SENATE

TUESDAY, MAY 23, 1944

(Legislative day of Tuesday, May 9, 1944)

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

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, we thank Thee for all high moments of faith when moods of doubt seem treason to that changeless world where Thou dost reign in the uninvaded realm of the excellent and the true. As another morning climbs to noon, ascending the hill of the Lord may we breathe the purer air above the dusty plains of the trivial and the temporary. Here finding an altar of pardon and peace may the memory of Thy past mercies mingle like sweet incense with a strengthening assurance of Thy present nearness which no malignity nor cruel violence of man's devising can snatch from those whose minds are stayed on Thee.

Make this ancient Chamber of our national life a place of vision, a lighthouse of hope above the raging floods of human disaster and distress. Make us the architects of a new order for peace and justice for men in all the earth. Send us forth to waiting tasks grateful for a great heritage worth living and dying for and with a deathless cause that no weapon that has been formed can defeat. In Thy might lift up our hearts and make us strong. Amen.

THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, May 20, 1944, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 683) to provide for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal.

The message also announced that the House had passed the bill (S. 1029) to provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, with an amendment in which it requested the concurrence of the Senate.

The message further announced that the House insisted upon its amendments to the bill (S. 1758) to amend section 451 of the Tariff Act of 1930, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. COOPER, Mr. DINGELL, Mr. REED of New York, and Mr. WOODRUFF of Michigan were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 4204) making appropriations for the Departments of State, Justice, and Commerce for the fiscal year ending June 30, 1945, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RABAUT, Mr. KERR, Mr. HARE, Mr. O'BRIEN of Illinois, Mr. CARTER, Mr. STEFAN, and Mr. JONES were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H. R. 4646) to provide for simplification of the individual income tax.

The message also announced that the House had passed a bill (H. R. 4624) to consolidate and revise the laws relating to the Public Health Service, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

S. 254. An act for the relief of Edward Gillam; and

S. 1771. An act authorizing appropriations for the United States Navy for additional ordnance manufacturing and production facilities, and for other purposes.

SELECTIVE SERVICE RECLASSIFICATION OF LEGISLATIVE EMPLOYEES—MEETING OF LEGISLATIVE DEFERMENT COMMITTEE

Mr. MAYBANK. Mr. President, in order that Members of the Congress may be fully apprised of the new regulations and rules promulgated by the Selective Service, I ask unanimous consent to have printed in the RECORD following my few remarks a copy of the orders which have been sent to us by the Joint Committee on the Deferment of Legislative Employees.

I may further say that the committee is to meet on Thursday for the benefit of Members of the House of Representatives and the Senate.

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

The following procedure is established in accordance with the terms of Selective Service Local Board Memorandum No. 115, as amended under date of May 12, 1944:

"In the case of registrants' ages 30 through 37 the Senator or Representative is authorized to file with this committee for transmittal to the local board, using Selective Service Form 42, the information necessary for the local board to reclassify the employee whose induction is imminent and who is engaged in an essential activity, into classes II-A or II-2.

"Under the revised policy of the National Selective Service liberalizing the reclassification of men 30 years or over who are engaged in an activity in support of the national health, safety, or interest, even the replaceable, it is believed proper for the Joint Committee for Deferment of Legislative Employees to file requests for legislative employees who meet these liberalized requirements.

"Therefore, if any Senator or Representative has in his office or committee men 30 years or over and for whom reclassification is desired, it is suggested that you furnish the Joint Committee for Deferment of Legislative Employees the names, ages, local board, and addresses, together with occupational status, and a statement in your opinion that the individual for whom application is made is contributing to the national health, safety, and interest to warrant reclassification."

EXHIBIT BY ARMY SERVICE FORCES OF CAPTURED ENEMY WEAPONS, TOGETHER WITH AMERICAN COUNTERPARTS

Mr. JOHNSON of Colorado. Mr. President, the Army Service Forces, in conjunction with the Treasury, is presenting an exhibit of captured enemy weapons, equipment, and supplies, together with their American counterparts, in West Potomac Park, beginning May 22, which was yesterday.

Tuesday and Thursday mornings were reserved for private showings for Members of the Senate. Today is Tuesday, but cars will leave the Senate Office Building at 10 o'clock Thursday morning, and will return Senators to the Capitol by 12 o'clock.

Officers of the various technical services will be present to explain the items of equipment, and a team of enlisted men has been assigned to operate the weapons in simulated fire and to demonstrate the operation of combat vehicles. I know that the time spent in observing this demonstration will be worth while; and I wish to add my own invitation and that of the chairman of the Military Affairs Committee to the invitations Senators already have received from the War Department.

NOTICE OF PUBLIC HEARING ON NOMINATION OF AMBROSE O'CONNELL TO BE ASSOCIATE JUDGE, UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Mr. McCARRAN. Mr. President, as chairman of the appointed subcommittee of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a routine public hearing has been scheduled for the 30th day of May 1944, at 10:30 a. m., in the Senate Judiciary Committee room, upon the nomination of Ambrose O'Connell, of New York, to be associate judge of the United States Court of Customs and Patent Appeals, vice Hon. Irvine Luther Lenroot, resigned. At the hearing all persons interested in the nomination may make representations. The subcommittee consists of the Senator from Nevada [Mr. McCARRAN], the Senator from Texas [Mr. CONNALLY], and the Senator from Connecticut [Mr. DANAHER].

THE POLL TAX—VOTE OF SENATOR LANGER ON LIMITATION OF DEBATE

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter which I received from Mr. Gay Gotham, of Chetek, Wis.,

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which illustrates the fact that sometimes the votes which we cast on this floor are not accurately reported by the press. In this letter, Mr. Gotham condemns me for having voted against the limitation of debate on the anti-poll-tax bill, whereas as a matter of fact I voted for the limitation of debate.

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

CHETEK, WIS., *May 21, 1944.*

WILLIAM LANGER,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SIR: It was with a feeling of utter disgust that I noted your vote against limitation of debate on the anti-poll-tax bill. It was certainly a well-placed slap in the face of all liberal-minded people in the great Northwest.

Fortunately your vote on this matter cannot be explained away by your fear of instituting a gag rule on the question. Because, Mr. LANGER, even to us out here in the sticks, it just doesn't hold water. Even to you that excuse should sound very thin.

It does seem a bit ironical that these boys from the poll-tax States who are fighting and dying for democracy should have the basic democratic right withheld from them and their people by Representatives of a progressive State like North Dakota.

Yours very regretfully,

GAY GOTHAM.

FIFTEENTH REPORT OF LEND-LEASE OPERATIONS

The ACTING PRESIDENT pro tempore (Mr. LUCAS) laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Foreign Relations:

To the Congress of the United States of America:

I am submitting herewith the Fifteenth Report on Lend-Lease Operations for the period ending March 31, 1944.

United Nations forces are now about to strike new and mightier blows at Nazi-occupied Europe from offensive bases in the West, the South, and the East. The fighting men of many nations have been banded together in combined operations. They are armed with the most powerful weapons that the combined resources and ingenuity of the United Nations can produce. They are ready to bring to bear their strength to continue the crushing process against the Nazis and the German war machine.

Our American forces will go into battle side by side with the men of Britain, France, Norway, Poland, Czechoslovakia, Netherlands, and our other allies. At sea, warships flying many United Nations flags will escort the fleets. In the skies, the R. A. F. will join with the United States Army Air Forces in blasting the paths for our troops and in protecting them from air attack.

For this great undertaking, the United Nations fighting partnership has been made far stronger by lend-lease and reverse lend-lease. Through lend-lease we have made certain that every man in the forces of the other United Nations who common enemy as hard as possible. goes into battle beside an American fighting man has what he needs to hit the Through reverse lend-lease, the American forces have been similarly aided by our allies with everything they had that we needed.

On the eastern European front also, arms and other war supplies provided by the United States and the British Commonwealth, will continue to strengthen the Soviet Armies for the new blows that will be timed with our advances.

In the Far East and the Pacific our offensives in New Guinea, in Burma, and against the Japanese fortress islands in the central Pacific are proof that the battle for Japan is not waiting upon the successful conclusion of the battle against Nazi Germany. China is being helped to the utmost of our ability.

Decisive battles are ahead. Now, more than ever, it is vital to our own American Army and Navy and Air Forces, as well as to the forces of the other United Nations, that we continue to provide our fighting partners with the additional war supplies they need to supplement their own resources. Congress has again recognized this fact by its overwhelming vote to extend the Lend-Lease Act.

Only by uniting our full strength with the full strength of the other free peoples of the world have we moved from the defensive to the offensive, from defeats to victories. By maintaining our unity now we shall certainly achieve final victory. By continuing our unity after the war we can assure a peace in which mankind can live and work and worship in peace, freedom, and security.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 22, 1944.*

COMMENTS ON THE G. I. BILL OF RIGHTS BILL AS PASSED BY THE HOUSE OF REPRESENTATIVES

Mr. WAGNER. Mr. President, I desire to take this opportunity to make known to the Senate the reasons why I believe that some of the provisions of the G. I. bill of rights, S. 1767, as passed by the House, and which is now in conference, are undesirable, inequitable, and discriminatory to servicemen fighting in this war. I wish to refer particularly to the provisions of the bill relating to unemployment insurance to be found in title V of the bill, beginning on page 68.

DELIBERALIZATIONS IN HOUSE BILL

I should like to state first for the information of the Senate that the unemployment-insurance section of the G. I. bill of rights was first modeled along the lines of the provisions in a bill, S. 1545, which I introduced 6 months ago jointly with the distinguished chairman of the Finance Committee and the distinguished senior Senator from Missouri. Our bill was drafted so as to assure the veteran real protection against unemployment.

We introduced this bill 6 months ago, and, finally, after many weeks of consideration of the matter by the Senate Finance Committee, the Senate on March 24 passed the G. I. bill of rights. But the provisions of the bill as passed by the House so restricts, deliberalizes, and disqualifies veterans for unemployment insurance as to make this part of the bill a sad reflection upon the generosity of this great country. The House version of the bill has practically emasculated the Senate provisions of the bill on unemployment insurance. Instead of a bill to enable veterans to obtain unemployment insurance, the House bill reads like a bill to deny veterans unemployment benefits.

REDUCTION IN DURATION OF BENEFITS

Mr. President, the bill which the senior Senator from Georgia and the senior Senator from Missouri and I introduced in November provided that every unemployed veteran could get 52 weeks—1 year—of unemployment-insurance benefits after his return from the service if he needed the benefits for that period of time. Our bill, like the present bill, provided, of course, that if the veteran did not become unemployed—if he did not need the benefits—if he did not register at a local employment office, that he would not be eligible to receive such benefits. This provision for a maximum duration of benefits of 1 year seemed to us only fair and reasonable and was strongly endorsed and supported by the American Legion. Taking into account that many of our boys may find it difficult to readjust to civilian life after coming back from experiences which have taken them into every corner of the globe, we felt that a maximum of 1 year's protection was not too long to give our boys to readjust to normal civilian life. The G. I. bill of rights as passed by the Senate retained the maximum provision of 1 year of benefits but reduced this maximum period if the veteran had less than 7 months of service in the armed forces.

Mr. President, there are a number of comments in the nature of criticism of some of the restrictive amendments made to the G. I. bill by the House. I ask that I may be permitted to print in the RECORD as a part of my remarks the remainder of my statement.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The remainder of Mr. WAGNER's statement is as follows:

BENEFITS FOR AS LITTLE AS 9 WEEKS

I objected to the reduction in the duration of benefits which was put into the Senate bill and I still think that it is unwise. But the House version of the bill not only reduced the maximum duration of benefits from 1 year to 26 weeks, but to add insult to injury still further reduced the duration of benefits so that any veteran having less than 9 months of service will get less than the maximum benefits of 26 weeks provided. Under the House bill a veteran can get as little as only 9 weeks of unemployment benefits. What is he supposed to do after that?

Under the House bill, a veteran would be required to have over 5 months' service in order to receive merely 16 weeks of unemployment benefits. This is a more severe eligibility requirement than the laws of the 7 States which provide 16 weeks of benefits—Kentucky, Montana, North Carolina, North Dakota, South Carolina, Tennessee, and Virginia. Under the House bill a veteran would be required to have nearly 7 months of

service in order to receive 20 weeks of unemployment benefits. This is a more severe eligibility requirement than the laws of Utah, New York, and Hawaii. In many other States the duration of benefits provided requires less service than under the harsh provisions of the House bill.

As I said, the House bill will require a serviceman to be in the armed forces for 9 months in order to be able to draw his 26 weeks of unemployment insurance, although no unemployment insurance bill ever proposed in this country that I know of makes such stringent requirements for the receipts of benefits for either veterans or civilians. In brief, this provision in the bill is so restrictive and so lacking in generosity for our servicemen as to be a snare and a delusion when our fighting men return home.

BENEFITS SHOULD BE FOR 1 YEAR

In this connection I should like to repeat what I said to the Senate on February 15 when at that time I criticized such a provision for the variable and restricted duration of benefits:

I am of the firm conviction that every serviceman should be entitled to receive the same amount of benefits, for the same maximum period of time if he is unemployed. When a serviceman goes into the armed forces—whether for a day, or a week, or a month, or a year—he severs his ties with his family, his community, and his employer. If when he returns he cannot find a suitable job, in the light of both his past experience and his experience in the service, I think he should be entitled to unemployment compensation for at least 1 year if he is unemployed.

It must be kept in mind that if he isn't unemployed he does not get the benefits. But if he is unemployed I think the serviceman and his family are entitled to adequate protection irrespective of the length of his military service. We know that the length of a person's service in the armed forces is in most cases a factor over which the individual has little or no control. For instance, in this war a man may serve a short period of time in some special or technical capacity in a particular campaign and become injured. Although his injury may be physically minor and he may recover very quickly it may alter his entire employment opportunities. In such a case he may remain unemployed for a considerable period of time and I think he should be entitled to the maximum duration of the benefit provided in the bill. He served his country to the best of his ability—that is the important fact—and he is unemployed because of his service.

I urge the Senate conferees to make every effort to restore 1 year's protection to our servicemen so that we can say that we truly are concerned with the human aspects of demobilization.

DISQUALIFICATION OF VETERANS

Another portion of the unemployment insurance provisions of the House bill to which I take strong exception deals with the double penalties disqualifying servicemen from receiving their unemployment insurance benefits in certain situations. Of course, provisions which prevent the payments of benefits to individuals whose unemployment is due to conditions within their own control are a necessary part of any unemployment compensation plan, and S. 1767 contains such provisions. All State and Federal unemployment compensation laws, and those of foreign countries, guard against the payment of benefits to individuals who are out of work because they have refused, without good cause, to accept a reasonable offer of suitable work, or have left their jobs of their own will, or have been discharged for misconduct. Such provisions, however, should not be so harsh and restrictive as in the House bill so as to subvert completely the purpose of the legislation and to limit the rights and freedom which the veterans of this war have fought to protect. However, the disqualification provisions included on pages 71 and 72 of the bill are so unfair—so severe and restrictive as to require complete deletion in my opinion. These provisions are more restrictive than the present unemployment insurance laws of most States. They are inconsistent with the purpose of the bill, which is to assure protection to veterans whose unemployment is involuntary. They will create ill feeling and resentment when veterans find themselves penalized and denied the protection they have been expecting to get.

VETERAN DISQUALIFIED FOR TRYING TO GET NEW JOB

Under the bill, a veteran who voluntarily leaves a job without good cause may be denied benefits for 3 to 4 additional weeks immediately thereafter. In addition to postponing his benefits for this period, the total amount of benefits to which he is entitled is also reduced by the number of weeks of disqualification. To illustrate the unfortunate effects of this latter provision, let us consider the situation of a veteran, perhaps a young man whom any of us may know, who is entitled to only 3 remaining weeks to draw benefits because of long previous unemployment covered by allowances. Let us also assume that he left a temporary job to try to get a better job, or that he left his first job to be nearer his family. Under the House version of the bill, if some State official or clerk found, under the provisions of State law, that the veteran did not have good cause for leaving he could be disqualified from receiving any Federal unemployment benefits for a 3-week period, and, on top of that, would be denied all further benefits because the remaining 3 weeks of his eligibility period would be canceled.

The unemployment-compensation laws of 32 States contain no provisions for such cancelation of benefit rights. Moreover, the District of Columbia unemployment-compensation law and the railroad unemployment-insurance law, enacted by Congress, contain no precedent for such a double-penalty provision.

This provision really raises the vital question whether veterans should be encouraged, rather than penalized, when they seek that job which will enable them to make a greater contribution to our national output, or which the veteran thinks offers him a better opportunity. This provision really limits unduly the cherished American right to leave one job in order to take a better one—better for the veteran, for the community, and for the Nation.

S. 1767 contains an additional penalty for the veteran who leaves his job voluntarily by providing, in cases where such an occurrence is repeated, that no benefits whatsoever shall be payable to him until he shall have had 2 weeks of substantially full-time work or for such greater period of employment up to 4 weeks as the Administrator may prescribe. However, if he is unable to obtain such employment because no jobs are available in his occupation or his community, the House amendment provides that he cannot obtain one single, solitary cent of further benefits under this program.

No such penalties as the requirement of reemployment in cases of voluntary quitting are found in 44 of the existing State laws.

On the surface it may appear proper to assign a heavier disqualification to a person who quits several jobs in succession. Such a rule, however, is completely inapplicable to veterans. I strongly believe that a veteran who may have undergone the hardships of military life for 4 or 5 years, should not be denied the fair protection of this program if he finds it difficult to settle down on the first job or jobs he happens to accept after returning to civilian life. Such a penalty could have the effect of eliminating many veterans from all protection under the law.

We are all aware that many veterans, by reason of their military service, with its risks, and mental, physical, and emotional strains, will have great difficulty in adjusting themselves to civilian life and quickly settling down to regular jobs. After the hardships of 2, 3, or even 5 years of military life, in surroundings, completely different from those of their former civilian existence, they may well require some time to adjust to permanent employment. In my opinion, they should not be discouraged if they wish to try their hands at several types of work, either jobs similar to their previous civilian work, or jobs which will use the skills and experience gained while in the armed forces, or something completely different from either. The seriousness of the problems of personal readjustment is recognized by the War Manpower Commission, which has exempted veterans of the present war from all existing restrictions imposed on civilians as to the type of jobs they may take, and as to their freedom in making job changes during the first 60 days following their discharge from the armed forces.

DOUBLE PENALTIES FOR MISCONDUCT

Another ground for disqualification in this and other unemployment-compensation laws, is discharge for misconduct. This disqualification is commonly applied to individuals who have been dismissed from their jobs for violations of company rules regarding such things as tardiness or absence without excuse, smoking on the job, quarreling with a supervisor or fellow worker, and the like. The House bill provides for the same heavy disqualification penalties to be applied in such cases as are applied in cases

of voluntarily leaving work. While the criticisms I have already outlined also apply to the disqualification for misconduct, there are additional considerations which require attention.

Twenty-seven State laws, including that of the District of Columbia, have no provision for cancelation of benefit rights in cases of discharge for misconduct such as is provided by the House amendment. In addition, not one single solitary State law requires that a claimant, so discharged, must remain disqualified until he has been reemployed as the House bill requires.

Such severe disqualification provisions are especially undesirable in the case of veterans. We know that the ex-serviceman will not find it easy to adjust himself to the variety of rules, regulations, and working practices of civilian commercial and industrial establishments. Every new worker, whether he is a civilian or a veteran, has some difficulty in learning to live under the rules which govern his conduct in a modern department store or factory, although many such rules are intended for his own safety and protection. Relieved from the severe discipline of the armed forces, many veterans will not accept at once the host of company rules which they are expected to follow in their first civilian jobs. It is obvious that a veteran who is discharged for violation of rules governing smoking on the job, for example, will suffer a severe penalty in the fact of the discharge itself, since it will leave him without a job and require him to seek other employment. It seems to me that disqualification for a period of 3 to 4 weeks will prevent abuse of the unemployment allowance system. To go further and cancel the veteran's benefit rights would impose a penalty out of all proportion to his offense.

DOUBLE PENALTY WHERE VETERAN REFUSES FIRST JOB OFFERED HIM

There is still one more disqualification. That is the penalty for refusal of suitable work to which a veteran is referred under regulations of the Administrator, page 70, lines 8 to 11. Under the bill, this offense results in a 3- to 4-week disqualification, plus further loss of benefit rights until the veteran has worked 2 weeks or up to 4 weeks as prescribed by the Administrator. The severity of this latter requirement is matched by only 3 of the 51 State unemployment compensation laws.

I firmly believe that we should not pay benefits to individuals who are out of work because they have refused to accept suitable work without a good and justifiable reason. This is a genuine unemployment allowance, not a haven for the shiftless or the "goldbricker." At the same time, however, the penalty should be adapted to the problems at hand. Members of the Senate will agree, after consideration, that in determining what is suitable civilian work for a veteran of Tarawa or Cassino, possibly discharged with a slight physical disability, and what is good cause for refusing such work, we must not apply the rigid standards we have used in the past. Work in the veteran's pre-war occupation may not be suitable for him today because he may have learned new skills while in military service. Many a former retail clerk will come out of the war a skilled machinist, radio or television mechanic, airplane pilot or truck driver; he may have picked up some practical engineering experience, or developed qualities of leadership which would fit him for administrative or executive responsibilities.

