize the Secretary of War to convey to the Territory of Hawaii certain lands on the island of Oahu, Territory of Hawaii, in consideration of the Governor of Hawaii having transferred to the United States certain lands in the Hawaiian Islands; to the Committee on Military Affairs.

S. 1387. An act for the relief of Everett A. Alden, Robert Bruce, Edgar C. Faris, Jr., Kathryn W. Ross, Charles L. Rust, and Frederick C. Wright; to the Committee on Claims.

S. 1447. An act making provisions for maintaining the Corps of Cadets of the United States Military Academy at authorized strength; to the Committee on Military Affairs.

S. 1530. An act to amend the act approved June 6, 1940, entitled "An act to authorize the acquisition by the United States of lands in Manchester and Jackson Townships of the county of Ocean and State of New Jersey for use in connection with the Naval Air Station, Lakehurst, N. J.; to the Committee on Naval Affairs.

S. 1544. An act to provide for cooperation with Central American republics in the construction of the Inter-American Highway; to the Committee on Foreign Affairs.

ADJOURNMENT

Mr. COCHRAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 50 minutes p. m), the House, under the order heretofore adopted, adjourned until tomorrow, Wednesday, May 28, 1941, at 11 o'clock a. m.

COMMITTEE HEARINGS

IRRIGATION AND RECLAMATION COMMITTEE

The Committee on Irrigation and Reclamation will meet at 10 o'clock a. m., Wednesday, May 28, in room 353, old House Office Building, for the consideration of S. 879 and H. R. 4854.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a. m., Wednesday, May 28, 1941, for the consideration of private bills.

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

There will be a meeting of the Committee on Expenditures in the Executive Departments Wednesday, May 28, 1941, room 304, House Office Building.

COMMITTEE ON INDIAN AFFAIRS

The Committee on Indian Affairs will hold hearings at 10:30 a. m. on Wednesday, May 28, 1941, for the consideration of H. R. 4616, H. R. 2308, H. R. 3936, H. R. 3938, H. R. 4359, H. R. 1065, and H. R. 2287

COMMITTEE ON THE JUDICIARY

The Committee on the Judiciary will hold public hearings on H. R. 4394, to amend the Bankruptcy Act (respecting referees), on Monday, June 2, 1941, at 10 a. m., in room 346, House Office Building, before the Special Subcommittee on Bankruptcy and Reorganization.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, June 3, 1941. Business to be considered: Hearings on H. R. 4454, H. R. 106, and H. R. 3366, regarding engineering experiment stations and physical-science research.

EXECUTIVE COMMUNICATIONS, ETC.

Under class 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

565. A letter from the Acting Secretary of the Treasury, transmitting a draft of a proposed bill to authorize the Secretary of the Treasury to exchange certain land owned by the United States for a site for a road right-of-way needed for access to the Coast Guard light station reservation, Au Sable, Mich.; to the Committee on the Merchant Marine and Fisheries.

566. A communication from the President of the United States, transmitting three emergency supplemental estimates of appropriations for the War Department, totaling $2,790,890,785 cash, and two emergency supplemental estimates of appropriations for the Navy Department, totaling $529,046,600 cash, and $10,000,000 contract authorization, all

for the fiscal year ending June 30, 1941, to remain available until June 30, 1942 (H. Doc. No. 225); to the Committee on Appropriations and ordered to be printed.

567. A letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to provide for reimbursement of officers on sea duty when deprived of quarters on board ship; to the Committee on Naval Affairs.

568. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the fiscal year 1941, amounting to $23,000, for the judicial establishment (H. Doc. No. 226); to the Committee on Appropriations and ordered to be printed.

569. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the fiscal year 1940 and prior years in the sum of $12,378.43 and supplemental estimates of appropriations for the fiscal year 1941 in the sum of $1,177,-378.43, for the Department of Justice (H. Doc. No. 227); to the Committee on Appropriations and ordered to be printed.

570. A communication from the President of the United States, transmitting six supplemental estimates of appropriations for the fiscal year 1941 and 1942, amounting to $434,-500, and four drafts of proposed provisions pertaining to existing appropriations for the Department of State (H. Doc. No. 228); to the Committee on Appropriations and ordered to be printed.

571. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the fiscal years 1941 and 1942, amounting to $1,-340,000, and a draft of a proposed provision relating to an existing authorization, all for the National Advisory Committee for Aeronautics (H. Doc. No. 229); to the Committee on Appropriations and ordered to be printed.

572. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the Tennessee Valley Authority for the fiscal year 1942 in the amount of $40,000,000 (H. Doc. No. 230); to the Committee on Appropriations and ordered to be printed.

573. A communication from the President of the United States, transmitting a deficiency estimate of appropriation for domestic air-mail service for the fiscal year 1940 of $36,103, supplemental estimates of appropriations for the fiscal year 1941 of $26,507,000 and for the fiscal year 1942 of $474,957, in all $27,018,060, for the Post Office Department (H. Doc. No. 231); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STEAGALL: Committee on Banking and Currency. Supplemental report, part 2, to accompany S. 1438, an act to extend the operations of the Disaster Loan Corporation and the Electric Home and Farm Authority, to provide for increasing the lending authority of the Reconstruction Finance Corporation, and for other purposes; without amendment (Rept. No. 616). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on the Judiciary. H. R. 4868. A bill to amend section 3 of title 1 of the act entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes", approved June 15, 1917; without amendment (Rept. No. 637). Referred to the House Calendar.

Mr. WHITTINGTON: Committee on Flood Control. House Joint Resolution 22. Joint resolution authorizing the Secretary of War to convey certain lands to the State of West Virginia; with amendment (Rept. No. 638). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULMER: Committee on Agriculture. S. 158. An act to amend the Federal Crop Insurance Act; with amendment (Rept. No. 639). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULMER: Committee on Agriculture. H. R. 4849. A bill to provide for regulating, inspecting, cleaning, and, when necessary, disinfecting railway cars, other vehicles, and other materials entering the United States from Mexico; with amendment (Rept. No. 640). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 217. Resolution providing for the consideration of S. 1438, an act to extend the operations of the Disaster Loan Corporation and the Electric Home and Farm Authority, to provide for increasing the lending authority of the Reconstruction Finance Corporation, and for other purposes; with amendment (Rept. No. 641). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WICKERSHAM: Committee on Claims. S. 583. An act for the relief of Maj. Harold Sorenson; without amendment (Rept. No. 624). Referred to the Committee of the Whole House.

Mr. WICKERSHAM: Committee on Claims. S. 853. An act for the relief of Frank and Paulina Rublein, and Mrs. Ethel Bowers; without amendment (Rept. No. 625). Referred to the Committee of the Whole House.

Mr. WICKERSHAM: Committee on Claims. S. 1040. An act for the relief of Claude W. La Salle and the Dauterive Hospital; without amendment (Rept. No. 626). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 257. A bill for the relief of Edna La Blanche Gillette; with amendment (Rept. No. 627). Referred to the Committee of the Whole House.

Mr. CAPOZZOLI: Committee on Claims. H. R. 1142. A bill for the relief of Gladys E. Forbes, attorney in fact for heirs of George P. Eddy; with amendment (Rept. No. 628). Referred to the Committee of the Whole House.

Mr. FENTON: Committee on Claims. H. R. 1359. A bill for the relief of Robert Edward Lee; with amendment (Rept. No. 629). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 1649. A bill for the relief of Vernon Atkison; without amendment (Rept. No. 630). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 2650. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of H. Herfurth, Jr., Inc.; with amendment (Rept. No. 631). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 2753. A bill for the relief of Lewis Jones; with amendment (Rept. No. 632). Referred to the Committee of the Whole House.

Mr. WEISS: Committee on Claims. H. R. 2920. A bill for the relief of Jess W. Harmon; without amendment (Rept. No. 633). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 2934. A bill for the relief of L. H. Martin; with amendment (Rept. No. 634). Referred to the Committee of the Whole House.

Mr. SAUTHOFF: Committee on Claims. H. R. 3247. A bill for the relief of Mrs. O. B. Olson; with amendment (Rept. No. 635). Referred to the Committee of the Whole House.

