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EXTENDING THE PROVISIONS OF THE RECONSTRUCTION CORPORATION ACT AND THE EMERGENCY RELIEF AND CONSTRUCTION ACT TO THE VIRGIN ISLANDS

January 10, 1933.—Ordered to be printed

Mr. Couzens, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany S. 5126]

The Senate Committee on Banking and Currency, having had under consideration the bill (S. 5126) to extend the provisions of the Reconstruction Finance Corporation act and the emergency relief and construction act of 1932 to the Virgin Islands, report favorably thereon with the recommendation that the bill do pass without amendment.

The purpose of the bill is simply to extend to the Virgin Islands the same opportunity to obtain financial relief under the provisions of above acts as is now made available thereunder to the several States and Territories of the United States.

The bill has the approval of the Secretary of the Interior, and the Governor of the Virgin Islands has advised the committee of the urgency of the enactment of this legislation.

For the information of the Senate there is hereto appended and made a part of this report a letter from the Secretary of the Interior and a memorandum by Paul M. Pearson, Governor of the Virgin Islands.

Department of the Interior,
Washington, December 15, 1932.

Hon. Peter Norbeck,
Chairman Committee on Banking and Currency,
United States Senate, Washington, D. C.

My Dear Senator Norbeck: This will acknowledge receipt of your communication, dated December 14, 1932, requesting that I submit to you a report and recommendations with respect to Senate bill No. 5126, "To extend the provisions of the Reconstruction Finance Corporation act and the emergency relief and construction act of 1932 to the Virgin Islands."

The object of this proposed legislation is to extend to the Virgin Islands of the United States the same opportunity to obtain financial relief under the provisions of the Reconstruction Finance Corporaton act and the emergency relief and construction act as is made available under those acts at present to the several States and Territories of the United States.

The world wide economic depression has been sorely felt in the Virgin Islands. With the falling off in world trade which began several years ago, the shipping business of St. Thomas, upon which it depends for an existence, suffered a rapid decline which still continues. The sugar industry has been in the doldrums for many years, with continuing overproduction and declining prices, with the result that the largest sugar factory in St. Croix was forced out of business and the two remaining smaller factories are kept in operation only through the financial assistance being given to them by the municipality. During this period of economic adversity the Virgin Islands are practically speaking without even normal banking accommodations, for the reason that the National Bank of the Danish West Indies, the only banking institution in the islands, has ceased to make any new loans and is liquidating outstanding obligations as rapidly as possible in anticipation of its complete cessation of business in 1934, when its charter, granted by the Kingdom of Denmark, expires. In order to revitalize the situation, steps were initiated some months ago looking toward the establishment of an American banking institution in the Virgin Islands, but unfortunately in times such as these progress in negotiations of this character must necessarily be slow.

I am pleased to recommend this proposed legislation extending the provisions of the Reconstruction Finance Corporation and the emergency relief and construction act of 1932 to the Virgin Islands for favorable consideration by your committee and the Congress.

Sincerely yours,

RAY LYMAN WILBUR.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, December 19, 1932.

Memorandum for S. 5126.

The necessity for the proposed legislation, S. 5126, arises from the fact that 40 per cent of the people in St. Thomas are unemployed, and in an island where everybody works when there is work. There is much suffering.

It is proposed that when this bill has passed authorizing the application of the emergency relief and construction act to the Virgin Islands to apply to the Reconstruction Finance Corporation for a loan to aid unemployment. As this is not a gift but only a loan, and as the proposed legislation puts the Virgin Islands in the same status with Puerto Rico and other possessions, it is hoped that the bill may be passed promptly.

It should be pointed out that this legislation does not appropriate money nor does it make a loan; it only authorizes the R. F. C. to make the loan to the Virgin Islands, which may be done only if the Virgin Islands can present a plan for work and for payment which will meet the approval of the R. F. C.

PAUL M. PEARSON,
Governor, Virgin Islands.

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