A messenger boy's job would not be suitable for an ex-messenger who comes out of the war a captain in a paratroop battalion. A former architect or lawyer might have spent his military career as a stock clerk in an Army warehouse. A job as a stock clerk would not be suitable for him. Many veterans may refuse to accept jobs for reasons which may not appear entirely reasonable to local officials on the basis of rules and regulations developed over the past 8 years, but yet these reasons may be compelling to a veteran as a result of military experience. Disqualification for a stated 3-week period provides adequate protection against abuse. We should not add the further penalty which is contained in the bill that benefit rights are suspended until the veteran obtains new work. This may mean the complete denial of protection under the program to a veteran in a period when jobs are hard to find.

I am satisfied that these added penalties were transposed into this bill from a few of the most restrictive and illiberal State unemployment insurance laws, which are not typical of the main body of laws on the subject, and have no proper relation to a Federal plan of unemployment allowances for veterans. I urge the Senate conferees to delete these harsh provisions and see to it that the fair and just provisions in the Senate version be retained.

ADDITIONAL ELIGIBILITY CONDITIONS

A wholly new restrictive provision has been inserted in the bill by the House; namely, the requirement that the servicemen must have been in the armed forces for 90 days or more. I believe that this requirement should not be retained in the bill. The Senate version of the bill merely required that the person "shall have been separated from active service under other than dishonorable conditions." The double requirement in the bill as it now stands that the service must be 90 days or more and that the serviceman must have been discharged under honorable conditions will result in disqualifying thousands of veterans from benefits.

While such requirements may be a reasonable prerequisite for pensions, they are not necessary for unemployment benefits, which are payable for only a short period of time. In the first place, many veterans who will have been inducted into the service during the last 3 months prior to the termination of the war are likely to be released from service soon after the war ends and they will not be eligible for unemployment compensation benefits because they have not served 90 days. Moreover, they are the persons most likely to be returned to civilian life at the very time when there is unemployment arising out of readjustment to normal business activity and they, therefore, are likely to be out of a job and in addition ineligible for benefits. Such a situation seems to me inequitable and undesirable and I trust that the Senate conferees will adjust these provisions in order that the bill will not penalize those servicemen who are inducted during the last phase of our war effort.

Moreover, it is well known that a great number of persons have been inducted into the service who for one reason or another do not show the necessary aptitude, background, education, or experience to meet the high standards required by the armed forces.

In many cases the individual is perfectly well adjusted in his job in his community in civilian life but cannot fit into Army routine. Under the terms of the House bill such individuals would be disqualified from receiving benefits even though the United States Government was the cause of their breaking their previous employment relationship and thereby causing the individual to be unemployed. It is my belief that every person who has been inducted into the armed forces and who subsequently becomes unemployed after his discharge—other than under dishonorable conditions—should be entitled to unemployment benefits under the bill.

BENEFITS CANCELED

Another section added by the House to reduce the amount of benefits payable to a veteran is section 1000 (b) on page 75 of the bill. It provides that when a veteran receives unemployment benefits and subsequently, for any reason, receives educational allowances under title II of the bill the total amount of unemployment benefits received shall be deducted from the total educational allowances provided. On pages 56-57, in paragraph (7) of the education title of the bill a similar provision has been inserted which states that when any veteran receives educational allowances and subsequently, for any reason, receives unemployment benefits, any educational allowances received shall be deducted from the total unemployment benefits provided. The House provisions as now written are unduly harsh. They result in unjustly penalizing the veteran for making a perfectly proper shift from one program to another. I think that it is proper that provision be made so that unemployment benefits and the educational allowances cannot be received simultaneously. In the provisions of the bill as passed by the Senate there is a specific provision in section 1000—page 37—which covers this very point. I think, therefore, that the provision inserted by the House in section 1000 (b) appearing on page 75 is unnecessary and undesirable and should be stricken from the bill.

REDUCTION IN AMOUNT OF BENEFITS

The bill, as passed by the Senate, provided for payments of $15 a week for a single person or $20 a week where the claimant has a wife or $23 a week where he has a wife and one child or $25 a week where he has a wife and two children.

The bill as passed by the House strikes out any reference to benefits payable on basis of the dependents of the claimants and allows a flat amount to all individuals irrespective of his family circumstances.

The Senate is well aware of the fact that in all laws relating to veterans, the Congress has always taken into account the family circumstances of the veteran in pension payments. Moreover, in the educational allowances provided in title II of the bill as passed by the House the benefits take into account the family circumstances of the individual. But when it came to unemployment compensation the House struck out any reference to the dependents of the claimant, so that the married man with children will get no more than the single man will get. I strongly urge the conferees to insist upon including dependents' benefits in the final bill. We all know that it costs more for a man with a wife and child to live than a single man, and we would be flying in the face of economic facts which are evident to everyone if we refuse to include some provision for dependents' benefits in the final bill.

DISCRIMINATION IN ADMINISTRATION OF THE LAW

The bill as passed by the Senate provided for the unemployment-insurance benefits to be administered under uniform Federal standards so that there would be equity and uniformity with respect to every single man and woman who served Uncle Sam in the service. Specific provision was made so that the administration of these uniform standards could be decentralized by using existing Federal, State, and local facilities. The bill, however, as passed by the House specifically delegates certain of the vital matters affecting the rights of veterans to benefits to the States. This will result in great variation in the protection given to veterans and will cause unnecessary discrimination. I strongly urge, therefore, that the conferees consider these provisions and urge the retention of the provision found in the bill as passed by the Senate.

Section 800 (d) on page 72 of the bill provides that in determining "the suitability of work or the existence of good cause with respect to a claimant, the conditions and standards prescribed by the unemployment compensation laws of the State in which he files his claim shall govern." This section is a substitute for a section in the Senate version of the bill, page 33–34, which gave General Hines, the Administrator of Veterans Affairs, the authority to determine the standards which should apply to veterans in every part of the United States. The House version of the bill thus means that a veteran who applies for his benefits in California may be allowed to draw his benefits in California but may be disqualified from receiving benefits in another State which has more restrictive rules or regulations or local officials who are less generous. It means that the fact that a veteran served his country in north Africa, or in Italy, or in the south Pacific shall have no bearing on his rights to benefits but rather that the State in which by chance he happens to file his claim for Federal unemployment benefits shall determine whether he shall receive such benefits or not. No provision could to my mind be farther from assuring justice, equity, or proper treatment to our soldiers, sailors, and marines than this provision which has come over to us from the House. The Senate provision in the bill should be reinserted.

DISCRIMINATION IN ADMINISTRATIVE REVIEW

Section 1102 of the bill specifically provides that any claimant whose claim for his allowance has been denied shall be entitled to a fair hearing before an administrative tribunal not of the Federal Government but of the State government. The provision in the Senate bill was deleted by the House which enabled General Hines to designate other agencies other than State agencies. As the bill is now drafted the servicemen's rights to benefits would be reviewed in the first instance by the State administrative agencies thus making it almost impossible for the Veterans' Administrator to lay down uniform rules and principles in handling the thousands of cases in the individual States. This to my way of thinking is delegation run riot. We do not permit any such practice with respect to veterans' pensions and I do not think that we should inaugurate such a precedent in view of the fact that benefits provided in the bill are Federal benefits and not State benefits.

I should think that the various veterans' organizations would find it exceedingly difficult and confusing to have to inform themselves and their members of the many variations which exist in the practices of the different State review bodies. It is clear that, as the bill as now written, the Administrator of Veterans' Affairs would have the power to prescribe the general procedures and rules and regulations and standards to which the administrative tribunals of the various States would have to conform. However, in view of the fact that as I have pointed out, section 800 (d) of the bill on page 72 delegates authority to use State definitions and interpretations of certain terms used in the Federal law, it seems to me that handing over the initial review of such cases to the State agency can only result in confusion to the veteran and to the veterans' organizations which safeguard the veterans' rights. It can only result in delay in the payment of benefits to the veteran. I urg the conference committee to see to it that the Senate version of the bill is retained.

LACK OF UNIFORMITY IN ADMINISTRATION

In addition to the provisions which I have mentioned above pointing out that the Senate bill has been modified to delegate specific authority to the States to interpret the provisions of the Federal law, there is an additional provision which has been included in the House bill in section 901 (a) on page 73 which provides that the benefits may not be paid at intervals prescribed by the Veterans Administrator but must vary by "intervals prescribed by the unemployment compensation law in the State in which the claim was made." I think that this lack of uniformity in this provision and in the other provisions is highly undesirable as a matter of principle in the administration of a Federal law. But in order to show how utterly ridiculous this provision and the two previous provisions I have mentioned might become, I wish to point out to the Senate that the bill provides in section 1400 (c) that the definition of the term "State" shall include Puerto Rico. Therefore, all of these various provisions must be administered in Puerto Rico in accordance with the unemployment insurance law of Puerto Rico. But the fact is that Puerto Rico does not have an unemployment insurance law. Consequently there is no way in which the State law of Puerto Rico can be applied to Puerto Rico. Since the House version struck out the reference allowing Federal standards to be used in these various cases, there is no way that the Veterans' Administrator can pay the unemployment benefits in Puerto Rico except under Federal provisions to be prescribed by him.

It seems clear, therefore, that the only way in which the conference committee can avoid this absurdity—this discrimination—is to reinsert all the Senate provisions of the bill which provides that the Veterans' Administrator shall have the right to administer the bill on a uniform national basis.

EMPLOYMENT SERVICE PROVISIONS COMPLICATED

I should also like to point out that title IV, on page 63, of the bill relating to employment service for veterans, in the House bill is vastly inferior to and much more complicated than the provisions in the Senate bill. The provisions in the Senate bill were carefully worked out by the senior Senator from Missouri and myself with representatives of the American Legion who approved the Senate version. I still feel very strongly that the provisions in the Senate bill will promote the veterans' job opportunities better than the provisions that are found in the House bill.

The House bill in addition has attempted to include in section 607, on page 67, of the bill a completely unnecessary provision in no way related to the veterans' problem. Section 607 has absolutely no direct relationship to the bill but appears to have been inserted possibly in order to indicate that the Congress has already made a decision on the question of whether the entire employment service should remain a Federal service. As the Senate knows, Senator MURRAY and I have a bill pending, S. 1161, which provides for the continuation of the present Federal Employment Service on a Federal basis. This, to our way of thinking, is our only way to assure veterans and civilians alike the use of a truly national and efficient employment service in every part of our Nation. Section 607, inserted in the House, precluded full discussion of this problem by the Senate and I urge the Senate conferees to delete this provision which has absolutely no bearing on the pending bill.

EXORBITANT INTEREST RATE ON LOANS

Before concluding my remarks, I should like to point out one provision of the House bill relating to title III which

provides that interest up to 6 percent may be charged on loans made by the veteran for the purchase or construction of homes, farms, and business properties. In view of the present and prospective financial situation, I think that it would be exorbitant to charge the veteran as much as 6 percent interest on any such loan.

The Senate bill provided that any loan made by a veteran should not bear interest for the first year and that thereafter the interest rate should be 3 percent per year. The provision in the Senate bill seems to me fair and proper. I am inalterably opposed to the Federal Government permitting the veteran to be bled to death by charging him exorbitant rates of interest.

SUMMARY

I have tried to point out some of the most glaring and apparent discrimination and inequities in the bill as enacted by the House. Careful study by the Senate conferees will I believe convince them of the many injustices, restrictive qualifications and penalties which have been impossed on the veteran by the House bill. The bill in its present form is unworthy of approval of the Senate.

I have received hundreds of letters and telegrams from citizens of New York and from other States protesting against the House version of the bill. I hope that other Senators will join me in urging members of the conference committee to see to it that these unjust provisions are eliminated from the bill so that we may assure our fighting men throughout the world generous and fair protection when they return to civilian life. The harsh provisions included in the House bill are in direct contradiction to all the promises we have made to the men and women who are serving our country at this time. The unemployment compensation provision in the House bill is a snare and a delusion of our servicemen and women. In this present form the bill cannot be defended if we wish to claim that we want to protect our servicemen on a just and equitable basis.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

A letter from the Attorney General, submitting, pursuant to law, a report stating all of the facts and pertinent provisions of law in the cases of 190 individuals whose deportation has been suspended for more than 6 months under authority vested in the Attorney General together with a statement of the reason for such suspension (with accompanying papers); to the Committee on Immigration.

FREE POSTAGE FOR SOLDIERS, SAILORS, AND MARINES

A letter from the Postmaster General, relating to extension of the provision for free postage for soldiers, sailors, and marines beyond December 31, 1944, if there still exists a state of war; to the Committee on Post Offices and Post Roads.

SETTLEMENT OF WAR VETERANS, WAR WORKERS, AND OTHERS ON THE CENTRAL VALLEY PROJECT

A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to provide for the settlement of war veterans, war workers, and others on the Central Valley Project, for encouragement of the development of the project in family-size units, for cooperation by Federal, State, and private organizations to these ends, and for other purposes (with accompanying papers); to the Committee on Public Lands and Surveys.

LIMITATIONS ON APPROPRIATIONS FOR TRAVEL, PRINTING AND BINDING, ETC., IN SEVERAL AGENCIES

A letter from the Acting Director of the Bureau of the Budget, transmitting, pursuant to law, copies of letters addressed to the heads of the Office of Scientific Research and Development and the War Production Board which establish limitations on the amounts which may be expended for travel, printing and binding, and the purchase of motor-propelled passenger-carrying vehicles from sums set apart in appropriations to these agencies for special projects (with accompanying papers); to the Committee on Appropriations.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of the Departments of the Treasury (2), Navy (4), and Commerce (3); United States Coast and Geodetic Survey, National Housing Agency, Interstate Commerce Commission (2), and Federal Security Agency which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The ACTING PRESIDENT pro tempore appointed Mr. BARKLEY and Mr. BREWSTER members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A resolution adopted by the Yugoslav-American Central Council, of San Pedro, Calif., pledging support in the war effort and favoring official recognition of the National Anti-Fascist Liberation Council as the sole representative of democratic Yugoslavia and that the council be given essential assistance by use of the Lend-Lease Act; to the Committee on Foreign Relations.

A resolution by the Council of the City of Minneapolis, Minn., requesting that Congress amend House bill 4576, relating to coal, and similar legislation, so as to protect the benefits of the river transportation of coal; to the Committee on Interstate Commerce.

A resolution adopted by the eighth annual convention of the northern Washington district, International Woodworkers of America, at Seattle, Wash., favoring the extension and improvement of the Emergency Price Control Act; to the Committee on Banking and Currency.

A resolution adopted by the eighth annual convention of the northern Washington district, International Woodworkers of America, at Seattle, Wash., favoring the adoption of measures to establish a Nation-wide broadcast of congressional proceedings; to the Committee on Rules.

A resolution adopted by the eighth annual convention of the northern Washington district, International Woodworkers of America, at Seattle, Wash., favoring the enactment of pending legislation to eliminate the poll tax in Federal elections; ordered to lie on the table.

Resolutions by the Central Labor Council of Kalispell and Laborers Local, No. 273, of Great Falls, both in the State of Montana, favoring the adoption of measures to establish a Nation-wide broadcast of congressional proceedings; to the Committee on Rules.

A resolution of the International Woodworkers of America (C. I. O.), of Deer Park, Wash., favoring the extension and improvement of the Emergency Price Control Act; to the Committee on Banking and Currency.

By Mr. CAPPER:

A resolution unanimously adopted by the Methodist Ministerial Association of Pittsburgh, Pa., favoring the inclusion of milk in any program of school lunches; to the Committee on Agriculture and Forestry.

By Mr. TYDINGS:

A resolution adopted by the Chamber of Commerce of Baltimore, Md., favoring repeal of the land-grant provisions of the act relating to transcontinental railroads; to the Committee on Interstate Commerce.

ST. LAWRENCE SEAWAY—RESOLUTION OF MANITOWOC, WIS., CITY COUNCIL

Mr. LA FOLLETTE. Mr. President, I present and ask to have printed in the RECORD and appropriately referred a resolution adopted by the City Council of the City of Manitowoc, Wis., on May 15, 1944, in relation to the St. Lawrence seaway project.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Whereas hearings are to be conducted by the special St. Lawrence subcommittee of the Senate Commerce Committee May 15 or thereabout, for the purpose of hearing all matters pertinent to the development and completion of the St. Lawrence seaway and power project; and

Whereas this matter is now before Congress for their consideration and decision; and

Whereas this development will open up a new shipbuilding resource of great capacity in Manitowoc, which is in close proximity to raw material, and will make it possible to turn out large numbers of naval craft, merchant vessels, and auxiliaries of all types on the Great Lakes. Likewise, it will provide low-cost water transportation for the agricultural and industrial produce of the Middle West and thereby open new markets in Canada, Europe, and Latin America; and

Whereas we likewise deem this development to be of paramount importance and to the best interests of our Nation for defense and commerce: Now, therefore, be it

Resolved by the mayor and Common Council of the City of Manitowoc, That we go on record unqualifiedly in favor of this development, satisfied that it will result in great and lasting benefits to the Nation as a whole; be it further

Resolved, That we earnestly recommend that construction of this waterway be commenced as soon as labor and materials are available; be it further

Resolved, That a copy of this resolution be sent to Hon. John H. Overton, chairman of Senate Finance Committee; Senator George D. Aiken; Senator Robert M. La Follette; Senator Alexander Wiley; Congressman La Vern Dilweg; and H. C. Brockel, secretary of Great Lakes Harbors Association.

Introduced May 15, 1944.

Adopted May 15, 1944.

EMIL BENISHEK.
OSCAR L. ANDERSON.
WILLIAM SCHROEDER.

RESOLUTIONS ADOPTED ON POLISH CONSTITUTION DAY AT BRISTOL, CONN.

Mr. MALONEY. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD at this point a resolution which I have received from officers of the Polish-American Central Committee of Bristol, Conn., representing 14 Polish-American organizations of that town. The resolution was adopted at a Polish Constitution Day observance on May 7, and refers to the present plight of Poland. It urges an open declaration of war aims and a frank statement of policy by our Government clearly defining coordination of military and diplomatic strategy.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas the passing years are bringing added significance to the observance of Polish Constitution Day on the 3d of each May, and, because of the war, this year's observance stresses more forcibly than ever before the pertinence of the one-hundred-and-fifty-three-year-old document, and particularly its preamble, which declares "the political existence, the external independence, and internal freedom" of a nation to be "dearer than life" itself; and

Whereas, upon its adoption, the Polish Constitution of 1791 was hailed by Edmund Burke to be the "noblest benefit received by any nation at any time," and, at the present time, it is regarded by Poles who have become American citizens and by Americans of Polish extraction to be a prized heritage which has inspired them to become better Americans; and

Whereas the observance of the one hundred and fifty-third anniversary of the Polish Constitution might well be dedicated to contemplation of the present plight of Poland, the first of the Allied nations to offer resistance to the Nazi hordes, and of her sister nations in captivity; and

Whereas such contemplation cannot ignore the fierce love of liberty and self-determination of the Poles which gained new strength and hope from the declarations contained in the Atlantic Charter; nor ignore the right of the Polish Government in exile, together with other governments-in-exile, to be apprehensive of their future boundaries in consequence of the failure of our Government to take steps to prevent the aggrandizement of one Allied nation at the expense of another: Now, therefore, be it

Resolved, That the undersigned officers of 14 Polish-American organizations in Bristol, Conn., comprising about 2,000 members, urge open declaration of war aims and a frank statement of policy by our Government clearly defining coordination of military and diplomatic strategy to the end that the principles laid down by the Atlantic Charter shall not be violated and that our boys shall not have died in vain; and be it further

Resolved, That copies of this resolution as adopted at a Polish Constitution Day observance in Bristol, Conn., on this 7th day of May 1944, be addressed to President Franklin D. Roosevelt, Secretary of State Cordell Hull, Senators Francis Maloney and John A. Danaher, Congressman-at-Large B. J. Monkiewicz, and Congressman William J. Miller.

THE POLISH-AMERICAN CENTRAL COMMITTEE OF BRISTOL, CONN.,
ALEX P. KRISCENSKI, *President*.
Mrs. JOHN J. KACZKA, *Vice President*.
PETER LATALA, *Treasurer*.
Mrs. W. BRZEZINSKI, *Secretary*.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WALSH of Massachusetts, from the Committee on Naval Affairs:

H. R. 4710. A bill authorizing the acquisition and conversion or construction of certain landing craft and district craft for the United States Navy, and for other purposes; without amendment (Rept. No. 900).

By Mr. BREWSTER, from the Committee on Commerce:

S. 1934. A bill to provide for abandonment of the project authorized in the act of October 17, 1940, for a seaplane channel and basin in Boston Harbor, Mass.; without amendment (Rept. No. 901).