Mr. WICKERSHAM: Committee on Claims. H. R. 3802. A bill for the relief of Louis A. Schwan; with amendment (Rept. No. 636). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARDEN:

H. R. 4880. A bill to authorize the Secretary of the Interior to accept property for the Moores Creek National Military Park, and for other purposes; to the Committee on the Public Lands.

By Mr. BEITER:

H. R. 4881. A bill to provide compensation for certain persons injured while fighting fires on property under the exclusive jurisdiction of the United States; to the Committee on the Judiciary.

By Mr. HEALEY:

H. R. 4882. A bill to extend the coverage of the Social Security Act with respect to old-age and survivors' insurance, to provide for variable basis for Federal grants to States for old-age assistance, to amend the Internal Revenue Code, and for other purposes; to the Committee on Ways and Means.

By Mr. JOHNSON of Illinois:

H. R. 4883. A bill to provide adequate markets and fair prices for agricultural commodities produced in the United States; to eliminate the necessity for mandatory reductions in crop production; to provide a method for the exchange of surplus agricultural commodities for products of foreign countries on a basis mutually advantageous to agricultural and manufacturing interests in the United States, and to such foreign countries; to promote foreign trade in the interest of friendly and peaceful relations among nations; and for other purposes; to the Committee on Ways and Means.

By Mr. KING:

H. R. 4884. A bill to enable the people of Hawaii to form a constitution and State government to be admitted into the Union on an equal footing with the original States; to the Committee on the Territories.

By Mr. PACE:

H. R. 4885. A bill to amend the Agricultural Adjustment Act, as amended, for the purpose of regulating interstate and foreign commerce in tobacco, and for other purposes; to the Committee on Agriculture.

By Mr. PATMAN:

H. R. 4886. A bill to provide for the disposition of unclaimed deposits in national banks; to the Committee on Banking and Currency.

By Mr. BLAND:

H. R. 4887. A bill to authorize the construction of Coast Guard cutters necessary in the interest of national defense and for performance of Coast Guard duties; to the Committee on the Merchant Marine and Fisheries.

By Mr. GREEN:

H. R. 4888. A bill to provide dental service for certain veterans; to the Committee on World War Veterans' Legislation.

By Mr. KUNKEL:

H. R. 4889. A bill to pay the tuition of children of noncommissioned and enlisted personnel in the Army in certain cases; to the Committee on Military Affairs.

By Mr. McGEHEE:

H. R. 4890. A bill to amend the District of Columbia Unemployment Compensation Act to provide for lower contribution rates, and for other purposes; to the Committee on the District of Columbia.

By Mr. BLOOM:

H. J. Res. 191. Joint resolution to authorize the President of the United States to invite the governments of the countries of the Western Hemisphere to participate in a meeting of the national directors of the meteorological services of those countries, to be held in the United States as soon as practicable, in 1941 or 1942; to invite regional commissions III and IV of the International Meterological Organization to meet concurrently therewith; and to authorize an appropriation for the expenses of organizing and holding such meetings; to the Committee on Foreign Affairs.

By Mr. MARTIN J. KENNEDY:

H. Res. 216. Resolution to arrange conferences to establish a shipping program to aid and protect our citizens engaged in foreign missionary work; to the Committee on the Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARENDS:

H. R. 4891. A bill granting a pension to Elsie Israel; to the Committee on Invalid Pensions.

By Mr. BALDWIN:

H. R. 4892. A bill to authorize the repatriation of Elsie deWolfe Mendl; to the Committee on Immigration and Naturalization.

By Mr. HARRIS of Arkansas:

H. R. 4893. A bill for the relief of Ben H. Thomason; to the Committee on Claims.

H. R. 4894. A bill for the relief of Marvin C. Allder; to the Committee on Claims.

By Mr. HEALEY:

H. R. 4895. A bill for the relief of Willard Stewart Bennett; to the Committee on Naval Affairs.

By Mr. VINCENT of Kentucky:

H. R. 4896. A bill for the relief of David B. Byrne; to the Committee on Claims.

By Mr. CARTER:

H. R. 4897. A bill for the relief of John A. McMahon; to the Committee on Military Affairs.

H. R. 4898. A bill for the relief of Bothilda Stender; to the Committee on Claims.

By Mr. MILLS of Arkansas:

H. R. 4899. A bill for the relief of T. B. Tate; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1179. By Mr. ANDERSON of California: Petition of the Assembly of the State of California, referring to guayule rubber; to the Committee on Agriculture.