By Mr. STEWART, from the Committee on Claims:

S. 1453. A bill for the relief of the City National Bank Building Co.; without amendment (Rept. No. 902).

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on May 19, 1944, that committee presented to the President of the United States the following enrolled bills:

S. 771. An act to provide for payment of pensions and compensation to certain persons who are receiving retired pay; and

S. 1618. An act to amend the acts of August 26, 1935 (49 Stat. 866), May 11, 1938 (52 Stat. 347), June 15, 1938 (52 Stat. 699), and June 25, 1938 (52 Stat. 1205), which authorizes the appropriation of receipts from certain national forests for the purchase of lands within the boundaries of such forests, to provide that any such receipts not appropriated or appropriated but not expended or obligated shall be disposed of in the same manner as other national-forest receipts, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. WALSH of Massachusetts, from the Committee on Naval Affairs:

Vice Admiral Marc A. Mitscher, United States Navy, to be a vice admiral in the Navy, for temporary service, to rank from the 21st day of March 1944;

Rear Admiral John H. Hoover, United States Navy, to be a vice admiral in the Navy, for temporary service, to rank from the 1st day of January 1943;

Capt. Matthias B. Gardner, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 19th day of July 1943;

Capt. George T. Owen, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commander, Fleet Air Wing 15, and commanding officer, naval air station, Port Lyautey; and

Sundry citizens to be second lieutenants in the Marine Corps.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

BILLS INTRODUCED

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

By Mr. BROOKS:

S. 1942. A bill for the relief of Dr. E. S. Axtell; to the Committee on Claims.

By Mr. CONNALLY:

S. 1943 (by request). A bill for the relief of the Trust Association of H. Kempner; to the Committee on Claims.

(Mr. WAGNER introduced Senate bill 1944, which was referred to the Committee on the Library, and appears under a separate heading.)

By Mr. LUCAS:

S. 1945. A bill relating to the admission of attorneys at law to practice before departments and agencies of the Government; to the Committee on the Judiciary.

Mr. GEORGE. Mr. President, on behalf of myself, the Senator from Utah [Mr. THOMAS], the Senator from Alabama [Mr. HILL], the Senator from Indiana [Mr. JACKSON], the Senator from Vermont [Mr. AIKEN], and the Senator from Wisconsin [Mr. LA FOLLETTE], I ask consent to introduce a bill expanding the vocational training and retraining programs for occupational adjustment and readjustment of veterans returning from military service, and so forth.

I ask that the bill be referred to the Committee on Education and Labor for consideration, and that a copy of it be referred to the special Senate Committee on Post-war Economic Policy and Planning for study.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

By Mr. GEORGE (for himself, Mr. THOMAS of Utah, Mr. HILL, Mr. JACKSON, Mr. AIKEN, and Mr. LA FOLLETTE):

S. 1946. A bill to provide vocational training and retraining programs for the occupational adjustment and readjustment of veterans returning from military service, workers demobilized from war production plants and for other youth and for adults, that individuals and the Nation may attain economic stability and security, and to further extend the program of vocational education; to the Committee on Education and Labor.

By Mr. RADCLIFFE:

S. 1947. A bill to amend the National Housing Act, as amended; to the Committee on Banking and Currency.

By Mr. HATCH:

S. 1948. A bill to provide for the settlement of war veterans, war workers, and others on the Central Valley project, for encouragement of the development of the project in family-size units, for cooperation by Federal, State, and private organizations to these ends, and for other purposes; to the Committee on Public Lands and Surveys.

BOOKS FOR THE ADULT BLIND

Mr. WAGNER. Mr. President, I ask unanimous consent to introduce a bill to amend the act to provide books for the adult blind, and so forth. In this connection I request that a statement relating to the bill may be printed in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred, and the statement will be printed in the RECORD.

The bill (S. 1944) to amend the act entitled "An act to provide books for the adult blind" was read twice by its title and referred to the Committee on the Library.

The statement presented by Mr. WAGNER is as follows:

STATEMENT REGARDING A BILL TO AMEND THE ACT TO PROVIDE BOOKS FOR THE ADULT BLIND TO PROVIDE ADDITIONAL FUNDS FOR THE REPAIR AND MAINTENANCE OF GOVERNMENT-OWNED TALKING-BOOK MACHINES AND FOR TALKING-BOOK RECORDS FOR BLINDED SERVICE PERSONNEL

In 1931 the Federal Government assumed responsibility for the library service for the blind. An appropriation is made annually to the Library of Congress to meet the cost of manufacturing books for the adult blind.

These books are placed in 27 regional distributing libraries, most of which are maintained by local funds. The distributing libraries meet the cost of circulation and the Federal Government meets the cost of the books. The cost of circulating books for the blind met by local libraries is about equal to the cost of the books provided by the Federal Government.

At present the annual appropriation for books for the adult blind is $370,000. This is allotted as follows: $100,000 for books in raised characters; $250,000 for books on sound-reproduction records (talking books); and $20,000 for the maintenance and replacement of the Government-owned reproducers for the sound-reproduction records for the blind (talking-book machines).

The 23,000 talking-book reproducers owned by the Federal Government were constructed on a W. P. A. project sponsored by the Library of Congress and managed by the American Foundation for the Blind. The cost of constructing these machines was slightly over $1,000,000. These machines are lent to blind people who cannot afford to buy them. In addition to these, about 5,000 machines are owned by blind people. The present $20,000 appropriation for the maintenance and replacement of the Government-owned reproducers takes care of the maintenance of less than half the machines needing repairs each year with nothing for replacements. The balance of the machines out of commission is being stored awaiting repairs. If 3,000 machines are allowed to go out of commission annually, it will not be long before most of the blind people will be deprived of the use of the talking-book libraries.

Instead of $20,000, $50,000 should be expended annually for the maintenance of talking-book machines; an additional $50,000 should be spent for replacement of machines which are worn out· $250,000 should be expended, as at present, for the production of talking-book records for the civilian blind; and at least $50,000 should be spent for records of special interest to blinded servicemen.

The language of H. R. 4729 sponsored in the House by Mr. O'TOOLE would authorize the appropriation of a lump sum for talking-book records and for the maintenance and replacement of talking-book machines. This will give greater flexibility to the administration of the act so that the Library of Congress may decide each year what proportion of the appropriation should be spent on new records and what proportion on the maintenance and replacement of talking-book machines.

In brief, H. R. 4729 provides $100,000 for Braille books, as at present and $400,000 instead of the present $270,000 for the maintenance and replacement of talking-book machines and for the manufacture of records for the war and civilian blind.

Fifty thousand dollars for replacements of worn-out machines will provide approximately 1,250 machines a year. It would be better if $150,000 could be expended for this purpose because if we replace only 1,250 machines annually, some of the machines on hand will be 20 years old before we get around to replacing them. The Library of Congress, however, feels that $50,000 worth of replacement machines is all that Congress would provide at present. As a matter of fact we would probably have difficulty obtaining materials with which to manufacture more than 1,250 machines a year until the war is over. After the war it will be necessary to ask for another amendment to this law providing an additional $100,000 for replacements. In view of this fact no one can justly contend that the present bill is asking for more money than is needed.

This bill does not duplicate the bill authorizing the Veterans' Administration to provide guide dogs and mechanical and electronic equipment to blinded service personnel as the Veterans' Administration has no intention of setting up a special library service for blinded veterans. Representatives of that agency have already requested the Library of Congress to handle the library service for blinded ex-servicemen.

It should be pointed out that few persons losing their sight after reaching adult years ever learn to read Braille with any satisfaction. Therefore practically all the blinded veterans will be dependent upon the talking-book libraries for their reading matter. Fifty thousand dollars will provide these men with 20 or 25 titles a year of special interest to them. Of course, they will be interested also in the general talking-book reading matter provided the civilian blind.

HOUSE BILL REFERRED

The bill (H. R. 4624) to consolidate and revise the laws relating to the Public Health Service, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

RIVER AND HARBOR IMPROVEMENTS—AMENDMENT

Mr. O'MAHONEY (for himself, Mr. AUSTIN, Mr. BUSHFIELD, Mr. CHAVEZ, Mr. CLARK of Idaho, Mr. DOWNEY, Mr. HATCH, Mr. HAYDEN, Mr. JOHNSON of Colorado, Mr. LANGER, Mr. MCCARRAN, Mr. MCFARLAND, Mr. MILLIKIN, Mr. MURDOCK, Mr. MURRAY, Mr. NYE, Mr. ROBERTSON, Mr. SCRUGHAM, Mr. THOMAS of Utah, Mr. THOMAS of Idaho, Mr. WHEELER, and Mr. WILSON) submitted an amendment intended to be proposed by them, jointly, to the bill (H. R. 3961) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

ADDRESS BY SENATOR WAGNER AT I AM AN AMERICAN DAY MEETING

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an address delivered by him at I Am An American Day meeting, held at Central Park Mall, New York, on May 21, 1944, which appears in the Appendix.]

THE WAR IN REVIEW—ADDRESS BY SENATOR TRUMAN

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD an address entitled "The War in Review," delivered by Senator Truman before the annual luncheon meeting of the Brooklyn Chamber of Commerce, at the Hotel St. George, Brooklyn, N. Y., on May 22, 1944, which appears in the Appendix.]

ADDRESS BY GOVERNOR BALDWIN OF CONNECTICUT BEFORE VERMONT REPUBLICAN STATE CONVENTION

[Mr. AUSTIN asked and obtained leave to have printed in the RECORD the keynote speech delivered by Hon. Raymond E. Baldwin, Governor of Connecticut, before the Vermont Republican State convention, Montpelier, Vt., May 17, 1944, which appears in the Appendix.]

A PLATFORM FOR AMERICA—ADDRESS BY FORMER GOVERNOR LANDON

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an address entitled "A Platform for America," delivered by former Governor Landon, of Kansas, before the one hundred and forty-seventh Rotary International district conference luncheon, Chicago, Ill., May 16, 1944, which appears in the Appendix.]

T. V. A. ON THE JORDAN, ARTICLE BY HON. GEORGE W. NORRIS

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an article entitled "T. V. A. on the Jordan," by Hon. George W. Norris, from the New Republic, which appears in the Appendix.]

FEDERAL REGULATION OF MEDICINE—REPORT OF AMERICAN BAR ASSOCIATION

[Mr. OVERTON asked and obtained leave to have printed in the RECORD the conclusion of the American Bar Association committee report on certain provisions of the Wagner-Murray bill, S. 1161, relating to Federal regulation of medicine, which appears in the Appendix.]

IRRIGATION PROJECTS—EDITORIAL FROM KANSAS CITY STAR

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD an editorial entitled "Why Add Four Million Acres?" published in the Kansas City Star of May 14, 1944, which appears in the Appendix.]

LEND LEASE IN SOUTH AMERICA—ARTICLES FROM THE CHICAGO TRIBUNE

[Mr. BUTLER asked and obtained leave to have printed in the RECORD two of a series of articles by Stanley Johnston, from the Chicago Tribune, relating to lend-lease in South America, which appears in the Appendix.]

MANPOWER—REPORT BY LAWRENCE A. APPLEY

[Mr. MURDOCK asked and obtained leave to have printed in the RECORD a report by Lawrence A. Appley, Deputy Chairman and Executive Director of the War Manpower Commission, which appears in the Appendix.]

CIVILIAN EMPLOYMENT IN EXECUTIVE BRANCH FOR MARCH 1944

Mr. BYRD. Mr. President, on behalf of the Joint Committee on Reduction of Nonessential Federal Expenditures, I ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, on itemized statement of the number of Federal employees as of March 1944, as compared with February 1944, showing a net increase of 13,986, and also to include an accompanying statement.

There being no objection, the statement and itemization were ordered to be printed in the RECORD, as follows:

I wish to present a report on civilian employment in the executive branch of the Federal Government for the month of March 1944.

The total number of paid employees for March 1944 is 3,286,015, including 288,563 civilian employees of the War Department stationed outside of the continental United States as of December 31, 1943. Complete figures are now available on these employees for the first time. Twenty-two thousand seven hundred and eighty-six of these employees are United States citizens; 37,576 are United States citizens by virtue of residence in Territories, and 228,201 are noncitizens.

There has been a net increase of 13,986 civil-service employees in the United States since the end of February and a total increase of 28,174 employees since January 1 when Federal civilian employment again started on an upward trend.

Thirty departments and agencies have increased the number of their employees by 20,170 during the month of March, while 31 departments and agencies have eliminated only 6,184 employees.

Substantial increases were made by the following: Navy Department, 8,216; Treasury Department, 3,096; War Department, 2,706; Office of Price Administration, 1,576; War Manpower Commission, 1,148; and Veterans' Administration, 851.

Greatest reductions were made by the following: Panama Canal, 1,119; Tennessee Valley Authority, 815; Department of Commerce, 580; National Housing Agency, 398; and the War Production Board, 346. The monthly fluctuation of the number of temporary substitute employees of the Post Office Department accounted for 1,859 of the total reductions.

Civilian employment of the executive branch of the Federal Government by department and agency for months of February and March 1944, showing increases and decreases in number of paid employees

Department or agency	March 1944	February 1944	Increase	Decrease
EXECUTIVE OFFICE OF THE PRESIDENT				
Bureau of the Budget	555	553	2	------
DEPARTMENTS				
State Department	8,533	8,476	57	------
Treasury Department	90,370	87,274	3,096	------
War Department [1]	1,214,655	1,211,949	2,706	------
Justice Department	29,518	29,556	------	38
Post Office Department	349,237	351,096	------	1,859
Navy Department [2]	735,977	727,761	8,216	------
Interior Department [3]	40,078	39,896	182	------
Agriculture Department	80,015	80,226	------	211
Commerce Department	29,435	30,015	------	580
Labor Department	6,031	5,862	169	------
NATIONAL WAR AGENCIES				
Committee on Fair Employment Practice	119	110	9	------
Division of Central Administrative Services	4,111	4,208	------	97
Foreign Economic Administration	5,942	5,766	176	------
National War Labor Board	3,972	3,423	549	------
Office of Alien Property Custodian	924	981	------	57
Office of Civilian Defense	730	791	------	61
Office of Coordinator of Inter-American Affairs	1,377	1,391	------	14
Office of Defense Transportation	5,083	4,994	89	------
Office of Economic Stabilization	10	11	------	1
Office of Scientific Research and Development	1,214	1,203	11	------
Office of War Information	6,533	6,229	304	------
Office of War Mobilization	23	19	4	------
Smaller War Plants Corporation	1,762	1,789	------	27
War Manpower Commission [4]	25,846	24,698	1,148	------
War Production Board	17,183	17,529	------	346
War Shipping Administration	4,973	4,872	101	------
Office of Censorship	12,297	12,265	32	------
Office of Price Administration	57,842	56,266	1,576	------
Office of Strategic Services	1,793	1,843	------	50
Petroleum Administrator for War	1,334	1,390	------	56
Selective Service System	23,906	23,642	264	------

Civilian employment of the executive branch of the Federal Government by department and agency for months of February and March 1944, showing increases and decreases in number of paid employees—Con.

Department or agency	March 1944	February 1944	Increase	Decrease
INDEPENDENT ESTABLISHMENTS				
American Battle Monuments Commission	1	1	0	0
Board of Investigation and Research—Transportation	51	64	------	13
Civil Aeronautics Board	333	336	------	3
Civil Service Commission	7,372	7,337	35	------
Employees' Compensation Commission	513	514	------	1
Export-Import Bank of Washington	60	61	------	1
Federal Communications Commission	2,175	2,164	11	------
Federal Deposit Insurance Corporation	1,047	1,050	------	3
Federal Power Commission	664	667	------	3
Federal Security Agency	30,880	30,850	30	------
Federal Trade Commission	458	459	------	1
Federal Works Agency	20,394	20,574	------	180
General Accounting Office	11,095	10,979	116	------
Government Printing Office	7,529	7,683	------	154
Interstate Commerce Department	2,156	2,169	------	13
Maritime Commission	9,922	9,858	64	------
National Advisory Committee for Aeronautics	5,360	5,123	237	------
National Archives	354	350	4	------
National Capital Housing Authority	252	262	------	10
National Capital Park and Planning Commission	18	18	0	0
National Gallery of Art	264	261	3	------
National Housing Agency	19,780	20,178	------	398
National Labor Relations Board	681	726	------	45
National Mediation Board [5]	89	95	------	6
Panama Canal	30,305	31,424	------	1,119
Railroad Retirement Board	1,748	1,748	0	0
Reconstruction Finance Corporation	7,874	7,747	127	------
Securities and Exchange Commission	1,213	1,230	------	17
Smithsonian Institution	426	431	------	5
Tariff Commission	307	306	1	------
Tax Court of the United States	123	123	0	0
Tennessee Valley Authority	22,261	23,076	------	815
Veterans' Administration	50,369	49,518	851	------
Total	2,997,452	2,983,466	20,170	6,184
War Department civilian employees stationed outside of continental United States, as of Dec. 31, 1943 [6]	288,563	288,563	------	------
Grand total	3,286,015	3,272,029	------	------
Net increase	------	------	13,986	------

[1] Does not include employees outside of the continental United States.

[2] Includes 10,324 employees of stations in the hands of the enemy.

[3] Now includes War Relocation Authority.

[4] Also includes Training Within Industry and the U. S. Employment Service.

[5] Also includes National Railway Labor Panel and National Railroad Adjustment Board.

[6] Reported quarterly only. Latest date for which these have been reported.

NOTE.—Employment figures now reported to the committee include dollar-per-annum employees and without-compensation employees of the consultant-expert type who are authorized to receive per diem in lieu of subsistence.

HISTORY OF PROHIBITION

Mr. MEAD. Mr. President, I rise to make brief reference today to a most unusual and enlightening document which I have received from Mr. Edwin B. Wilson, editor of the Brooklyn Eagle, one of the great metropolitan daily newspapers in the famous borough of homes and churches, the Borough of Brooklyn, in my own State of New York.

This publication is entitled "History of Prohibition." The reasons which inspired its publication and a description of its contents are set forth in the foreword on page 1, as follows:

Recently there has been talk of restoring prohibition as a wartime measure. This effort the Brooklyn Eagle views with alarm, not because it is against abstinence as a personal privilege but because it fears that the return of prohibition will bring again an increase in crime and disrespect for law and a lowering of public morals.

Those who advocate the return of prohibition may have forgotten that earlier era unparalleled in our national history for organized crime and attendant evils. To remind them, and to refresh the memories of those who agree with the Eagle, this History of Prohibition is published. It is the essence of the editorial comment on "the great experiment" ended by repeal in 1933.

The Eagle was alive to the goings on during that period. Besides the current news it published no less than 607 editorial comments. From these, 200 have been culled and briefed. The bulk—183—tells the day-by-day story; 17 are selected because they express the Eagle's attitude then and now. The collection, we believe, furnishes the only comprehensive historical account on this subject and is invaluable to anyone concerned with aspects of this social problem.

I wish it were practicable to reprint this entire volume in the CONGRESSIONAL RECORD so that the people of every State of the Union might share in the benefits to be derived from recalling, with the Brooklyn Eagle, the events which led up to prohibition, the evils which were visited upon our people during that dark era, and finally, repeal.

I am sure that anyone who reads with care, and learns the lesson to be learned from this compilation, will firmly resolve that the same mistake must not be made again.

Freedom of the press is one of the great bulwarks of our democracy. In the exercise of that freedom, the newspapers of America, large and small, have made a mighty contribution to the general welfare of our Nation.

This History of Prohibition, compiled and published by the Brooklyn Eagle, is in keeping with the traditional policy of that newspaper which has faithfully served the citizens of Brooklyn for so many generations. Justifiable civic pride, fervent patriotism, fearless courage, intelligent leadership, wise planning, painstaking effort, and, finally, a deep sense of the responsibilities of citizenship, have been combined in this effort of the publisher to light the path of those who share in the shaping of our destinies, that they may lead our country away from the pitfalls which experience has taught are dangerous to our institutions. I wish to pay public tribute, by these brief remarks, to the men and women responsible for this document.

Since it is not practicable to reprint all the material, I commend especially for attention the legislative history of

the eighteenth amendment and its repeal, appearing on page 2, the editorials on pages 18 and 19, entitled "Today" and "And in 1919," respectively, and the very excellent summary of this subject contained in the editorial on page 20 under date of February 21, 1933, entitled "America Without Prohibition." I ask unanimous consent that these items to which I have referred be printed in the RECORD in that order at this point.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

THE EIGHTEENTH AMENDMENT

The eighteenth amendment to the Constitution was submitted to the States by Congress December 18, 1917.

The first State, Mississippi, ratified it January 8, 1918.

The thirty-sixth State, Nebraska, ratified it January 16, 1919.

Whereupon, by proclamation of the Secretary of State January 29, 1919, it became effective 1 year from that date, January 16, 1920.

The legislatures of 45 States had ratified it by February 25, 1919.

The forty-sixth State, New Jersey, ratified it March 9, 1922.

It was not ratified by Connecticut and Rhode Island.

The Volstead (prohibition enforcement) Act was passed by Congress October 28, 1919, and went into effect January 17, 1920.

A bill passed by Congress amending the Volstead Prohibition Enforcement Act to legalize 3.2 percent beer and wine was signed by President F. D. Roosevelt March 22, 1933.

The act went into effect April 7, 1933.

The adoption of the twenty-first amendment (repealing the eighteenth amendment) by 37 States was proclaimed in force December 5, 1933.

TODAY, JANUARY 9, 1944, UNDERWORLD WOULD WELCOME THE RETURN OF PROHIBITION

It is hard to believe that there could be a serious demand for the return of prohibition from any responsible source, but it is here. Actually its advocates secured more than 100,000 signatures to petitions for immediate legislative action by Congress and a House judiciary subcommittee will begin public hearings this week on the subject.

How any one with a memory long enough to recall what happened under the first national prohibition law could support its revival, we fail to understand.

If the idea is to stop the drinking of alcoholic beverages, supporters of national prohibition may as well drop the plan now. One of the things proved during the period from 1919 to 1933 was that you cannot stop such drinking.

All that happened was that the business was driven underground. Smuggling and bootlegging became the order of the day. The character of the liquor deteriorated. Speakeasies were on every hand.

In the train of prohibition came a wave of crime, and particularly racketeering. Indeed, all our modern rackets—in business, in labor, and all the rest—trace back to that amazing era. The racketeers would not hesitate to murder in order to deliver the illicit liquor they handled.

Furthermore, a vein of corruption ran through official life, contaminating courts, legislative and law-enforcement bodies.

Naturally, this developed a complete contempt for the prohibition laws and out of that grew a general disrespect for all laws. The damage done by prohibition to the moral fiber of the American people is incalculable.

At the same time prohibition undid all the good that had been gradually accomplished by sane temperance campaigns through the years. Before 1919 we can understand how sincere temperance workers might have hoped for good results from this experiment noble in purpose. But we fail to see how such idealists can cherish a similar hope today when the record of 1919–33 is there for all to see.

It is our considered opinion that the chief beneficiary of prohibition would be the underworld. Undoubtedly the racketeers and gangsters and all the rest of the unsavory characters that amassed wealth under prohibition would welcome its return.

The self-respecting, law-abiding citizens of America should arouse themselves and demand that their Congressmen block this campaign for another prohibition era.

AND IN 1919, AUGUST 9, STILL TRYING TO FIGHT PROHIBITION

If the energy shown by opponents of prohibition since the constitutional amendment was adopted had been exercised when prohibition was still an open question the result might have been different. Men and organizations who slept placidly while the constitutional amendment was being fastened upon the country by a group of able and splendidly organized campaigners are now trying to find a way out after a solid wall has closed around them.

The counsel for the brewers and restaurant keepers of this State wants the next legislature to submit a referendum to the voters on the question of the sort of an enforcement law which shall be passed here; whether it shall banish all alcoholic beverages or shall permit the sale and use of wines and beer. There should have been a referendum on the question of the ratification of the constitutional amendment in this State. The legislature had no moral right, although abundant legal power, to act on that question without learning what the wish of the people of the State was. But a law passed now, saying that the Constitution of the United States should not be enforced here in the case of wines and beer would be merely a scrap of paper, if not, indeed, an act of nullification. Practically the enforcement laws of the States will make little difference. Congress has concurrent powers of enforcement and if its law prohibits the sale of drinks containing one-half of 1 percent of alcohol it will be enforced here, whatever this State may say.

The first remedy for the wets is to change the definition of "intoxicating" in the congressional enforcement law, provided that this Congress makes it too drastic, as is almost certain to be done. The next is to organize and carry through a Nation-wide campaign for the repeal of the eighteenth amendment. That last is well-nigh hopeless, but it ought not to be impossible in 1920 to elect a wet Congress, which in 1921 could amend the enforcement law to be passed this year. At least such an undertaking would be valid and would have a fighting chance. All other schemes to nullify constitutional prohibition are merely futile.

1933, FEBRUARY 21, AMERICA WITHOUT PROHIBITION

It is not easy to comprehend or contemplate what America will be like without national prohibition. So many factors have entered into the controversy over attempts to enforce an impractical law that many people have forgotten the real problems that existed before prohibition was adopted. Repeal of the eighteenth amendment and modification of the Volstead Act will revive those problems.

Prohibition failed for several reasons. It was regarded as an intrusion upon the personal rights of citizens and the rights of States. It failed to prevent drinking or to promote temperance. It led to widespread criminality and disrespect, not only for the prohibition law, but for all law. Finally, the feebleness of prohibition enforcement in the face of adverse public sentiment resulted in the creation of a gigantic liquor traffic that was absolutely without governmental control, and, while it enriched thousands, it brought no revenue to the Government.

Repeal of national prohibition will remove the complaint of interference by the Federal Government in the personal habits of citizens and in the rights of States to deal with their own problems. But repeal will not of itself remove the other serious conditions associated with the experiment in Federal prohibition. What has for so long been a national problem will soon be the problem of 48 States and tens of thousands of separate communities.

New laws will be needed. What is to take the place of national legislation will soon be occupying the attention of States. The problem is complex, but certain definite objectives should be kept in mind. First of all, the aim should be to get rid of the evils of prohibition itself. This will not be easy. There is grave danger that in a reaction against the eighteenth amendment we may be plunged into a period of extreme intemperance.

The greatest lesson of the prohibition experiment is that law, to be observed, must have the respect of citizens. New efforts to regulate the liquor traffic should be of the kind that will command such respect. We should make a supreme effort to curb the orgy of crime that has been associated with the era of bootlegging and racketeering. This means that the business of dispensing beverages must be made respectable and that there need be no excuse for evading the law.

In its later stages prohibition has become a matter of having Government reestablish some kind of control over the tremendous liquor traffic. Such control cannot be reestablished except by sensible laws, supported by local sentiment. But the weight of law must be brought to bear upon the dispensers of alcoholic beverages and not upon consumers. We need laws that those who buy drinks will have an interest in upholding.

Another important lesson going back to the old days is that most of the evils of the liquor traffic came from overstimulating the demand. Greed on the part of brewers and distillers, who stop at nothing to run up sales, caused the revolt against them. This should be guarded against by laws that will limit the profits to be made on the traffic. This, in turn, will keep the traffic within bounds.

Repeal, despite the vote in Congress, is still some time off. But it is not too early to prepare for the change that will again put upon the States full responsibility for regulating the liquor traffic. The main purpose of new liquor regulations should be to devise measures that will bring back respect for law and order and restore to the country a sense of security and decency.

INTERIOR DEPARTMENT APPROPRIATIONS

Mr. HAYDEN. Mr. President, I move that the Senate proceed to the consideration of House bill 4679, the Interior Department appropriation bill.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 4679) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1945, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Arizona?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Commitee on Appropriations with amendments.

Mr. HAYDEN. I ask unanimous consent that formal reading of the bill be dispensed with, that it be considered for amendment, and that the committee amendments be first considered.

The PRESIDING OFFICER. Without objection, it is so or lered.

Mr. CLARK of Missouri. Mr. President, the Senator from Arizona and the Senate are undoubtedly familiar with the discussion had here a few days ago of the necessity for emergency flood-control work made necessary by the recent floods throughout the Mississippi Valley, if the levees are to be repaired in time to protect the growing crops at the time of the ordinary June and July floods. This matter was taken up a few days ago and discussed for some time. It was necessarily supplanted by the agricultural appropriation bill.

The Army engineers advise me that if the work is to be done at all it must be started immediately or it will be completely without force and effect, and I wonder if the Senator from Arizona will be willing to lay aside temporarily the Interior Department appropriation bill for the purpose of considering the flood-control measure. The Senator from Ohio [Mr. TAFT] offered an amendment to the bill a few days ago and discussed it at some length, and I do not think consideration of the matter at this time would take any considerable amount of time.

Mr. HAYDEN. So far as I am personally concerned, I think an arrangement of the kind suggested might be made. I understood that an address was to be delivered to the Senate, and several Senators desired to speak on general subjects, so perhaps we will have to have that part of the Senate's business disposed of.

Mr. WHITE. Mr. President, this is a matter in which the senior Senator from Ohio [Mr. TAFT] is very much interested. The junior Senator from Ohio [Mr. BURTON] is thoroughly familiar with it, and I suppose is able to speak for both Ohio Senators.

Mr. HAYDEN. It is entirely agreeable to me, if it will not take too much time, to lay aside the Interior Department appropriation bill temporarily.

Mr. BURTON. Mr. President, my colleague the senior Senator from Ohio [Mr. TAFT] is much interested in an amendment to the bill. He realized the bill might be brought up today, and he is anxious to have it acted upon promptly, so he authorized me to present the arguments for the amendment in his behalf; and if I can do that, I am in favor of proceeding to the immediate consideration of House bill 4793.

Mr. HAYDEN. If the Senator from Missouri will ask that the Interior Department appropriation bill be temporarily laid aside, I shall not object.

EMERGENCY FLOOD-CONTROL WORK

Mr. CLARK of Missouri. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that House bill 4793 be now considered.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Missouri?

There being no objection, the Senate resumed the consideration of the bill (H. R. 4793) to provide for flood-control work made necessary by recent floods, and for other purposes.

The ACTING PRESIDENT pro tempore. The pending question is on the amendment offered by the senior Senator from Ohio [Mr. TAFT], which will be stated.

The CHIEF CLERK. It is proposed to add, at the proper place in the bill, a new section, to read as follows:

SEC. —. The Chief of Engineers of the United States Army is hereby authorized to repair and reconstruct dikes and levees along the south shore of Lake Erie in the Reno-Howard farm area, Jerusalem Township, Lucas County, Ohio, damaged in the extraordinary floods of July and October 1943, and to dewater and decontaminize the area affected in such manner as to make the land again suitable for cultivation in the year 1944. There is hereby authorized to be appropriated for such purpose the sum of $265,000.

Nothing in this act shall impose upon the United States any obligation, moral or legal, to maintain the dikes and levies repaired and reconstructed in this area or in any other area unless provided for by general law. The work shall not be undertaken until there has been formed under the laws of Ohio a conservation district covering the area in question and competent under the laws of Ohio to maintain the dikes and levies so repaired and reconstructed.

Mr. CLARK of Missouri. Mr. President, the pending bill is identical with a bill I reported some 10 days ago from the Committee on Commerce, and which has been on the calendar for some time. The bill which is now before the Senate is a House bill, identical with the Senate bill to which I refer. It is an authorization for an emergency appropriation of $12,000,000 for the repair of levees which have been broken by the very extraordinary and untimely floods which have taken place in the United States this year. The floods which have broken the levees in the Mississippi Valley and inundated millions of acres of the most fertile land in the world are not the ordinary floods which come generally in June and July, and which are as certain to come this year as the sun is to rise tomorrow morning.

Unless the levees are repaired, these millions of acres of fertile land will be subject to being inundated again, with the certainty that crops vitally needed in the economy of the United States this year will be ruined. The engineers have advised me that the time for making the repairs is very short and unless the authorization is made and the money supplied immediately there will be no possibility of saving the situation, and saving the crops, when the regular June and July floods occur. I hope very much that the measure may be passed immediately.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the senior Senator from Ohio [Mr. TAFT].

Without objection, the amendment——

Mr. OVERTON. No, Mr. President; I should like to be heard on that amendment. Perhaps the Senator from Ohio would first like to explain the amendment.

Mr. BURTON. Yes, Mr. President. The senior Senator from Ohio [Mr. TAFT] on May 17 explained the amendment. I shall be glad to explain it again briefly. It relates to a flood situation in the State of Ohio, on the shore of Lake Erie, comparable to the flood situations which arise on the rivers of the country and to the one which is now being sought to be relieved by the legislation being presented by the Senator from Missouri [Mr. CLARK].

It so happens that this flood in Ohio was a flood on the Great Lakes, when the Lakes were very high and at the same time there was a windstorm which drove the high waters over these lands, breaking down some local dikes which had been erected there some 45 years before, and inundated some 2,200 acres of land at that point. It so happened that this disaster occurred in 1943, shortly after the disaster in the West, and therefore the relief bill which relieved the flood situation in the West did not at all relieve the situation in the East on Lake Erie, and there was not an opportunity to obtain that relief at that time. The senior Senator from Ohio sought relief from the emergency fund of the President. Marvin Jones, the War Food Administrator, recognized the necessity of this land as a part of the food-production program, but we were not successful in obtaining the money from the emergency fund at that time. The reason, as then indicated, was that there had not been authority granted as yet by the Congress of the United States covering this sort of a flood on lakes, as contrasted with the flooding of rivers.

Mr. President, the amendment involves only $265,000. It expressly states that it shall not be regarded as a precedent for similar cases, because it says:

Nothing in this act shall impose upon the United States any obligation, moral or legal, to maintain the dikes and levies repaired and reconstructed in this area or in any other area unless provided for by general law. The work shall not be undertaken until there has been formed under the laws of Ohio a conservation district covering the area in question and competent under the laws of Ohio to maintain the dikes and levies so repaired and reconstructed.

Mr. President, in order to meet the housing situation there is a need for the houses which have been inundated by this flood. There is a need for the food which can be produced on this area. Although the amount involved is small, it is the contention of both the senior Senator from Ohio and myself that certainly this is precisely the same type of a situation that is being met by the pending measure, which provides $12,000,000 to cover the flood situation on the Missouri River. We ask that there be included in

the bill, as an amendment, the provision for $265,000 to cover a like situation on Lake Erie.

Mr. OVERTON. Mr. President, I rise in opposition to the amendment. A number of years ago there were two adventurous men, one by the name of Reno, the other by the name of Howard, who desired to improve themselves financially. They owned along the shores of Lake Erie a considerable area of marsh land, so they conceived the idea of building a private dike which would keep the waters of the lake from inundating this marsh land, together with a channel which would take care of the surplus water, and they then would be able to dispose of the land. So the levee, or the dike, was built, and they placed the land upon the market as a speculative venture, and they sold it. Like a good many private levees which are built, it was built very poorly. The project failed. When the winds and the storms came and the waves rolled against the dike it gradually crumbled until about 2 years ago it went under, and now the thought is that the Federal Government should come to the rescue of this privately organized venture.

The bill making such provision was originally introduced by the senior Senator from Ohio [Mr. TAFT], and referred to the Commerce Committee, and then referred to the War Department for report thereon. The Chief of Engineers reported against the bill. The pending amendment, as I understand it, is exactly what the original bill provided. Am I correct in that respect, I will ask the Senator from Ohio?

Mr. BURTON. Mr. President, I may say though, in reply to the question, that the report of the Army engineers, as I understand it, is based on the ground that the Congress has not as yet authorized such action on lakes as compared with rivers, and that is why we are offering the amendment at this time. It is not that the engineers do not recommend that this work be done as an engineering project. I might interject at this point that this reclamation project was begun 45 years ago, and if it was good enough to stand up for 45 years I do not think it can properly be designated as a poorly constructed project. The land involved is fine farming land and productive of much needed food. The men who reclaimed the land should not be blamed for what they did. The land was reclaimed much as land is being constantly reclaimed in the West. It was done at their own expense. The dikes stood up against ordinary rises of water and wind for 45 years, and then were overcome by high water combined with high winds. It seems to me that under those circumstances, if relief is justified on the rivers it is equally justified on the lakes.

Mr. OVERTON. Mr. President, this is not a flood-control project, and the Army engineers have reported against it. They do not go into the merits of the proposition, because the law does not provide now for any flood-control project of this character on the Lakes or on the coastal areas in the United States. It would require millions upon millions of dollars, indeed billions of dollars, to undertake to take care of similar projects along the coastal areas of the United States and also along the Great Lakes. The engineers reported against the proposal. Had they reported in favor of it, they certainly would have required what they always require, that is certain restrictions and limitations which would have made necessary a certain amount of local contribution, and there is none whatsoever provided in the amendment. They would probably have required that one-half of the cost be borne by local and private interests, as the Senator from Ohio knows is provided in the pending rivers and harbors bill which the committee is considering.

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

Mr. OVERTON. Yes.

Mr. BURTON. On the point suggested by the Senator from Louisiana that there may not be a requirement of a local contribution specified in the engineers' report, I wish to point out that in the amendment presented by the senior Senator from Ohio [Mr. TAFT] it is provided expressly that—

> The work shall not be undertaken until there has been formed under the laws of Ohio a conservation district covering the area in question and competent under the laws of Ohio to maintain the dikes and levees so repaired and reconstructed.

That certainly is as strong a reservation and obligation upon the locality as I have ever seen in bills of this nature. It makes the project absolutely conditional upon the formation of a local conservancy district to maintain the dikes completely.

Mr. OVERTON. The amendment is the local contribution of the Senator from Ohio [Mr. TAFT], but it is not the local contribution which has been recommended by the Chief of Army Engineers. The amendment provides:

> Nothing in this act shall impose upon the United States any obligation, moral or legal, to maintain the dikes and levees repaired and reconstructed in this area or in any other area unless provided for by general law. The work shall not be undertaken until there has been formed under the laws of Ohio a conservation district covering the area in question.

But how much money are the local interests to contribute? Are they to hold the United States harmless against any claim for damages, a provision which applies to all flood-control projects? Are they to supply the right-of-way for the properties? None of those things have to do with the Army engineers, and no recommendation has been made by the Army engineers, because they wholly and utterly disapprove of the project.

Mr. President, if we adopt an amendment of this kind we enter the domain of "pork barrel" legislation, against which we legislated a number of years ago, when we provided that no project in reference to rivers and harbors, regardless of where situated, whether it be on a river or anywhere else, shall be considered by the Congress until there has been, first, an authorization for a preliminary survey and report—and none has been had in this case—and, second, until a report is made by the district engineer to the division engineer, then by the division engineer to the Board of Army Engineers for Rivers and Harbors; and then from that Board the matter must be referred to the Chief of Engineers, who passes on it, and thence to the Secretary of War.

We have guarded against "pork barrel" legislation and the injection into rivers and harbors bills and flood-control bills, or other bills, of legislation of this character, in order that we might conserve the interests of the Federal Goverment, and not have the funds of the Treasury expended merely on the presentation of some Senator who desires to have a project undertaken in his neighborhood or within the confines of his State.

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

Mr. OVERTON. I yield.

Mr. BURTON. The Senator refers to his opposition to introducing items into flood-control and rivers and harbors bills. Let me ask if the pending bill, to which the amendment is offered, is a rivers and harbors bill or a flood-control bill.

Mr. OVERTON. It should be a rivers and harbors bill.

Mr. BURTON. I wish to point out to the Senator that the bill to which we have offered the amendment is itself a special bill for special relief in a special area, based on a disaster.

Mr. OVERTON. Oh, the Senator may call it that.

Mr. BURTON. That is precisely the situation here. This Ohio area was officially declared to be a disaster area, and the Red Cross provided relief there. I see no reason why we cannot provide relief in that distress area, just as relief is provided in a disaster area farther to the west, along the Missouri River.

Mr. OVERTON. Mr. President, there can be no area in the United States which needs flood control which is not an actual or a prospective disaster area. But the Senator's argument simply eliminates the matter of advice to the United States Senate—in fact, in this case it simply brushes it aside—because the Army engineers have reported against the project.

The main bill we are considering, which was introduced by the Senator from Missouri [Mr. CLARK], was submitted to the Corps of Army Engineers. They made a report upon it. That report was considered, and the bill was recommended for passage by the Senate Committee on Commerce. On the other hand, the amendment has been rejected by the Senate Committee on Commerce, and has been rejected by the Army engineers. It should be rejected by the Senate.

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

Mr. OVERTON. I yield.

Mr. BURTON. I wish to emphasize the fact that this matter was submitted to the Army engineers. The estimate of $265,000, which is included here, is their estimate. The ground on which the

Army engineers declined to go ahead and recommend the project is that they are not authorized to construct these projects on lakes, as contrasted with rivers. That is why the amendment is offered—to show that when there is high water and high wind on a lake, the result is the same as when there is high water and high wind or windstorms along a river, which is precisely what was stated by the Senator from Missouri.

Mr. OVERTON. Mr. President, that is one of the grounds of rejection. Having rejected it, the Army engineers did not go into the question of local contributions. They did not go into other phases of the matter into which they would have gone under normal circumstances. They did not investigate such matters, because they rejected the item.

One of the grounds of rejection was that the Congress has authorized them to make a survey of the lake-shore areas throughout the United States. They are making that survey and will submit it to the Congress. When that report is made, Congress will act upon it and will formulate some plan of relief for lake-shore areas and for Atlantic and Pacific coastal areas.

Mr. BURTON. Mr. President, will the Senator yield to me again?

Mr. OVERTON. I yield.

Mr. BURTON. The survey to which the Senator has referred is the beach erosion survey. If we wait for that, the war will be over, the need for additional food will have passed, and the people who live in this particular area will have had their land under water for 2 years or more.

This matter is not one which merely involves a slight rise in the water along the regular shore line. In this case the people were protected in the use of their land by a dike which had been erected for approximately 45 years. That dike finally was washed out by the high water and heavy winds. This matter involves not only erosion, but flood and storms.

Mr. OVERTON. Mr. President, the ground upon which the Senator from Ohio defends the amendment represents an argument which can be made in favor of every flood-control and river-and-harbor project in the United States.

I think I have submitted my views on the matter. I yield the floor.

Mr. CLARK of Missouri. Mr. President, I know nothing about the special merits of this particular proposal. I am not familiar with the names of the men who originally built the dike, and I am not familiar with the facts about it. But I very sincerely hope that the amendment will be rejected, because to adopt the amendment will mean killing the bill. The effect of adoption of this amendment would be precisely equivalent to laying the bill on the table or defeating it by an outright vote. We know in advance that the House of Representatives will not accept any such proposal as that now presented. The amendment relates to a subject which is entirely separate and distinct.

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

Mr. CLARK of Missouri. I shall yield in a moment.

The amendment is a complete innovation and would establish a principle of appropriation which has never heretofore been recognized or adopted in this country and is on an entirely different theory.