1180. By Mr. BOLLES: Petition of sundry citizens of Plymouth, Wis., opposing the United States entering the war and opposing convoys and the suppression of free speech; to the Committee on Foreign Affairs.

1181. By Mrs. BOLTON: Petition of sundry citizens of Cleveland, Ohio, urging enactment of Geyer anti-poll-tax bill; to the Committee on the Judiciary.

1182. By Mr. BULWINKLE: Petition of H. G. Boger and others of Morganton, protesting against the passage of Senate bill 983 or House bill 3852, to the Committee on the District of Columbia.

1183. By Mr. CARTER: Resolution of the Chamber of Commerce, Martinez, Calif., urging the enactment of legislation for immediate additional appropriations to provide for the development of strategic highways in the State of California; to the Committee on Roads.

1184. By Mr. COFFEE of Washington: Petition of the Washington Baptist Convention, comprising the duly accredited representatives of all the Baptist churches of the State of Washington, protesting against the use of convoys as an act contributory to war, and praying that Congress repudiate efforts to involve us in war, and that our public officials and the Congress do not countenance, either by law or by sufferance, the use of convoys in this war; to the Committee on Foreign Affairs.

1185. Also, petition of the northwestern district of the American Luthern Church adopted at its fiftieth anniversary convention at Tacoma, Wash., alleging that it is deeply concerned for the continued preservation of our most cherished institutions of American liberty and democracy, urging the President of the United States not to carry our country into war, but to maintain such a determined course of action as shall be designed to prevent our involvement; and unanimously praying to the President and to the Congressmen that he and they adhere to the pledge which all public officials have heretofore solemnly made to the American people that we would not go to war; to the Committee on Foreign Affairs.

1186. By Mr. ENGLEBRIGHT: Assembly Joint Resolution No. 1, relative to the hunting season on migratory wild fowl; to the Select Committee on Conservation of Wildlife Resources.

1187. Also, Assembly Joint Resolution No. 20, relative to pension and compensation payments to veterans suffering total permanent disability; to the Committee on World War Veterans' Legislation.

1188. Also, Assembly Joint Resolution No. 37, relative to memorializing Congress to designate December 15, 1941, as Bill of Rights Day; to the Committee on the Judiciary.

1189. Also, Assembly Joint Resolution No. 40, relative to making citrus fruits available to the enlisted personnel of the military and naval forces of the United States; to the Committee on Military Affairs.

1190. Also, Assembly Joint Resolution No. 41, relative to memorializing Congress to investigate the feasibility of growing of guayule rubber in California, and, if found feasible, to subsidize the same; to the Committee on Agriculture.

1191. Also, Assembly Joint Resolution No. 50, relative to memorializing the President, Congress, and various officers of the United States to make funds available for the Corcoran Airport; to the Committee on Appropriations.

1192. Also, Assembly Joint Resolution No. 53, relative to memorializing Congress to pass House Resolution 3570, allocating funds for the building and operation of emergency schools necessitated by reason of national defense; to the Committee on Military Affairs.

1193. Also, resolution relative to the Federal Social Security Act; to the Committee on Ways and Means.

1194. Also, Assembly Joint Resolution No. 25, relative to the sewing projects of the Work Projects Administration; to the Committee on Appropriations.

1195. By Mr. HOUSTON: Petition signed by 168 residents of Potwin, Kans., objecting to the United States of America convoying ships to or through the war zones; to American soldiers fighting on foreign soil; and to American soldiers delivering or convoying materials to nations at war; to the Committee on Foreign Affairs.

1196. By Mr. JOHNSON of Illinois: Letter of protest by Lester S. Munneke, director of music, Caryhage, Ill., on increased tax on musical instruments for school use; to the Committee on Ways and Means.