The bill itself is an emergency measure, necessary to repair damage recently done, in order to bring into production very rich agricultural land. The amendment proposed by the Senator from Ohio has to do with an entirely different principle, namely, that of repairing damage done to an area over a year ago. As I have said, entirely irrespective of the merits of the matter, entirely irrespective of the question whether the United States should afford relief to areas along lakes where damage has been done, as well as to damaged areas along rivers, the amendment, if adopted, would be as certain to result in the defeat of the bill as would a motion, if made and agreed to, to lay it on the table.

Mr. AIKEN. Mr. President——

Mr. BURTON. Mr. President, the Senator said he would yield to me.

Mr. AIKEN. Mr. President, if the Senator will permit me to ask a question first, I simply wish to ask the Senator from Ohio or any other Senator what is the nature of the property which has been damaged by the breaking of the dikes, and who are the people who are concerned. Is the property industrial or agricultural?

Mr. CLARK of Missouri. I know nothing whatever about it.

Mr. OVERTON. It is partly agricultural and partly a resort area; partly urban and partly a resort for people of affluent circumstances, residing in the city of Toledo, Ohio.

Mr. AIKEN. Is it owned by various persons?

Mr. OVERTON. Oh, yes; the land has been sold to various persons.

Mr. BURTON. Mr. President, this area of 2,200 or 2,300 acres is occupied by 1,200 persons. About 400 different families reside there. The land is primarily agricultural. There are a few places which are used for summer recreation homes by people who live in the city of Toledo, Ohio. None of those homes are elaborate.

In about half of that area in 1942 450 acres of corn were raised, with an average production of 96 bushels an acre, or a total of 43,200 bushels. One hundred and two acres of wheat have produced 42 bushels an acre; 103 acres of sugar beets have produced 20 tons an acre; 60 acres of oats have produced 73 bushels an acre; 60 acres of barley have produced 38 bushels an acre; 100 acres of soybeans have produced 32 bushels an acre; 80 acres of alfalfa have produced 4 tons an acre, including three crops of alfalfa in one year. Furthermore, the people residing in that area raised hogs and cattle and sold them in 1942.

The area is one which contributes precisely the commodities to which Marvin Jones referred when he wrote to the President and indicated that this is the kind of area he wishes to preserve in these times, in order that the people residing there may produce food for themselves and also food for sale. The area is valuable for housing purposes and for food-raising purposes during the war.

I wish to point out to the Senator from Missouri that the amendment is precisely what he says his bill is. It is an emergency mattter. There has been a disaster there. The floods occurred in July and October, and this is the first season after that.

The project is a comparatively small one. Therefore, it does not involve the number of dollars of appropriations which a larger item would involve. But the issue is the same.

Let me say furthermore that I do not know how the Senator from Missouri knows what the action of the House of Representatives will be on this bill.

Mr. CLARK of Missouri. Mr. President, let me say that is because I have been notified by the Member of the House of Representatives who will be in charge of the bill that he will not receive or accept such an amendment.

Mr. BURTON. Does that Member of the House of Representatives completely control the House of Representatives?

Mr. CLARK of Missouri. He very largely does in this matter.

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

Mr. CLARK of Missouri. I yield.

Mr. OVERTON. It is a fact, is it not, that this project has been peddled all around through the governmental agencies, and finally has wound up with the Corps of Army Engineers. An effort was made to induce the President to use his emergency fund for the purpose. That was rejected.

It is true there is a report from the War Food Administration that some good food will be produced; but I can show the Senator countless acres of land in Louisiana where wonderful food can be produced at much less cost than the cost at which food can be produced in this area.

Mr. BURTON. I do not believe it is fair to say that it has been peddled all around. This is an area which needs relief. The people in that area have tried to obtain relief where it has been proper to do so. They properly asked for relief from the emergency fund. They properly asked for relief from the Army engineers. The Army engineers reply that the Congress has not authorized relief on the lakes as it has on the rivers. That is why this amendment is presented at this time, because Congress is the only agency which can act in this matter.

Mr. AIKEN. Mr. President, may I ask the chairman of the committee or the Senator from Missouri a question? If the Army engineers had recommended this project, would the chairman of the committee or the Senator from Missouri have been inclined to consider it favorably?

Mr. CLARK of Missouri. I certainly would not be inclined to consider favorably such an amendment to the pending bill, because it is on an entirely extraneous subject.

Mr. AIKEN. Would the Senator be inclined to consider it favorably if it had been recommended by the Army engineers?

Mr. CLARK of Missouri. If it had been recommended by the Army engineers, I would give it the fullest consideration as a member of the Commerce Committee. I would not under any circumstances be willing to accept an amendment which I know would kill the bill.

Mr. AIKEN. How else could this project receive Federal help?

Mr. CLARK of Missouri. In the ordinary course of legislation. That is the only way in which anyone receives relief.

Mr. AIKEN. Do I correctly understand that the Red Cross considers this a disaster area, and has extended aid?

Mr. CLARK of Missouri. I had not heard of the matter until it was brought up in the Senate.

Mr. AIKEN. The Senator from Ohio [Mr. BURTON] nods his head.

Mr. BURTON. The county declared it to be a disaster area. The Red Cross rendered relief in that area, as it would in any other disaster area. There is no question about it being a disaster area.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BURTON]. [Putting the question.]

Mr. BURTON. Mr. President, I ask for a division.

On a division, the amendment was rejected.

The ACTING PRESIDENT pro tempore. The bill is before the Senate and open to amendment. If there be no further amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H. R. 4793) was ordered to a third reading, read the third time, and passed.

The ACTING PRESIDENT pro tempore. Without objection, Senate bill 1887 is indefinitely postponed.

INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 4679) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1945, and for other purposes.

Mr. HAYDEN. Mr. President, before we take up the bill for amendment, perhaps I should make a brief statement with regard to what it contains.

The amount of the bill as it passed the House was $87,652,580. The amount added by the Senate was $35,976,765.36. The amount of the bill as reported to the Senate is $123,629,345.36.

I wish to compare that total with the appropriations heretofore made for the Department of the Interior. For the fiscal year 1942 the appropriations for that Department were $272,365,000. In 1943, realizing that war was coming on, and for that reason expenditures not essential to the war effort might be reduced, the amount appropriated was $198,122,000. In that year, after we got into the war, and after the Budget estimates were made up, the Secretary of the Interior asked that his budget be reduced by $10,000,000. He showed a very excellent spirit in that respect.

The principal items of increase in the bill are in the Bureau of Mines and in the Reclamation Service—about $15,000,000 in each. I shall give a detailed explanation of them. The remainder of the increases are principally the restoration of Budget estimates. The House committee made reductions in Budget estimates in approximately 220 instances. The Department requested restoration in about 180 instances. The committee felt, inasmuch as the appropriations in the bill had been materially reduced compared to similar bills for former years, that certain restorations could well be made.

RECREATIONAL FACILITIES FOR SERVICEMEN—STOP-OVER STATION AT LEXINGTON, KY.

Mr. CHANDLER. Mr. President, stop-over stations and stage-door canteens in America for the benefit of the men in our armed forces and those of our allies have contributed greatly to the happiness and pleasure of our soldiers.

My attention has been called to one such facility at Lexington, Ky., which has made an outstanding record. Mrs. Desha Breckinridge is chairman of the committee which sponsored this stop-over station. I have received a letter regarding this activity from a member of the veterans' organization at Lexington, a very good friend of mine, Mr. V. L. Slade. This is an outstanding achievement, and the people of Lexington, Ky., are to be particularly complimented on this fine service to the men in the armed forces. Those responsible for the station are entitled to citation by the service command for their zealous devotion to the public welfare.

I ask unanimous consent that the letter from Mr. Slade, telling of the activities of this station, be printed in the RECORD at this point as a part of my remarks.

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

STOP-OVER STATIONS, INC.,
Lexington, Ky., May 19, 1944.

Hon. A. B. CHANDLER,
Washington, D. C.

DEAR HAPPY: Kindly refer to the CONGRESSIONAL RECORD Appendix as of May 11, 1944 to the speech of the Honorable MARION T. BENNETT of the Sixth Missouri Congressional District, relative to War Dads canteen on page A2277.

We wonder if you have overlooked what is considered the best serviceman's canteen in the United States of America and all points West located here in your own back yard. I refer to the Stop-Over Stations in Lexington, Ky.

These stations were in full operation March 1, 1942, organized in November 1941 before Pearl Harbor. At that time there were only a few servicemen here in Lexington these being with the R. O. T. C. at the University of Kentucky. In other words we were serving the man in uniform before he became popular and a sure bet.

Our stations were organized by the veterans' groups, and started with the large size sum of $85 in the treasury. Our purpose was to offer a friendly hand to the boys who were passing through, hence the name Stop-Over Stations.

As our armed forces grew and thousands were stationed here in our community we naturally grew with them and extended our services. Since September 1942 we have had sleeping accommodations for 200 men, of course free. We also have a colored branch as shown on letterhead and feed and house them also free.

Just to give you an idea of the size of this project it costs us $28,000 last year to operate and at least 50 percent of our food was donated by the people of this vicinity. This food donation amounted to at least an additional cost of $500 if we bought it on the market each month. This would have been an additional cost of $6,000. The local laundries each take a month apiece doing our laundry free. This is a saving of at least $2,000 a year. All of this makes the cost of operation at least $36,000 a year and that ain't hay. Our total cost of help ran only $4,000 a year due to the fact that we have 300 senior hostesses and 400 junior hostesses as well as the groups listed above helping to do all the work. Ours is not a doughnut canteen. Full meals are served at all hours. Boys who wish to catch any bus or train are called at any time.

The Stop Over has never sent house to house solicitors for funds. Your wife and daughter attended our formal opening and we had the pleasure of a song from your daughter.

We wish that you would take time off to investigate the record of the Stop-Over Stations and if the Honorable Congressman from Missouri has news that can get into the CONGRESSIONAL RECORD and a citation from the service command, God knows that you have a chance to put Kentucky and the blue grass before the entire Nation as well as the CONGRESSIONAL RECORD.

HOWS about it HAPPY?

Very truly yours,

V. L. SLADE,
(*Squash*).

SHIPMENT OF FARM MACHINERY TO FOREIGN COUNTRIES UNDER LEND-LEASE

Mr. LANGER. Mr. President, a few days ago I brought to the attention of the Senate the matter of shipping farm machinery to foreign countries under lend-lease. I desire to read a brief article which appeared in the Washington Times-Herald, in the column entitled "Capitol Stuff," by John O'Donnell, dealing with the problem of farm machinery:

W. P. B. Chief Donald Nelson is personally investigating the farm-machinery situation, which some farm leaders believe has in it the elements of a first-rate scandal. Nelson's assistants in charge of contract allotments for this essential machinery are alleged to have favored the big manufacturers. These industrialists have fallen down on their quotas. The result threatens to upset the War Food Administration's 1944 food-production plans.

Lend-lease shipments of farm machinery are moving on schedule to Russia and Great Britain. The alleged stall on domestic manufacture is reported due to refusal of the Big Eight to increase subcontracts among little manufacturers, fearing loss of post-war control over production and distribution. Nelson is looking particularly into this phase of the matter.

There is now a savage behind-the-scenes melee going on between Judge Marvin Jones' Food Administration and the Farm Machinery Division of Nelson's W. P. B. But both sides are taking seriously F. D. R.'s famous edict, at the time of the HENRY WALLACE-Jesse Jones public brawl, to the effect that the next administration official who howls his woes to the Nation's press can send his resignation

to the White House along with it. On the spot at the moment are two W. P. B. chiefs in charge of farm-machinery production—Col. Charles Deere Wiman (grandson of John Deere, of the Deere farm-machinery industry) and William K. Frank, copper products magnate.

I may add, Mr. President, that this is at the very time when my mail is flooded with letters from North Dakota to the effect that the farmers there cannot obtain combines, binders, drills, corn planters, or any other kind of machinery, nor can they obtain repairs. I have a nephew who is farming in that area. In order to get a combine, he had to go all the way to Oklahoma to purchase it and he had to agree to harvest a certain amount of the crop on the way back, which meant that he had to leave his farm for a period of 6 weeks in order to get a combine from Oklahoma and take it to North Dakota so that he could harvest his crop.

At the very same time, as Mr. O'Donnell says, combines and binders are being sent to Russia, Great Britain, and other countries. As a matter of fact, we cannot even obtain parts to repair the machinery we now have.

ORDER OF BUSINESS

Mr. BRIDGES obtained the floor.

Mr. McCARRAN. Mr. President, will the Senator yield to me in order that I may submit an amendment to a bill and make a brief statement in connection therewith? The statement will occupy about 10 minutes.

Mr. BRIDGES. I do not wish to yield for that purpose. I am sorry.

TERMINATION OF WAR CONTRACTS—LIMIT OF EXPENDITURES

Mr. LUCAS. Mr. President, will the Senator from New Hampshire yield to me for the consideration of several Senate resolutions?

The PRESIDING OFFICER (Mr. McCLELLAN in the chair). Does the Senator from New Hampshire yield to the Senator from Illinois?

Mr. BRIDGES. I yield.

Mr. LUCAS. Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate, I report favorably, without amendment, Senate Resolution 288, and ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 288), submitted by Mr. MURRAY on May 2, 1944, was considered and agreed to, as follows:

Resolved, That the limit of of expenditures under Senate Resolution 198, agreed to February 8, 1942, which authorized the War-Contracts Subcommittee of the Committee on Military Affairs to investigate war contracts, termination of war contracts, and related problems, is hereby increased by $10,000.

INVESTIGATION OF THE USE OF PUBLIC LANDS—LIMIT OF EXPENDITURES

Mr. LUCAS. From the Committee to Audit and Control the Contingent Expenses of the Senate I report favorably, with an amendment, Senate Resolution 294, and ask unanimous consent for its present consideration.

There being no objection, the Senate proceeded to consider the resolution (S. Res. 294) submitted by Mr. McCARRAN on May 17, 1944, which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment, on page 1, line 6, after the words "increased by" to strike out "$10,000" and insert "$5,000", so as to make the resolution read:

Resolved, That the limit of expenditures under Senate Resolution 241, Seventy-sixth Congress, agreed to May 24, 1940, and Senate Resolution 147, Seventy-seventh Congress, agreed to September 8, 1941, and Senate Resolution 39, Seventy-eighth Congress, agreed to January 28, 1943 (relating to the investigation of the use of public lands), is hereby increased by $5,000.

The amendment was agreed to.

The resolution as amended was agreed to.

CONTINUATION OF SPECIAL COMMITTEE ON CONSERVATION OF WILDLIFE RESOURCES

Mr. LUCAS. From the Committee to Audit and Control the Contingent Expenses of the Senate I report favorably, without amendment, Senate Resolution 293, and ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 293) submitted by Mr. CLARK of Missouri on May 17, 1944, was considered and agreed to, as follows:

Resolved, That the authority contained in Senate Resolution 246, agreed to April 17, 1930, authorizing a special committee to investigate the conservation of wild animal life, hereby is continued from February 1, 1944, to the end of the Seventy-eighth Congress; and the said committee hereby is authorized to expend from the contingent fund of the Senate $6,500 in addition to the amounts heretofore authorized for such purpose.

POSTPONEMENT OF MOVING DAY FROM SLUM AREAS OF THE DISTRICT

Mr. BILBO. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. BILBO. Mr. President, from the Committee on the District of Columbia I report favorably, without amendment, Senate bill 1941, to amend the District of Columbia Alley Dwelling Act, approved June 12, 1934, as amended, and ask unanimous consent for its present consideration. The bill would postpone the day of moving by occupants of slums of the District of Columbia. We are anxious that the bill be passed by the Senate so that it may be considered by the other House before July 1, because if the bill is not favorably acted upon by that time the dwellers affected by the bill will be forced to move.

The PRESIDING OFFICER. The bill will be read by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1941) to amend the District of Columbia Alley Dwelling Act, approved June 12, 1934, as amended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 4 (b) of the act known as the District of Columbia Alley Dwelling Act, approved June 12, 1934, be amended to read as follows:

"(b) On and after July 1, 1945, it shall be unlawful to use or occupy any alley building or structure as a dwelling in the District of Columbia."

SEC. 2. That section 6 of such act be amended by striking "1944" and inserting in lieu thereof "1945."

AMERICA'S WAR AIMS

TRANSFER OF NAVAL VESSELS TO ALLIED POWERS

Mr. BRIDGES. Mr. President, before commencing my prepared remarks I should like to speak briefly on a subject which I feel typifies the actions on the part of the administration and which is disturbing the minds of the American people.

Reports have reached me that one or more units of the American Navy have been transferred to Russia. I have heard of at least one particular cruiser—and attempts have been made to seek either a confirmation or a denial of this information which has been bandied about among many persons for the past few days.

I believe, Mr. President, that the American people and that the American Congress are entitled to know the truth. I think that this is an example of where frankness should be the keynote.

I have supported the entire war effort. I have supported lend-lease, both in its original passage, the renewal of the act, and the appropriations for it. A substantial part of lend-lease has gone to Russia. We have given them tanks, planes, guns, ammunition, food, machinery, and other vital materials. I am in favor of doing all this. The American people are in favor of it. But if we have transferred, or intend to transfer any units of our Navy to Russia, the story is a different one. This is particularly true when we are engaged in an all-out war with Japan which, by its nature, will be primarily a naval war.

Russia is at peace with Japan. Therefore, we, principally, must carry the entire load of our war with Japan with help from only some of our other allies.

In fact, Russia and Japan have a nonaggression pact which was signed on April 13, 1941, and which will not expire for 2 years, or until April 1946.

I cannot understand the purpose of the transfer of a vessel or vessels of our Navy unless it is a part of our patchwork policy of appeasing Russia. I think that the American Congress and the American people are entitled to a forthright statement clarifying the entire matter, and telling us whether we have transferred any units of the American Fleet, and the reasons for such transfer.

ISSUES INVOLVED IN AN ENDURING PEACE

Mr. President, the issues of the present mortal struggle, which has engulfed the whole world, are yielding to the irresistible and merciless might of the

United Nations. The long night of agonizing uncertainty is streaked with the first faint gleam of the dawn of victory. This is the day for which the suffering peoples of the earth have waited, toward which they have labored with unmeasured courage and determination. This is the day which promised liberation from the hand of tyranny, freedom from fear and freedom from want. This is the day that promised peace.

All of this was envisaged by President Roosevelt in his inspiring speech on the "four freedoms" of January 6, 1941, from which I quote:

> In the future days, which we seek to make secure, we look forward to a world founded upon four essential human freedoms. The first is freedom of speech. The second is freedom of every person to worship God in his own way. The third is freedom from want. The fourth is freedom from fear.

And he went on to say:

> That is no vision of a distant millenium. It is a definite basis for a kind of world attainable in our own time and generation. The world order which we seek is the cooperation of free countries, working together in a friendly and civilized society. This Nation has placed its destiny in the hands and heads and hearts of its millions of free men and women; and its faith in freedom under the guidance of God. To that high concept there can be no end save victory.

But, Mr. President, there must be some mistake. Even in the earliest morning hours of this day, which promised peace, there are ominous clouds of suspicion, misunderstanding hatred, greed, and confusion scudding across the horizon. A military victory is assured. That issue is no longer in doubt, but even before the final victory of arms is won, it appears, Mr. President, that the prospects of an enduring peace are more uncertain than ever. If a military victory is to be the only issue settled by this terrible ordeal of fire and sword, then quite obviously this was not and is not our war. The American people have not entered the lists merely for the sake of tilting lances. Even now, we are not fighting merely for the sake of fighting. We are not involved in this terrible struggle merely for the sake of bringing our knowledge of modern warfare up to date. The American people entered this war under the leadership of President Roosevelt, not just to save our own skins, nor to pull a few chestnuts out of this world conflagration for a few favored friends. If, ultimately, these prove to be the only reasons why we have girded ourselves through the past few years for the showdown of strength which is so imminent, if these are the only reasons why we have sacrificed our fortunes and our youth, then we have been tragically advised or misled.

Mr. President, because the matter which I am presenting is so urgent, from this point on, I shall address myself directly to the President of the United States.

President Roosevelt, the American people are not going to be content with a military victory only. We, as a people, are utterly in sympathy with your own sentiments which you expressed in a radio talk on May 27, 1941, wherein you said:

> Today the whole world is divided between human slavery and human freedom—between pagan brutality and the Christian ideal. We choose human freedom—which is the Christian ideal.
>
> We will accept only a world consecrated to freedom of speech and expression—freedom of every person to worship God in his own way—freedom from want—and freedom from terrorism.

This means that the American people are not going to rest content with any issue out of this present struggle which results merely in a reshuffled game of balance-of-power politics, either in Europe or in Asia. We are not going to welcome any new-fangled sort of imperialism and, well you know, the people, whose highest representative you are, will never acclaim any outcome of this present conflict which merely sows the seeds of another and more horribly devastating war in the predictable future.

These are the anxieties and concerns which weigh heavily upon us as the world awaits with bated breath, the opening of the costliest and bloodiest clash of flame, flesh, and steel ever visited upon mankind; for, if this struggle ends only in a military victory we shall have won nothing but an armed truce and we shall have proven recreant to our duty. Surely you, President Roosevelt, are fully aware that such will be our fate and such will be the fate of the distraught peoples of the earth, except the whole venture upon which we have launched becomes the instrument of a high and noble purpose.