1197. By Mr. LUTHER A. JOHNSON: Petition of Kay Halsell, president, Halsell Motor Co., Inc., Bryan, Tex., opposing proposed excise-tax increase on automobiles, parts, and accessories; to the Committee on Ways and Means.

1198. By Mr. MARTIN J. KENNEDY: Petition of the Brotherhood of Painters, Decorators and Paperhangers of America, Local Union, No. 848, New York City, asking favorable action on House bill 1024; to the Committee on the Judiciary.

1199. By Mr. LYNCH: Resolution of Independent Clubs of Queens County, N. Y., regarding the Wagner Labor Relations Act, subversive activities in the United States, need for reduction in cost of governmental agencies not directly engaged in defense effort, and necessity for providing for complete national defense; to the Committee on Labor.

1200. By Mr. O'NEAL: Petition of certain citizens of Louisville, Ky., opposing House bill 4000 and Senate bill 860; to the Committee on Military Affairs.

1201. By Mr. PITTENGER: Petition submitted by Warren Askeland and other citizens of Duluth, Minn., advocating national legislation providing for daylight-saving time; to the Committee on Interstate and Foreign Commerce.

1202. Also, petition signed by James A. Wakonabo and other citizens of Inger, Minn., advocating national old-age pension legislation; to the Committee on Ways and Means.

1203. Also, petition signed by Martin Stram and other citizens of Itasca County, Minn., advocating national old-age pension legislation; to the Committee on Ways and Means.

1204. Also, petition signed by Andrew Hannula and other citizens of Dear River, Minn., advocating national old-age pension legislation; to the Committee on Ways and Means.

1205. By Mr. RICH: Petition of sundry citizens of Tioga County, favoring the passage of House bill 4000; to the Committee on Military Affairs.

1206. By Mr. ROLPH: Memorial of the State of California, asking consideration of Assembly Joint Resolution No. 37, relative to designating December 15, 1941, as Bill of Rights Day; to the Committee on the Judiciary.

1207. By Mr. SIKES: Memorial of the Florida State Legislature, requesting the Congress of the United States of America to place suitable historical markers on the Bellamy Road connecting Pensacola and St. Augustine, Fla.; to the Committee on the Library.

1208. By Mr. WHEAT: Petition of the mayor and commissioners of Shelbyville, Ill., requesting that reservoir project No. 33, relative to the Kaskaskia River Basin, be included in any Federal works program being now formulated; to the Committee on Flood Control.

1209. Also, petition of the Chamber of Commerce of Shelbyville, Ill., requesting that reservoir project No. 33, relative to the Kaskaskia River Basin, be included in any Federal works program being now formulated; to the Committee on Flood Control.

1210. Also, petition protesting against enactment of Senate bill 983 or House bill 3852, identical bills now pending in Congress, relative to the uniform closing of barber shops in the District of Columbia; to the Committee on the District of Columbia.

1211. Also, petition supporting House bill 4000, a bill to prohibit the sale of alcoholic liquors on military and naval reservations, or within reasonable distance therefrom, and prohibits prostitution and the keeping of bawdy houses in the same territories; to the Committee on Military Affairs.

1212. By Mr. YOUNGDAHL: Petition of numerous citizens of the city of Minneapolis, Minn., and surrounding territory, opposing

House bill 3852; to the Committee on the District of Columbia.

1213. By the SPEAKER: Petition of the Fight for Freedom Committee, New York, N. Y., petitioning consideration of their resolution with reference to foreign affairs; to the Committee on Foreign Affairs.

1214. By Mr. THOMASON: Petition of nine residents of Midland, Tex., members of the American Temperance Society of the Seventh-Day Adventists, favoring the passage of House bill 4000, to prevent the sale of alcoholic beverages inside Army and Navy camps and to establish zones around training camps to prevent taverns and vice districts in close proximity thereto; to the Committee on Military Affairs.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 28, 1941