The late Secretary of the Navy, Mr. Frank Knox, warned us of the folly of unprincipled policies in 1941 when he said in an Armistice Day address:

> War breeds vengeance. Vengeance breeds hatred. Hatred breeds revenge. Revenge breeds war. The circle must be broken if peace is ever to come either to Europe or to any other part of the world. The whole weight of the United States must be thrown upon the side of making a peace, not of revenge, but of justice and righteousness.

The world has looked to you for reassurance and leadership. The faith of millions of your fellowmen has been grounded in the high ideals and the integrity of purpose which you have constantly woven into your dealings with other nations. There has been no lack of such noble purposes. The air has been filled with the majestic flight of ideals which have flown from your tongue and pen. But now, for some mysterious reason, that flight is lost to view. President Roosevelt, the truth of the matter is that for the first time in American history millions of American boys, girls, men, and women are being called upon to make the supreme sacrifice for the sake of an ideal which has lost its shape, its sound, and its content. In olden days, men went into conflict with a battle cry ringing in their hearts and on their lips—a battle cry fashioned for them by those into whose hands they had entrusted everything worth living, fighting, and dying for. Wrought into those battle cries were the honor and integrity of that state or nation which warriors of every age have so gallantly served.

President Roosevelt, it is not right that a free people, the freest people on earth, should be called upon to sacrifice their all while neither they themselves nor their loved ones on the battlefield nor even their highest legislative representatives know what the sacrifice is for. As of today, all of your former ideals and principles have taken cover beneath the empty slogans of "defeat Hitler," "destroy fascism." But surely you, our President, would not have us believe that these are adequate ideals or aims. With these phrases too much popular thinking has been content to stop, when actually, it is at this point where every high and noble purpose should begin. We have not gone to war merely to defeat Hitler, nor to win a test of strength by force of arms. Surely there must be something above and beyond all this for which and toward which we are striving. President Roosevelt, the whole world is breathlessly waiting on your every word for a renewal of the promises, the ideals, and the purposes which your spirit has so often envisaged and expressed. But there must be some mistake for the world waits in vain.

In this realm, your fellow men have a right to expect such a great hope from you, for your ideals and principles and purposes have long since been written into a record for all the world to read. For instance, on December 29, 1940, just a little more than 3 years ago, you interpreted the sentiments of the American people concerning tyranny and dictatorship, whether of the right or of the left, when you said:

> No man can tame a tiger into a kitten by stroking it. There can be no appeasement with ruthlessness. There can be no reasoning with an incendiary bomb. The history of recent years proves that shootings and chains and concentration camps are not the transient tools but the very altars of modern dictatorships. They may talk of a new order in the world, but what they have in mind is but a revival of the oldest and the worst tyranny. In that there is no liberty, no religion, and no hope.

At that time you made no distinction between dictatorships in your utter condemnation of them. You, yourself, have declared a Communist dictatorship to be the epitome of ruthlessness by which to judge the Nazi regime, when on May 27, 1941, you said in a radio address:

> The Nazi world does not recognize any god except Hitler; for the Nazis are as ruthless as the Communists in the denial of God. What place has religion which preaches the dignity of the human being, of the majesty of the human soul, in a world where moral standards are measured by treachery and bribery and fifth columnists.

You were speaking as a champion of the inalienable rights of your fellow men when you uttered these words. Yet since Teheran all these things have changed, President Roosevelt, the American people have a great admiration for any people who resist any and every aggressor, and our great and powerful ally, Russia, has superbly defended her soil and her very life. But again let me remind you that the American people have not

changed their minds concerning dictatorships. Great as is their admiration for the military prowess and stoical determination of the Russian people, they still prefer, above all else, the American way of life, and they openly disavow communism or a Communist nationalism. They are justly apprehensive of the policies and practices which such a way of life provides for securing a just and peaceful settlement of international problems and disputes.

Certainly the American people have not gone into this struggle for the purpose of turning over Europe to the control of any nation or group of nations, much less to substitute the terrors of one dictatorship for another. It is not and it has not been our intention to divide, actually or in effect, the war-torn European nations into special spheres of influence or to reduce this or that section of Europe under the control of any nation no matter how benevolently inclined such a nation might profess to be. In your silence on the prospects of establishing peaceful relations among free nations in Europe, let me remind you that only through a genuinely international organization which is all inclusive, wherein "all nations, great or small, victor or vanquished," may have equal opportunity to collaborate, can the highest purposes of the American people be realized. We have no desire to be a party to the establishing of any post-war organization which is to be dominated by one, two, three, or four nations.

Much less have we entered into our present military alliances in order that our own American ideals and principles shall be conditioned, if not altogether dictated, by either a prime minister or a dictator, or both. With great dismay we have observed the unilateral attacks upon the Atlantic Charter, the bold denials of this and that principle, the reservations and exceptions heaped one on the other.

Mr. Stalin, immediately following the Moscow Conference, launched upon a series of independent acts, every one of which was a violation of the principle of collaboration upon which we had agreed. First came the mutual assistance pact with the Czechoslovak Government-in-exile, then the Kharkov trials, then, in rapid succession, the entry of Russian troops into Poland without any statement that they came as liberators and not as conquerors; Pravda's rebuff of Mr. Willkie; the rejection of our good offices in settling the Polish dispute; the Pravda report of a separate peace negotiation between Britain and Germany; the unprovoked attack on the Vatican; the change in the Russian Constitution which established 16 constituent republics including the Baltic States; the recognition of Badoglio; and the demand for units of the Italian Fleet; with every act straining the relations between the Big Four.

Then, on February 22, Mr. Churchill announced complete accord with Mr. Stalin's views on Poland when he said:

> I cannot feel that Russia's demand for reassurances about her western frontiers goes beyond the limit of what is reasonable and just. Marshal Stalin and I also spoke and agreed upon the need for Poland to obtain compensation at the expense of Germany both in the north and in the west. Here may I point out that the term "unconditional surrender" does not mean that the German people will be enslaved or destroyed. It means, however, that the Allies will not be bound to them at the moment of surrender by any pact or obligation. There will be no question, for instance, of the Atlantic Charter applying to Germany as a matter of right and barring territorial transferences or adjustments in enemy countries.

On April 9 Mr. Hull announced to the world that—

> There has been discussion recently of the Atlantic Charter and its application to various situations. It points the direction in which solutions are to be sought; it does not give solutions. It charts the course upon which we are embarked and shall continue. That course includes the prevention of aggression and the establishment of world security. The charter certainly does not prevent any steps including those relating to enemy states, necessary to achieve these objectives.

Does this mean, President Roosevelt, that you have lost the initiative in Europe? Is this why you have permitted these attacks upon the very document which you helped to create to go unchallenged? Is this why you no longer talk about a peace which shall endure? Is this why the New York Times and the St. Louis Post-Dispatch of December 18, 1943, both quoted you as saying in your press conference—

> The Allied conferees were motivated by the general thought that they did not want another war in the lifetime of the present generation.

I quote from the Christian Century of January 5 to remind you of the reaction of the American people to such a compromise, if compromise it was:

> There was a time when the President talked of a lasting peace, a peace which would mean that never again would the sacrifices of war be required. Now, if this report is correct, in the informal intimacy of his press conference he says that what he and Stalin hope for is a peace that will last a generation. We do not believe that such a peace will satisfy the men who are doing the fighting or those at home who pray for them day and night. Peace for a generation is just another long armistice. Mankind demands something better than that.

Does this mean that already, at this stage of the struggle, you, the President of the mightiest and most glorious nation ever to grace the earth, have been compelled to compromise the ideal of an enduring peace? There must be some mistake. Surely you have not surrendered your hope that we shall be able to bring peace, a just and enduring peace, to this stricken family of nations. This is the ultimate problem we confront, and we respectfully urge you to reassure a waiting world. Let us hear you proclaim again that our highest motives, our noblest designs, are all for a peaceful world, where the "four freedoms" shall be secured to each and every nation. These are our peace aims; are they not? There is nothing to be ashamed of in them. We have no ulterior motives, no specially favored friends among the suffering peoples of the earth. We urge you to proclaim to them that all our resources, our good will, and our concern are directed toward the establishment of a society of nations wherein law and order, mutual helpfulness and understanding, shall prevail, and that we are opposed to every form of dictatorship now as before.

President Roosevelt, your continuing silence will give substance to our deepening fears that you have already surrendered our right to speak for ourselves, that you are no longer free to herald our ideals, our own American ideals and purposes, to our fellow men. Has it happened that because we are now bound together through an Allied military command we are no longer free even to reassure ourselves of the high resolves that move us? Must we, as a free people, as a sovereign nation, wait upon the rulers of empires and totalitarian states for the opportunity and the occasion to reiterate our own ideals? Are we no longer free to speak for ourselves in moral matters?

I assure you that we entered this war as a free people, and we shall emerge a free people. But in order that this may be accomplished we must continue to conduct our relations among ourselves and between our Nation and other nations in a manner worthy of a free people. To this end the American people are determined we shall not be a party to blind and brute forces of destruction, nor to the creation of means for the settlement of international disputes which, by their very nature, partake of the forces we despise. We are not free to act without restraint, in defiance of the moral precepts of decency and justice. We are not free to become accomplices of tyranny and oppression, unrestrained by a noble purpose. The whole wide world is waiting for assurance that we have not deserted membership in the moral universe.

President Roosevelt, your silence in our behalf is precipitating greater and greater uneasiness and misgiving. Your silence has become embarrassing and humiliating. Mr. Stalin speaks and you are silent. Mr. Churchill speaks and you are silent. General Smuts speaks and you are silent. Mr. Fraser and Mr. Curtin speak and you are silent.

These men are speaking in such a manner that with every passing day the prospects of an enduring peace become more and more remote. Are you acquiescing in these rampaging demands, which will surely scuttle any peace if left unchallenged?

You can well understand that only the sincerest concern prompts these questions which are thronging our minds, and you must be aware that we cannot help but discover more and more ground for our fears as each day brings to light more of your policies in the fruit they bear.

For instance, we know that Mr. Hull's announcement of American foreign policy will never secure the kind of peace we seek if it rests upon unity at any price with any nation, or clique of nations.

We know that your risking our whole future and the future of the post-war world on the good will of Mr. Stalin, as Forrest Davis tells us you have done, in his two articles in the Saturday Evening

Post for May 13 and 20, will never be accepted by the American people as their only safeguard against war and the threat of war.

Our misgivings increase not a little when we are further told by Mr. Davis that "Stripped to the bare essentials we fought in 1917 and we are fighting now, to prevent the mastery of Europe by one aggressive power. Should Russia, as the sole European power, display tendencies toward world conquest, our vital interests would again be called into account."

What does this mean? Does it not mean that World War No. 3 hangs on the slender thread of Mr. Stalin's future disposition and good will?

We are amazed to read in the same article that you, our President, have learned thus far in this war:

> That hereafter only countries with an abundance of manpower and resources plus huge industrial plants can engage in the business of war.

Do you wonder that the American people are uneasy over the prospects of peace in the future? If such a lesson is put into practice or such policies are continued much longer, with agitation for securing American bases all over the world, with a demand to make the Pacific an American lake, it is little wonder that increasingly shall we feel ourselves being drawn into a post-war world where no man or nation will be safe unless guns are carried on the hip.

The Washington Post of May 10 also carried a story of the three peacetime plans which the Navy has formulated in anticipation of almost any kind of situation to emerge from this war. As our President, which of these plans do you contemplate will most nearly suit our needs in the months and years to come?

In all this welter of uncertainty the people of these United States are convinced that any attempt to corner control of the international organization, about which we have heard so much talk, is doomed to failure at the outset if appeasement of a totalitarian state is made the cornerstone of such a policy.

President Roosevelt, we cannot see what kind of a peace you are planning after the military victory is won. On what basis will an organization for peace rest—on good will and understanding, or on a continuance of armed might and the balance of power?

Every indication is that in order to maintain any semblance of peace in the post-war world we must become a military people, with a military economy, ready to strike at any moment, armed to the teeth, suspicious, arrogant, coercing where we cannot win, condescending where we cannot dare to be magnanimous.

And, Mr. President, what are you going to do about all the promises that have been made as to how we shall feed and reconstruct and rehabilitate the world when the fighting stops? If we are going to be compelled to continue to put our resources into armies and navies, our manpower under conscription, our industry under the strain of producing armaments, we shall never be able to fulfill even a small part of our promises, and the "four freedoms" about which we have talked so much will become sheer phantasies.

Again, may I quote from the wisdom of the late able Secretary of the Navy, Frank Knox:

> There comes a time in the life of every man and every nation when principles cannot be sacrificed and when vital and essential rights can no longer be ignored, a time when to go further would mean that our own liberality and forebearance would be misunderstood.

What are our peace aims, Mr. President, and do they bode good or ill? Do they promise hope to a suffering and grief-stricken world? Do they seek to inspire confidence in the future? Are they universal in application, binding upon us all, permitting of no exceptions or reservations, tainted with no selfish or ulterior motives? Or, are they a patchwork of unprecedented and unpredicted necessities which will merely postpone the final issue of war itself to the not too far distant future? Why do you not take us, your own people, into your confidence, Mr. President? Is it because you wish to overwhelm us with joy when you suddenly pull a patchwork peace settlement out of your hat, or is it because the monster which you have helped to breed has broken its leash and is now at large?

There is no need for me to remind you that the questions I am raising are born of a deep devotion to our great America. From the first days when I saw the dark clouds of war gathering over our heads I warned our people of the danger that threatened and I have sought to do everything in my power to support and hasten preparations for our own adequate defense. From that day in March 1937 when I, together with five of my colleagues, voted against the enactment of the Neutrality Act, down through to the present hour I have vigorously supported every measure which would guarantee the safety of American ideals and the American way of life.

President Roosevelt, it is on this record that I stand when I now respectfully urge you to proclaim to the world the ideals for which you have thus far labored. Now is the time to reach an effective understanding with our allies concerning the ultimate peace aims which guide our common efforts toward the winning of this war. Now is the time to reach such a common goal. When the last blistering bomb has burst, there is little hope that what we could not attain and effect under the strain and incentive of a common fellowship in a common cause, could ever be realized through the cold and calculating concern of nations turned in upon themselves, brooding while they lick their wounds.

I urge you to proclaim to the world a statement of peace aims which are in keeping with the universal principles of the Atlantic Charter, and expressed in its plain and unmistakable language.

On a hundred battle fronts our young men and young women, the flower of our manhood and womanhood, are joined in battle with the foe. Surely no nation ever has had more cause than ours to be proud of the splendid record of heroic achievement or of the untiring and selfless sacrifice of its people. Stretched over the face of the earth the mighty arm of our joint military command has wrought valiantly. From the fox holes of the New Guinea jungles, through the desert African wastes, on to the jagged mountains of Italy, strong hearts and hands have borne our Stars and Stripes on to victory.

Now, while millions of our own men and women crouch in tense anticipation of the word which will plunge the human race into the most titanic and brutal battle of all time; now, when every nerve is strained to catch the first syllable of what will be for many of our men the last command they shall ever obey; now, President Roosevelt, while the American people, whose servant and leader you profess to be, are gathering themselves against the mighty shock of such a battle—lift up your voice in a clarion call proclaiming to the world that America has taken the moral leadership of humanity into its heart and hands.

Now is the time. This is the hour. Tomorrow may be too late. Let our fighting men the world around find new meaning in their sacrifice and a deeper inspiration in their striving. Lift them up above the filth and grime of empty hopes and dreams and spur them on to victory. President Roosevelt, give the word, and these men and women will give their lives to make your highest dreams come true.

Let America speak. You are our leader, President Roosevelt; speak the word which will set American ideals burning in every heart, lift up our beacon of liberty before the weary eyes of men. Proclaim to the ends of the earth that we seek to preserve American ideals and the American way of life, that we seek to restore the birthright of every human being as a creature of God, that we seek a reconstituted Europe which is free from terrorism, want, and despotism, that all peoples, so far as lies within our power, shall have an equal opportunity to enjoy the blessings and riches of this life secure from the designing greed of any and every nation. Surely President Roosevelt, we have no other peace aims and we shall never be a party to the attainment of any others. Again I respectfully urge you to speak in the name of the American people the hopes and dreams which have so richly blessed this land we love.

THE GOVERNMENT OF LIBERATION IN YUGOSLAVIA

Mr. WALLGREN. Mr. President, a few days ago our South American ally and United Nations' partner in the war against the Axis, the great nation of Brazil, officially froze the funds held in that country in the name of the Royal Yugoslav Government in exile. For some time now evidence has been mounting to show that the royal government in exile is not an active ally in our war against fascism.

In my own State of Washington in an action, perhaps the first on the North American continent, certainly the first in these United States, the State senate unanimously passed a resolution calling upon the State Department not only to

freeze the funds held in this country by the royal government in exile, but to extend de facto recognition to the government of liberation in Yugoslavia, whose provisional president is a distinguished Yugoslav jurist, Dr. Ivan Ribar, and whose marshal of its Partisan armies is Josip Broz, popularly called Tito.

To make the action of our State senate the more impressive, let me remind you, Mr. President, that the State legislature was then in extraordinary session to consider only the question of legislation to facilitate soldier voting. In fact, the Governor of the State has specifically requested that only that question be discussed. Nevertheless, so strong was popular demand and so urgent the need that the senate, both parties of that body consenting, suspended the rules in order to pass the resolution directed toward the State Department and to the Foreign Affairs and Foreign Relations Committees of Congress, urging Federal action to freeze the funds held in the name of the Royal Yugoslav Government, and recognition, de facto or de jure, of the people's government of Yugoslavia, officially known as the government of liberation.

Why there should be any hesitancy on the part of the State Department to extend recognition appears, to say the least, puzzling to me, in the light of recently disclosed facts. For example, on the anniversary of the birthday of America's great citizen soldier and liberator, Gen. George Washington, Prime Minister Churchill, in addressing the House of Commons in London, revealed that Marshal Tito and the Partisan forces have been our allies in Yugoslavia, while at least detachments and commanders under General Mihailovic have been aiding the Nazi enemy. The Prime Minister of Great Britain quite obviously should be in possession of the facts. His son, Capt. Randolph Churchill, at last report, was on duty with the Partisan armies in Yugoslavia. In that same speech, Prime Minister Churchill stated that more than 250,000 soldiers, men and women, were fighting in the ranks of the Partisan Army against the Nazis. He revealed that the Partisan forces, including the guerrilla arm of the army of liberation, had been engaging 14 of an estimated 20 Nazi divisions in the Balkans.

From the Prime Minister's own words we can therefore estimate what a debt we owe to these Yugoslav patriots who, after their official government had fled the on-rushing Nazi panzers, started from scratch to form a people's army and, through it, to establish the first second front in Europe. Bereft of arms and robbed of a questionable leadership by retirement from the scene of action of King Peter and his courtiers, the people of Yugoslavia—Croats, Slovenes, Serbians, Montenegrins, those on the Dalmatian coast and from the isles of the sea—united to wrest from the enemy the arms by which they fought the enemy himself.

Like our Continental Army of the Revolution, fighting for similar aims, they have been through a long Valley Forge, and are now increasing both their numbers and their unity in the war of liberation. It has been their glorious fight which has deprived Hitler of divisions in Italy which might have added to the difficulties of our own advance up the Italian boot. If adequate military and medical supplies and more food were available to the Yugoslav army of liberation, Marshal Tito now estimates that, instead of merely 300,000, a million men and women could be aiding us in the battle of southern Europe which is aimed at the inner fortress of the crumbling Reich. Marshal Tito himself, in asking for additional aid, has prophesied that with it the fighting armies of liberation of Yugoslavia could cross over into northern Italy and eventually join us at the Po in a mopping up of the Nazi divisions now operating in Italy.

If there were any doubt left in our minds about the relative roles played in this war on Yugoslav soil by Marshal Tito and the Partisan forces, as against Mihailovic, war minister of the government in exile, and his so-called Chetniks, that matter should have been cleared up in an article by A. C. Cummings, cabled from London by the great Southam Press to Canada on May 5. As reported in the Vancouver Province, of British Columbia, Cummings wrote, in part:

> The Yugoslav military mission now in London has left little doubt that General Mihailovic, leader of one group of Serb insurgents, and war minister in the exiled Yugoslav government, has been actively pro-German and has assisted the enemies of Yugoslavia in many ways.

Apparently the royal exiled government in London finally has repudiated Mihailovic for his aid to the enemies of the Yugoslav people and the United Nations. Until recently there was an effort on foot to rehabilitate the debunked Mihailovic myth.

It may not be long until, not a few, but many in the American and British Armies will know the truth about Yugoslavia. It is no secret that on D Day, or soon after, we may find our armies of invasion on Yugoslav soil, fighting to reach the southern bastion of Hitler's shrinking fortress in Austria. When that day comes, unless Mihailovic can be rehabilitated diplomatically, it will be impossible for the Government in exile to maintain control over the more than $90,000,000 to which they now have title, because they are the recognized Government of Yugoslavia. It is tragic irony that the money now being spent in propaganda in the United States—the money which in addition is being squandered in exaggerated salaries for the king and his courtiers—is money which the people of Yugoslavia badly need to aid us in defeating our common enemy, Hitler's Reich.