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, the hour has come in the tragic struggle of Christian ideals when we must not measure our life by religious or political creed but by the motives and character we are to weave into the tissues of the soul of our Republic. We praise Thee that so long there lives a solitary heart, Thou wilt lend Thyself to the redeeming pulsations of everlasting love. As a people chosen in an exceptional way for an exceptional task, in spite of these momentous and grave uncertainties, endue us with an inflexible faith in the triumph of righteousness. Through the never-failing ministrations of the Holy Spirit of truth; lead us forward to the high altitudes envisioned by our fathers. We pray Thee to beckon our country to the places of intellectual refreshment, to the citadels of calm reason and study, to the quiet of the home altar, and to the Church for spiritual renewal; impress our democracy that these are the powers that make a nation grand and glorious. Heavenly Father, help us to subject ourselves to Thy holy influence that we may be guided to the highest conceptions of human life and government. Our President, his counselors, and immediate advisers, do Thou direct them in all their deliberations and conclusions, that national honor, security, and peace may ever be symbolized in the beauteous flag that floats over a free people. Through Jesus Christ our Lord. Amen.

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

COAST GUARD ACADEMY

Mr. BLAND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. BLAND. Mr. Speaker, as chairman of the Committee on the Merchant Marine and Fisheries, I desire to announce that on the 3d day of May 1941, at the annual meeting of the Board of Visitors to the Coast Guard Academy at that academy, the gentleman from Georgia, Mr. ROBERT RAMSPECK, a member of the Committee on the Merchant Marine and Fisheries, was elected chairman of the Board of Visitors of the academy.

The gentleman from Georgia [Mr. RAMSPECK] has manifested great interest in the work of the Coast Guard Academy and in the attainment of its objectives. For many years he has been a member of the Committee on the Merchant Marine and Fisheries and has rendered constructive service in all matters within its jurisdiction, which include, in addition to the merchant marine and fisheries, such subjects as the Coast Guard, Coast and Geodetic Survey, aids to navigation, marine hospitals, and the Panama Canal.

I consider the Coast Guard Academy fortunate to have as the chairman of its Board of Visitors a man as diligent and experienced in legislation and educational matters as the gentleman from Georgia [Mr. RAMSPECK.] [Applause.]

[Here the gavel fell.]

Mr. BLAND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD on the subject of the Coast Guard Academy.

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

There was no objection.

EXTENSION OF REMARKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein a short statement on automobiles in our national defense.

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

There was no objection.

Mr. O'BRIEN of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address delivered by my distinguished colleague, Hon. ROBERT F. JONES, of Ohio.

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

There was no objection.

Mr. HAINES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter I have received from the Administrator of the Farm Credit Administration.

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

There was no objection.

Mr. MICHAEL J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial commending Judge Townley of the Supreme Court of the State of New York.

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

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. EDELSTEIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

[Mr. EDELSTEIN addressed the House. His remarks appear in the Appendix of the RECORD.]

EXTENSION OF REMARKS

Mr. HOWELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article by Raymond Clapper.

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

There was no objection.

(Mr. LELAND M. FORD asked and was given permission to extend his own remarks in the RECORD.)

LABOR AND THE DEFENSE PROGRAM

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

[Mr. LELAND M. FORD addressed the House. His remarks appear in the Appendix of the RECORD.]

PERMISSION TO ADDRESS THE HOUSE

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

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

There was no objection.

Mr. PATRICK. Mr. Speaker, I did not get up to talk about the President's speech last night, although it is of major importance, and it seems so clear to the Democrats and so confusing to the Republicans. I do not understand that. I guess if I were going to be partisan, I would say it is clear to the clear minds and confusing to confused minds. But perish that thought.

What I got up to say is that I hope that the precedent set by a certain gentleman of this House yesterday morning will not be followed. I was shocked a little bit when I heard it—it is what the second speaker preceding me this morning referred to. He referred to remarks made by the gentleman from Kansas yesterday about a certain group of people because they had Jewish names. Do not forget that that is exactly the same sort of demagoguery that breeds further demagoguery; the same sort of attack by which was begun the present Nazi regime in Germany. It is not hard to get demagoguery going against the Jews. They are in the minority in the country, but they are right intellectual people and in some respects a superior race, although they are greatly in the minority. Of course, anyone who wants to demagogue is always safe in jumping on the Jews, but let us not have it in America. [Applause.]

[Here the gavel fell.]

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.