Tito and the Partisan armies need military and medical supplies now. Their struggles for us on the field of battle, their sacrifice of life's blood, have earned for them the right to be treated as equals among the United Nations. Today, instead of occasional aid in the form of international charity distributed to Partisan convalescent camps near Cairo and on the Island of Sardinia, full lend-lease assistance should be accorded this fighting vanguard of a democratic Europe. With this, they can save hundreds of thousands of lives of our boys during the impending battles. With it, they can strengthen the will to resist among the peoples held in Nazi thralldom beyond the frontiers of Yugoslavia, in Bulgaria, in Greece, even in Rumania, Hungary, and in Italy. The short and easy step to strengthening one of our greatest fighting allies in this war is through recognition of the Government of liberation of Yugoslavia as the sole agency on the soil of that country which is allied to us in our common battle against fascism.

A preliminary step of considerable importance can be taken now through freezing the funds held in the United States in the name of the royal government in exile, but which rightfully belong to the people who fight for Yugoslavia on Yugoslav soil. Brazil has led the way, but it is for us to complete the task, for America bears an extremely heavy responsibility toward the people of Yugoslavia. The funds which supply the defamers of the government of liberation and support the general who has given aid to the enemy, are funds held in American banks. It is a fact that while funds are also held in Britain in the name of the royal government in exile, it is the funds from America that pay the salaries of King Peter and the maintenance of his queen, the exiled Princess of Greece. A sum, which is estimated at approximately $500,000 a year, including maintenance, gives Peter the dubious honor of being the second highest paid ruler in the world, and one who apparently dares not return to his native soil. So apparently callous is the Royal Yugoslav squanderbund in London, that when funds were being raised to give small aid through war chest drives to the fighting forces of the Partisan army, King Peter contributed not a dime in behalf of the suffering democratic peoples of his own homeland.

Recently Marshal Tito requested the immediate freezing of the funds of Yugoslavia now held by the Royal Yugoslav Government in exile. So far, only Brazil has answered that request with action. In the light of the facts, can we do less than the people of Brazil have done? Certainly Marshal Tito, who is called the George Washington of Yugoslavia, and is considered one of the great generals of this war, deserves at least the negative aid in his battle for us which freezing of the funds held in America in the name of the Royal Yugoslav Government could now give.

Personally, like my own friends in the Washington State Legislature, and the thousands more in all walks of life in my State, who are members of the American Committee for Free Yugoslavia, I hope the United States will do much more officially. I will not be satisfied, and I am sure that any who will investigate the truth about Yugoslavia will not be content, until de facto recognition is extended to the government of libera-

tion which fights with unparalleled bravery and against great odds with us against Hitler, and which fights for a post-war democracy throughout the Balkans, which, while recognizing the right of private property, will end the threat of imperialism and of new wars sweeping from a Balkan tinderbox throughout the world. With the fighting Partisan armies we can best say, "Death to Fascism! Liberty to the people!" and mean it by officially freezing the funds held in America in the name of the Royal Yugoslav Government in exile, and by speeding the de facto recognition of the government of liberation.

REEDUCATION OF THE GERMAN PEOPLE THROUGH GERMAN PRISONERS OF WAR

Mr. WILEY. Mr. President, on one occasion Mr. Justice Oliver Wendell Holmes said something to this effect: "The thinker of today controls the future." The great football coach, Knute Rockne of Notre Dame, said something similar when he said "The idea is the thing." You and I, Mr. President, have seen the awful power of ideas—wrong and right ideas—change a world since we came to the Senate. This new world order we hear so much about cannot be brought about mechanically. It is not primarily a thing of pacts and agreements. It is not a question of laying out a pattern now, when no one can see the imponderables of the future.

If we are to change the world it becomes a matter of nations and people being reborn and that is a matter of getting hold of dynamic ideas which will push them over and past the limitations which bind them today. We can command the future righteously and constructively only if "we use our heads."

America can become adequate to weave a pattern of international peace and order only if she is filled with the idea of a great purpose.

We have expressed ourselves—and by "we" I mean our leaders in government—in lofty phrases and sentiments, but we must make sure that those ideas are translated into constructive action, and we must make sure that America remains doubly alert in the future in this fast-changing world, lest we prove recreant to our trust as trustees of great human values. There must be no more Pearl Harbors in our history.

I stress the need of remaining on guard and seeing to it that the Republic and its system of checks and balances remains intact. This calls for the American people to maintain a strong independent Congress.

We know that the Hitlers of the world acquired absolute power only when the legislative branch in those governments became subordinate and destroyed. In other words, no "check" remained. Under the Republic—and we are not a democracy—a strong independent Congress will always provide a check and a balance on the Executive and keep liberty and freedom safe.

A rubber-stamp Congress in time of war or of peace provides a menace to constitutional government. The safety of the Republic depends upon the healthy maintenance of the constitutional system of checks and balances.

Mr. President, I repeat, we all recognize the awful power of ideas to change a world, but I should like to ask, What is being done to change the ideas of the German prisoners who are in this country? Those prisoners, when the war is over, will go back into Germany. Will we have sold them the validity of republican ideas, or will we miss that boat? Will they still be creatures of Hitler's philosophy when they get back to Germany, or will they become disciples of the American concepts?

What educational program, if any, are we putting into effect within these prison camps? The Congress of the United States has no information as to what we are doing. We are unacquainted with the facts relating to the conditions under which German prisoners are held captive within the United States. We know of no educational program relating to the welfare of those prisoners, or what is being done that they may become disciples of liberty when they return to their mother country. There are, I am informed, more than 200,000 German prisoners in this country, which fact constitutes either a potential menace to the future peace of the world, or a good influence for the future rehabilitation of their country and the world. I believe that those prisoners may be infiltrated with right ideas, and right thinking, and be converted to an appreciation of the cultural values and the great contributions that their country in the past has made to civilization. Their land has given great thinkers, great authors, great scientists, great musicians to the world—lovely things for man to live by. Goethe, Schiller, Beethoven, and a host of others have added beauty to living.

For more than a century the Germans who have emigrated to this country have made great contributions to the welfare, peace, and stability of the United States. I could mention numerous names, such as Carl Schurz, Charles Steinmetz, and others. In my own State, in every constructive field of human endeavor, the sons of Germany have made great contributions toward the American way of life.

To return these German prisoners to Germany when the war is over without at least making an effort toward their educational rehabilitation and appreciation of the aims of America in this global conflict, the great constructive ideas that Germany has given to the world, and the worthwhileness of the republican way of life, would negate our own war aims and fail to put out the fires that would make for another war.

We have read in the newspapers that the German prisoners by their conduct show absolute disrespect for American ideals, and are still Nazis at heart. I ask, What are we doing to antidote that condition? If the idea is the thing, if the condition of men's minds shapes the future, what are we doing in this situation?

We have heard much talk about reeducating the whole German Nation. What are we doing to impact the segment in our midst? I believe that a Senate committee should be created for the purpose of making a thorough investigation of this whole subject. After the investigation has been made it should file its findings with the Senate, such findings to recommend, among other things, what educational program should be put into effect now. I am certain that from such an investigation valuable information could be obtained that would throw light upon the procedure that should be followed in Germany when the war is over.

We know that the Goering youth are already educated and being prepared mentally for the next war. If these German prisoners could go back into Germany reconverted to a keener appreciation of spiritual, human, and cultural values, and the value of democratic ideas and ideals, this might provide the very ferment that would antidote the philosophy that has been bred into this new generation of German youth.

What are we doing about it, Mr. President? Are we asleep? Are we failing to grasp this great opportunity which is now at hand?

Mr. President, if this idea meets with any approval of my associates in the Senate, I will shortly hereafter introduce a resolution to create a committee for the purpose of making such an investigation and reporting its findings to the Senate.

Mr. President, I conclude with the thought with which I started, by quoting Justice Oliver Wendell Holmes: "The thinker of today controls the future."

THIRTY-PERCENT CABARET TAX

Mr. McCARRAN. Mr. President, I send forward and ask to have read an amendment to House bill 4464, to increase the debt limit of the United States.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. At the proper place in the bill, it is proposed to insert a new section, as follows:

SEC. —. Reduction of war-tax rate on cabarets, roof gardens, etc.

(a) Reduction of rate: Section 1650 is amended by striking out "30 percent" where it appears in the table therein as the war-tax rate on cabarets, roof gardens, etc., and inserting in lieu thereof "10 percent."

(b) Effective date: The amendment made by subsection (a) shall be applicable only with respect to the period beginning at 10 a. m. on the first day of the first month following the date of enactment of this act.

Mr. McCARRAN. Mr. President, prior to April 1 there was an unprecedented demand for the entertainment afforded in cabarets throughout the country. The owners of cabarets throughout the country, contemplating a falling off in business by reason of the 30-percent tax, made inquiries with respect to interpretations of the Revenue Act of 1942, which defines a cabaret as a place furnishing public performances. These interpretations were sought not for the purpose of circumventing the law, but for the purpose of obtaining interpretations for the individual cafe owner to decide

whether his place of business with his particular type of entertainment would be subject to the new 30-percent tax.

The Revenue Act of 1942, section 622, in referring to section 1700 (e) (1), excepts instrumental or mechanical music alone from the application of the tax. In other words, any place of business described in that section that has only instrumental or mechanical music is not subject to the tax. Under the 5-percent tax, although this exception was in the law, it is safe to state that in no case was any attempt made to obtain an interpretation, and so a 5-percent tax was paid. As a result of various interpretations cabarets throughout the country advertised that up to a certain hour there would be no cabaret tax. In fact, in the city of Washington, any newspaper which contains advertisements of cabarets includes advertisements from numerous establishments prominently displaying announcements that there is no cabaret tax up to a certain hour and in certain rooms, all in accordance with the interpretations of the revenue act.

By reason of the 30-percent tax and the interpretations sought by reason of this high tax, the Government is being deprived of millions of dollars. In the city of New York alone, there are two very well-known establishments which formerly paid a 5-percent tax on their gross business, which in each case was approximately $100,000 a month. By reason of the 30-percent tax and the exceptions set forth in the Internal Revenue Act of 1942 both these places now have only instrumental music, and the Government fails to collect the 5-percent tax formerly collected.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield in order that I may make an observation?

Mr. McCARRAN. I yield.

Mr. WALSH of Massachusetts. Evidence has been referred to by the Senator from Nevada with reference to the result of the entertainment tax in New York City. Similar evidence has been presented to me by various persons in my own State, such as those engaged in the hotel and restaurant business where cabaret entertainment is furnished. The evidence shows that a great loss in revenue has been suffered by the Government, and in some instances it has been necessary to discontinue business. I have rarely received in connection with any legislation a greater number of protests than I have received with reference to the cabaret tax.

May I ask the Senator if he contemplates making an effort to reduce the tax?

Mr. McCARRAN. I have had read from the desk an amendment which I shall offer to the debt-limit bill. We had an amendment prepared to the tax simplification bill which was passed the other day. The chairman of the committee requested us not to offer the amendment to that bill, stating that he would have no objection to our offering it to the debt-limit bill which will come before the Senate later.

Mr. WALSH of Massachusetts. So we shall all have an opportunity to register our votes on that question when the debt-limit bill is before the Senate.

Mr. McCARRAN. That is correct.

There is no question that these places dispensed with entertainers and stopped their patrons from dancing so as to avoid the 30-percent tax and maintain their gross business at its former level, with the result that now, with instrumental music only, they are able to maintain their business, and the Government is being deprived of approximately $10,000 a month in revenue from both of these places. It is safe to state that throughout the country there are similar instances one hundredfold.

The purpose of the revenue act and the increase in cabaret taxes to 30 percent was to obtain revenue. This highly confiscatory and discriminatory tax has proven a failure in its first month of operation. By reason of the tax numerous places throughout the country are being forced to close. Hence, the source of the revenue is lessened. Then, again, in order to avoid the tax by reason of the exception in the law, many places have already discharged their entertainers and are continuing to do so, throwing thousands of actors out of work. With the shutting down of these places and the falling off in business, not only are actors being forced out of work, but, likewise, waiters, cooks, and bartenders who are employed in these places. Many industries closely allied to the cafe industry are likewise directly suffering from the loss of business suffered by cabarets. Purveyors of foodstuffs, alcoholic beverages, supply men, costumers, repairmen, carpenters, and all industries which either supply or service the cafe industry have suffered a tremendous loss by reason of the falling off in business. It must be borne in mind that the gross business of the cafe industry throughout the country is $600,000,000. As an example of the falling off in business, the following are the figures from the leading places in the cities of Boston and New York:

Name	Mar. 1 to 25	Apr. 1 to 25	Cocktail lounge
Latin Quarter (Boston)	$56,617.14	$39,806.58	$13,044.92
The Mayfair (Boston)	32,240.35	17,582.88	4,949.10
El Morrocco [1]			
Hurricane	78,754.55	50,396.67	
Versailles	77,374.92	56,461.69	4,737.50
Village Barn	30,009.10	24,575.52	
Billy Rose	106,878.00	68,342.00	
Leon & Eddies [2]			

[1] Average loss. $250 a day.
[2] March 1943, $68,519.85; March 1944, $80,441.20; April 1943, $49,561.44; April 1944, $44,254.06.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. WALSH of Massachusetts. I may say that similar figures have been presented to me by the establishments named by the Senator, and I have every reason to believe that they are correct. I have also personal knowledge that very great injury has been done to these businesses. As I said before, some of them have closed and many of them will be obliged to close their doors and be wiped out of business if this tax is not repealed.

Mr. McCARRAN. I am very grateful to the Senator for his contribution. I have received many letters and much correspondence dealing with institutions and places in the Senator's State and in other States of the Union as well, which fortify the contention I am making.

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

Mr. McCARRAN. I yield.

Mr. DAVIS. Do the figures stated by the Senator represent the loss of income to the Government or the loss to the places which are carrying on that sort of business?

Mr. McCARRAN. They represent a loss of business and of income to the institution, and, of course, a loss of revenue to the Government follows.

Mr. President, the figures I have cited represent class spots in the cities of New York and Boston. In this connection, it must be borne in mind that the city of New York is the entertainment center of the world, and we must look at conditions in the small places throughout the country which are greatly suffering by reason of this tax.

In other cities throughout the country business has taken a drop which makes it clear and evident that the purpose of the revenue act in attempting to create revenue has been defeated by its own terms, because it must be borne in mind that, with the falling off in business, the over-all tax situation is greatly affected, since the Government not only loses in admissions taxes but likewise loses with the shutting up and closing down of business additional revenue heretofore received in the form of income taxes not only from the cabarets but those industries relying on the cabarets for their income.

In the city of Chicago the leading establishments suffered as follows: Rio Cabana, business off 30 percent; Panther Room, business off 25 percent; Boulevard Room, business off 30 percent; Empire Room, business off 25 percent; Chez Paree, business off 30 percent; Marine Room, business off 25 percent; Latin Quarter, business off 30 percent.

In Hollywood, Calif., grosses in leading places fell off from 20 to 50 percent. Earl Carroll's theater restaurant, one of the leading places in Los Angeles, sustained a loss of $1,500 a night since the inception of the 30-percent tax.

The only method for the Government to raise money in the form of taxation on admissions to cabarets is by having a fair and equitable tax. A tax of 10 percent will prevent places from closing down, prevent unemployment, be fair to members of the armed forces who frequent these places, and in the final analysis bring in to the Government the added and additional revenue originally contemplated by the Internal Revenue Act of 1943. A fair tax of 10 percent will not destroy this business and industry. If the 30-percent tax continues, the entire industry faces ruin and destruction. The conclusion from this is very clear: That the Government will never receive either the original revenue heretofore received under the 5-percent tax nor the contemplated revenue at the time of the

passage of the Internal Revenue Act of 1943, which taxed admissions in cabarets at the rate of 30 percent.

The best evidence that the industry faces ruin and prominent places and small places will close down is that the Marine Roof of Brooklyn's Hotel Bossert announced on April 29 that it was closing this room because of the 30-percent tax. This room has been a favorite for 28 years. Especially in the summertime was this room a popular dining and dancing place, because it was located on the roof of the Bossert Hotel and overlooked New York's harbor.

In my opinion, time is of the essence. Any relief must come immediately, since once these places shut down and business continues to fall off at the rate it has, it is impossible to estimate how long it will take before business reaches its plane prior to April 1.

Mr. President, the Revenue Act of 1943 with respect to admissions in roof gardens, cabarets, and so forth, by its own terms defeated its purpose by fixing the cabaret tax at 30 percent. Delay at this time in passing legislation to reduce the 30-percent tax to 10 percent will likewise defeat the purpose of relief.

APPROPRIATIONS FOR THE INTERIOR DEPARTMENT

The Senate resumed the consideration of the bill (H. R. 4679) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1945, and for other purposes.

The PRESIDING OFFICER (Mr. BURTON in the chair). The clerk will state the first committee amendment.

The first amendment of the Committee on Appropriations was, under the heading "Office of the Secretary—Salaries," on page 2, line 2, after the word "elsewhere", to strike out "$1,222,420" and insert "$1,306,480."

The amendment was agreed to.

The next amendment was, under the subhead "Office of Solicitor," on page 2, line 9, after the word "field", to strike out "$224,843" and insert "$243,900."

The amendment was agreed to.

The next amendment was, under the subhead "Division of Territories and Island Possessions," on page 2, line 12, after the name "District of Columbia", to strike out "$115,580" and "$155,580."

The amendment was agreed to.

The next amendment was, under the subhead "Grazing Service," on page 2, line 23, after the word "exceed", to strike out "$25,000" and insert "$30,000"; in line 24, after the word "vehicles", to strike out "$977,740" and insert "$1,041,000", and on page 3, line 3, after the words "in all", to strike out "$1,017,740" and insert "$1,081,000".

The amendment was agreed to.

The next amendment was, on page 3, line 10, after the numerals "1934", to strike out "$105,000" and insert "$125,000".

The amendment was agreed to.

The next amendment was, on page 3, line 17, after "(52 Stat. 1033)", to strike out "$8,000" and insert "$9,000".

The amendment was agreed to.

The next amendment was, under the subhead "Petroleum Conservation Division," on page 4, line 6, after the word "vehicles", to strike out "$200,000" and insert "$214,000".

The amendment was agreed to.

The next amendment was, under the subhead "Soil and Moisture Conservation Operations," on page 4, line 20, after the word "including", to strike out "$100,000" and insert "$105,000"; in line 25, after the word "exceed", to strike out "$4,000" and insert "$5,000"; and on page 5, line 2, after the word "vehicles", to strike out "$1,200,000" and insert "$1,300,000".

The amendment was agreed to.

The next amendment was, on page 5, line 23, before the word "for", to strike out "$8,000" and insert $10,000"; and, on page 6, line 5, after the name "Department of the Interior", to strike out "$525,000" and insert "$530,000."

The amendment was agreed to.

The next amendment was, on page 6, after line 6, to insert:

Payments of wards, war minerals claims: To complete payment of awards made by the Secretary of the Interior in accordance with the act of May 18, 1936 (49 Stat. 1355), amending the War Minerals Relief Act of March 2, 1919, and as authorized by the act of April 4, 1944 (Public Law 284), $54,775.82: *Provided*, That the settlement of awards under this appropriation shall be made through the General Accounting Office.

The amendment was agreed to.

The next amendment was, under the subhead "Contingent expenses, Department of the Interior," on page 7, line 25, after the words "provided for", to strike out "$164,000" and insert "$168,000."

The amendment was agreed to.

The next amendment was, on page 8, line 12, after the word "Department", to insert "payment of dues, when authorized by the Secretary, for library membership in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members"; and in line 16, before the word "and", to strike out "$500" and insert "$2,500."

The amendment was agreed to.

The next amendment was, under the subhead "Printing and Binding," on page 9, line 3, before the words "of which", to strike out "$200,000" and insert "$205,000."

The amendment was agreed to.

The next amendment was, under the heading "Bonneville Power Administration," on page 10, line 2, after the word "exceed", to strike out "$3,686,540" and insert "$3,940,540", and in line 9, after the name "District of Columbia", to insert a comma and "and not to exceed $485,000 of the construction funds in said unobligated balance shall be available for the construction of the transmission line from the Grand Coulee Dam to Brewster, Wash."

The amendment was agreed to.

The next amendment was, under the heading "United States High Commissioner to the Philippine Islands," on page 11, line 4, after the word "expenses", to strike out "$98,160" and insert "$115,675", and in line 5, after the word "exceeding", to strike out "$5,200" and insert "$10,000."

The amendment was agreed to.

The next amendment was, under the heading "Office of Fishery Coordination," on page 12, line 8, after the name "Department of the Interior", to strike out "$290,000" and insert "$300,000."

The amendment was agreed to.

The next amendment was, under the heading "Solid Fuels Administration for War", on page 13, line 7, after the word "services", to strike out "$4,669,200" and insert "$5,025,000."

The amendment was agreed to.

The next amendment was, on page 13, after line 11, to insert:

Fuels conservation: For all necessary expenses of the Solid Fuels Administration for War in carrying out a Nation-wide program of fuel conservation, including the preparation for and dissemination of fuel conservation information by various media (including radio, and still and motion pictures to be commercially made and released); such expenses to include personal services in the District of Columbia; not to exceed $100,000 for the employment of technically qualified persons or organizations, by contract or otherwise, without regard to section 3709 of the Revised Statutes, or the civil-service and classification laws; printing and binding; travel expenses, including attendance at meetings of organizations concerned with the purposes of this appropriation, and actual transportation and other necessary expenses and not to exceed $10 per diem in lieu of subsistence of persons serving, while away from their homes, in an advisory capacity without other compensation from the United States, or at $1 per annum; books of reference, periodicals, and newspapers; office supplies; furniture and equipment; purchase, maintenance, repair, and operation of passenger-carrying automobiles; reimbursement at not to exceed 3 cents per mile of employees for expenses incurred by them in official travel in privately owned automobiles within the limits of their official stations; and the acceptance and utilization of voluntary and uncompensated services; to be immediately available, $700,000: *Provided*, That section 3709, Revised Statutes, shall not apply to any purchase under this appropriation when the aggregate amount involved does not exceed $300.

The amendment was agreed to.

The next amendment was, under the heading "General Land Office," on page 15, line 3, before the word "including", to strike out "$850,000" and insert "$871,000."

The amendment was agreed to.

The next amendment was, on page 15, line 14, after the word "proceedings", to strike out "$20,000" and insert "$24,000."

The amendment was agreed to.

The next amendment was, on page 15, line 23, after the word "Secretary", to strike out "$500,000" and insert "$530,000."

The amendment was agreed to.

The next amendment was, on page 16, line 13, after the word "motorboats", to strike out "$370,000" and insert "$376,000."

The amendment was agreed to.

The next amendment was, on page 16, line 21, after the word "vehicles", to strike out "$174,000" and insert "$175,200."

The amendment was agreed to.

The next amendment was, on page 17, line 23, after the word "vehicles", to strike out "$300,000" and insert "$303,500."

The amendment was agreed to.

The next amendment was, on page 13, line 13, after the word "vehicles", to strike out "$40,000" and insert "$50,000."

The amendment was agreed to.

The next amendment was, on page 19, after line 4, to insert:

Payment to Department of Forestry, Oregon, and others: For reimbursement of certain organized protection agencies in the State of Oregon for protection of unappropriated public-forest lands intermingled with Oregon and California lands, pursuant to the act of March 1, 1944 (Public Law 243), as set forth in Senate Report No. 653, Seventy-eighth Congress, $4,852.54.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Indian Affairs—Salaries and general expenses", on page 19, line 15, after the name "District of Columbia" to strike out "$798,175" and insert "$828,175."

The amendment was agreed to.

The next amendment was, on page 19, line 23, after the word "available" to strike out "$41,800" and insert "$47,500."

The amendment was agreed to.

The next amendment was, on page 20, line 13, after the word "equipment", to strike out "$315,040" and insert "$321,000."

The amendment was agreed to.

The next amendment was, on page 20, line 19, after the word "therewith", to strike out "$182,000" and insert "$187,000."

The amendment was agreed to.

The next amendment was, under the subhead "Indian lands," on page 22, after line 8, insert:

Purchase of improvements on lands, Havasupai Indian Reservation, Ariz.: For the purchase of improvements on exchanged lands as authorized by and in accordance with the provisions of the act of March 4, 1944 (Public Law 246), $11,100: *Provided*, That title to any improvements so purchased shall be taken in the name of the United States in trust for the Indans of the Havasupai Reservation.

The amendment was agreed to.

The next amendment was, on page 23, after line 6, to insert:

Purchase of land, Fort Peck Reservation, Mont. (tribal funds): For the purchase of land and improvements thereon for the Indians of the Fort Peck Reservation, Mont., $25,000, payable from funds on deposit to the credit of the Fort Peck Indians: *Provided*, That title to any land and improvements so purchased shall be taken in the name of the United States in trust for the Fort Peck Indians.

The amendment was agreed to.

The next amendment was, on page 23, after line 13, to insert:

Purchase of land, Flahead Indians, Montana (tribal funds): For the purchase of land and improvements thereon for the Indians of the Flathead Reservation, Mont., $38,000, payable from funds on deposit to the credit of said Indians: *Provided*, That title to any land and improvements so purchased shall be taken in the name of the United States in trust for the Indians of the Flathead Reservation.

The amendment was agreed to.

The next amendment was, on page 23, after line 20, to insert:

Purchase of land, Eastern Band of Cherokee Indians, North Carolina (tribal funds): For the purchase of land and improvements thereon for the Eastern Band of Cherokee Indians, North Carolina, $2,500, payable from funds on deposit to the credit of said Indians: *Provided*, That title to any lands and improvements so purchased shall be taken in the name of the United States in trust for the Eastern Band of Cherokee Indians.

The amendment was agreed to.

The next amendment was, under the subhead "Industrial assistance and advancement," on page 24, line 13, before the word "*Provided*", to strike out "$504,000" and insert "$524,000."

The amendment was agreed to.

The next amendment was, on page 24, line 21, before the word "reimbursable", to strike out "$170,000" and insert "$180,000."

The amendment was agreed to.

The next amendment was, on page 26, line 3, after the word "equipment" to strike out "$681,000" and insert "$706,000."

The amendment was agreed to.

The next amendment was, on page 28, after line 6, to insert:

For all necessary expenses of the National Indian Institute for the United States of America in the performance of its functions as prescribed by Executive order of November 1, 1941 (No. 8930), including personal services in the District of Columbia; purchase of books of reference; and printing and binding; $22,500 of which not to exceed $1,000 shall be available for the payment of actual transportation expenses and not to exceed $10 per diem in lieu of subsistence and other expenses of persons serving while away from their homes without compensation from the United States in an advisory capacity to the institute.

The amendment was agreed to.

The next amendment was, under the subhead "Development of water supply," no page 29, line 24, after the word "equipment", to strike out "$100,000" and insert "$108,800."

The amendment was agreed to.

The next amendment was, under the subhead "Irrigation and drainage," on page 30, line 10, after the word "below", to strike out "$274,630" and insert "$309,000."

The amendment was agreed to.

The next amendment was, on page 31, line 5, after the word "collections" and the semicolon, to insert "White Narrows, $25,000."

The amendment was agreed to.

The next amendment was, on page 31, line 13, after the word "expenses", to strike out "$77,460" and insert "$86,830."

The amendment was agreed to.

The next amendment was, on page 32, line 5, after the name "Arizona", to strike out "$118,180" and insert "$147,725"; in line 6, after the word "and", to strike out "$189,180" and insert "$236,475"; in line 10, before the word "and", to strike out "$118,180" and insert "$147,725"; in the same line, before the word "respectively", to strike out "$189,180" and insert "$236,475"; and in line 13, after the words "in all", to strike out "$307,360" and insert "$384,200."

The amendment was agreed to.

The next amendment was, on page 32, line 25, after the name "Arizona", to strike out "$10,000" and insert "$11,000"; on page 33, line 1, after the word "with", to strike out "$38,200" and insert "$41,600"; in line 2, after the word "and", to strike out "$36,400" and insert "$42,000"; in line 3, after the word "of", to strike out "$38,200" and insert "$41,600"; in the same line, after the word "and", to strike out "$36,400" and insert "$42,000"; and in line 7, after the words "in all", to strike out "$84,600" and insert "$94,600."

The amendment was agreed to.

The next amendment was, on page 38, line 3, after the word "guards", to strike out "$35,000" and insert "$36,000."

The amendment was agreed to.

The next amendment was, on page 38, line 24, after the word "binding", to strike out "$100,000" and insert "$103,750."

The amendment was agreed to.

The next amendment was, on page 38, line 25, after the words "in all", to strike out "$356,250" and insert "$360,000."

The amendment was agreed to.

The next amendment was, under the subhead "Education," on page 39, line 19, after the word "prescribe," to insert "construction"; and in line 22, after the name "Montana", to strike out "$6,000,000" and insert "and on the Fort Apache Reservation, Ariz., $6,230,040."

The amendment was agreed to.

The next amendment was, on page 40, line 19, after the word "than", to strike out "$400,000" and insert "$377,810", and in the same line, after the amendment just above stated, to strike out the comma and "including not to exceed $22,190 for payment of tuition for Chippewa Indian children enrolled in public schools and care of children of school age attending private schools in the State of Minnesota, payable from the principal sum on deposit to the credit of the Chippewa Indians in the State of Minnesota arising under section 7 of the act of January 14, 1889 (25 Stat. 645)."

The amendment was agreed to.

The next amendment was, on page 41, line 25, after the word "for", to strike out "$300,000" and insert "$340,000."

The amendment was agreed to.

The next amendment was, on page 42, line 10, after the word "hundred", to insert "and fifty"; in line 11, after the word "paper", to strike out "$169,705" and insert "$187,455", and in line 13, after the words "in all", to strike out "$193,405" and insert "$211,155."

The amendment was agreed to.

The next amendment was, on page 45, line 2, after the word "exceed", to strike out "$2,627,620" and insert "$2,645,370."

The amendment was agreed to.

The next amendment was, on page 46, line 6, after the word "heads", to strike out "$1,400,000" and insert "$1,488,500."

The amendment was agreed to.

The next amendment was, under the subhead "General support and administration," on page 48, line 1, after the word "provisions", to strike out "$3,202,700" and insert "$3,283,625."

The amendment was agreed to.

The next amendment was, on page 48, line 8, after the name "United States", to strike out "$500,000" and insert "$700,000"; in line 9, after the word "exceed", to strike out "$35,000" and insert "$46,000"; in line 11, after the word "exceed".

to strike out "$24,000" and insert "$32,000"; and in line 12, before the word "and", to strike out "not to exceed $100,000 shall be available for the rehabilitation of needy Indians."

The amendment was agreed to.

The next amendment was, on page 48, line 21, after the word "expenses", to strike out "$75,000" and insert "$96,300."

The amendment was agreed to.

The next amendment was, on page 48, line 21, after the word "expenses", to strike out "$75,000" and insert "$96,300."

The amendment was agreed to.

The next amendment was, on page 49, line 20, after the name "Cherokee", to strike out "$8,000" and insert "$8,500, including not to exceed a $500 gift to the American Red Cross."

The amendment was agreed to.

The next amendment was, on page 49, line 22, after the name "Klamath", to strike out "$216,045" and insert "$220,070"; on page 50, line 2, after the word "and", to strike out "not to exceed $72,380 for" and insert "to include", and in line 3, after the words "in all", to strike out "$217,045" and insert "$221,070."

The amendment was agreed to.

The next amendment was, on page 50, line 8, after the name "Colville", to strike out "$8,800" and insert "$11,300, including not to exceed $2,500 for compensation and expenses of an attorney or attorneys employed by the tribe under a contract approved by the Secretary; and in line 21, after the words "in all", to strike out "$34,870" and insert "$37,370."

The amendment was agreed to.

The next amendment was, on page 50, line 22, after the name "Menominee", to strike out "$114,400" and insert "$118,400"; and on page 51, line 11, after the words "Indian Affairs", to insert a colon and the following additional proviso: "*Provided further*, That not to exceed $10,000 shall be immediately available for an audit of the books, accounts, and operations of the Menominee Indian Mills by a certified public accountant or firm of accountants under a contract to be entered by said accountant or firm of accountants with the Menominee Tribe acting by its advisory council and approved by the Secretary of the Interior."

The amendment was agreed to.

The next amendment was, on page 51, line 19, after the word "exceed", to strike out "$544,325" and insert "$555,350."

The amendment was agreed to.

The next amendment was, on page 53, line 2, after the word "tribes", to insert "not to exceed $10,000 for repairs to the Choctaw Chapter House."

The amendment was agreed to.

The next amendment was, on page 53, line 21, after the word "including", to strike out "the employment of a tribal attorney who shall" and insert "the employment of a tribal attorney at the rate of $4,500 per annum to"; and on page 54, line 2, after the word "automobiles", to strike out "$213,700" and insert "$173,980."

The amendment was agreed to.

The next amendment was, under the subhead "Roads and Bridges", on page 55, line 15, after the word "amended" to strike out "$900,000" and insert "$1,100,000."

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Reclamation", on page 57, line 24, after the word "expenses" to strike out "$95,000, including not to exceed $3,500 for printing and binding" and insert "$1,761,000, of which not to exceed $101,000 shall be available for personal services and other expenses in the District of Columbia including not to exceed $3,500 for printing and binding, and not to exceed $1,660,000 shall be available for personal services and other expenses for nonproject functions of the Bureau of Reclamation performed for the Commissioner outside of the District of Columbia, the latter amount to be reimbursable under the Federal reclamation laws only to the extent of services determined by the Secretary of the Interior to be appropriately chargeable to the investigation, construction, or operation and maintenance of particular projects, said determinations to be reported by said Secretary to the Congress by January 1, 1946."

The amendment was agreed to.

The next amendment was, on page 58, line 19, after the word "exceed", to strike out "$150,000" and insert "$200,000"; in line 20, before the word "for", to strike out "$20,000" and insert "$25,000"; in line 21, after the name "District of Columbia", to strike out "$25,000" and insert "$30,000"; in line 23, after the word "service", to strike out "$5,000" and insert "$7,500"; and on page 59, line 1, after the word "recordings", to strike out "$25,000" and insert "$30,000."

The amendment was agreed to.

The next amendment was, on page 60, line 15, after the word "exceed", to strike out "$340,000" and insert "$350,000."

The amendment was agreed to.

The next amendment was, on page 60, line 22, before the word "from", to strike out "$385,000" and insert "$400,000."

The amendment was agreed to.

The next amendment was, on page 61, line 4, after the word "maintenance", to strike out "$99,000" and insert "$100,000."

The amendment was agreed to.

The next amendment was, on page 63, line 3, after the word "exceed", to strike out "$125,000" and insert "$135,000."

The amendment was agreed to.

The next amendment was, on page 64, line 6, after the word "projects", to strike out "$200,000" and insert "$220,000."

The amendment was agreed to.

The next amendment was, on page 65, line 10, after the name "Idaho", to strike out "$250,000" and insert "$200,000."

The amendment was agreed to.

The next amendment was, on page 65, line 11, after the name "Oregon", to strike out "$1,250,000" and insert "$2,250,000."

The amendment was agreed to.

The next amendment was, on page 65, line 21, after the name "Federal Power Commission", to strike out "$400,000" and insert "$500,000."

The amendment was agreed to.

The next amendment was, on page 66, line 4, after the word "exceed", to strike out "$63,500" and insert "$70,000"; and in line 5, after the word "expenses", to strike out "$125,000" and insert "$150,000."

The amendment was agreed to.

The next amendment was, on page 66, line 6, after the word "fund", to strike out "$2,025,000" and insert "$3,100,000."

The amendment was agreed to.

The next amendment was, on page 66, line 8, after the word "fund", to strike out "$3,271,000" and insert "$6,033,000."

The amendment was agreed to.

The next amendment was, on page 66, line 9, after the word "exceed", to strike out "$950,000" and insert "$968,000"; and in line 23, after the word "Secretary", to insert a colon and the following proviso: "*Provided*, That on or before June 1, 1946, the Secretary shall report to the Congress on expenditures incurred and revenues received in the construction, operation, and maintenance of Boulder City, together with his recommendations for allocation and adjustment of such expenditures and revenues between the construction, operation, and maintenance of the Boulder Canyon project and other Federal activities; and that such expenditures from the Colorado River Dam fund prior to such allocation and adjustment, under this or other appropriation acts heretofore or hereafter enacted, shall be without prejudice to the rights, if any, of power contractors to have adjustments, with respect to such expenditures, made to accord with the substantive provisions of the Boulder Canyon Project Adjustment Act."

The amendment was agreed to.

The next amendment was, on page 67, line 19, after "(54 Stat. 708)" to strike out "$50,000" and insert "to be immediately available, $350,000, of which not to exceed $100,000 may be expended for the purchase of lands subject to seepage or overflow and improvements thereon: *Provided*, That the expenditure of any moneys for the purchase of said lands and improvements or for remedial or other necessary works for the protection of public or private property in or near the city of Needles, Calif., shall not be deemed a recognition of any obligation or liability whatsoever on the part of the United States: *Provided further*, That any moneys received by the United States as reimbursement in accordance with contracts heretofore entered into under the authority of the act of December 21, 1928 (45 Stat. 1057), as amended, and ratified by the act of August 30, 1935 (49 Stat. 1028), for work in or near said city of Needles, shall be covered into the Treasury as miscellaneous receipts."

The amendment was agreed to.

The next amendment was, on page 68, line 14, after the word "system", to strike out "$225,000" and insert "$600,000"; in line 16, after the word "division", to strike out "$175,000" and insert "$1,000,000"; in line 18, after the words "in all", to strike out "$400,000" and insert "$1,600,000"; and in line 22, after the word "exceed", to strike out "$8,000" and insert "$25,000."

The amendment was agreed to.

The next amendment was, under the subhead "General fund, construction", at the top of page 70, to insert:

Davis Dam project, Arizona-Nevada: *Provided*, The appropriation heretofore made for this project shall be available for construction of that part of the Davis-Phoenix transmission line from the vicinity of Parker Dam to Phoenix, Ariz.

The amendment was agreed to.

The next amendment was, on page 70, line 15, after the name "California", to strike out "$960,200" and insert "$3,495,-200", and in line 16, after the amendment just above stated, to strike out the comma and "and in addition thereto the unexpended balance heretofore determined to be available for construction of transmission lines shall be allocated to other construction features of the project."

The amendment was agreed to.

The next amendment was, on page 70, after line 19, to insert:

Kings River project, California, $750,000.

The amendment was agreed to.

The next amendment was, on page 70, line 21, after the name "Colorado", to strike out "$1,437,000" and insert "$1,-237,000."

The amendment was agreed to.

The next amendment was, on page 70, line 23, after the name "Anderson Ranch", to strike out "$4,300,000" and insert "$4,040,000."

The amendment was agreed to.

The next amendment was, on page 70, after line 24, to insert:

Tucumcari project, New Mexico, $2,250,000.

The amendment was agreed to.

The next amendment was, on page 71, line 1, after the name "Oklahoma", to strike out "$545,000" and insert "$945,-000."

The amendment was agreed to.

The next amendment was, on page 71, line 2, after the word "division", to strike out "$700,000" and insert "$600,000."

The amendment was agreed to.

The next amendment was, on page 71, line 13, after the name "Federal Power Commission", to strike out "$375,000" and insert "$3,950,000."

Mr. CLARK of Missouri. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK of Missouri. Would the adoption of this amendment preclude the entry of a point of order to the paragraph at the proper time?

The PRESIDING OFFICER. The Chair understands the Senate is dealing with the House language in this paragraph, and that being already in the bill by action of the House a point of order does not lie against it at this time. If the Senator from Missouri wishes to move to strike out, he can do so.

Mr. CLARK of Missouri. I will move to strike out at the proper time. My inquiry was whether the adoption of the amendment would preclude the motion to strike.

The PRESIDING OFFICER. The adoption of the amendment would not preclude the later motion to strike out the paragraph.

Without objection, the committee amendment, on page 71, line 13, to strike out "$375,000" and insert "$3,950,000" is agreed to.

The clerk will state the next committee amendment.

The next amendment was, on page 71, line 21, after the word "exceed", to strike out "$235,000" and insert "$265,000."

The amendment was agreed to.

Mr. CLARK of Missouri. Mr. President, I move to reconsider the vote by which the amendment in line 13, on page 71, was agreed to.

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to is reconsidered.

Mr. CLARK of Missouri. Mr. President, I am opposed to the amendment because it increases the amount contained in the House bill from $375,000 to $3,950,000, and the purpose of the increase is perfectly disclosed by the report of the committee on page 14 where it says—

Of this increase of $3,575,000 recommended by the committee, $3,000,000 is allowed for continuation of investigations and for preparation for construction (other than the purchase of rights-of-way) of the Missouri Basin projects.

That simply means that this proposal is in pursuance of an attempt which is being made to extend the jurisdiction of the Reclamation Bureau all over the United States. A suggestion was made this morning in the Commerce Committee, to the absolute astonishment of every member of the committee, I think, except the one who made it, that the Reclamation Bureau ought to control the disposition of the power on the Alabama-Coosa River project in Alabama. The pending amendment would increase tenfold the authorization to the Bureau of Reclamation for roaming around and making general investigations at large. It seems to me to be entirely unjustifiable, and I do not think the Senate ought to adopt such a provision, which would permit the Reclamation Bureau simply to roam around wherever it pleases to make investigations.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 71, line 13.

Mr. HAYDEN. Mr. President, as is well known to Members of the Senate, there has been controversy, to which the Senator from Missouri has referred, before the Committee on Commerce, with respect to which was the most important use of waters in the Missouri River Basin, whether to maintain a channel for navigation, or for the development of lands by irrigation on the headwaters.

The thought of our committee, when this amendment was suggested by the senior Senator from Wyoming [Mr. O'MAHONEY], was that an ascertainment of the fact was the best way to settle the controversy. Where there is a serious difference of opinion, particularly among engineers, and the opinion is based upon a lack of sufficient data, the best way to get to the bottom of it is to find out just what are the conditions. Ultimately there is not any question at all that this whole problem will have to be looked into, and our committee adopted the view that the sooner we make a beginning the better, particularly in view of the necessity for post-war planning.

Mr. O'MAHONEY. Mr. President, will the Senator from Missouri yield?

Mr. CLARK of Missouri. I yield.

Mr. O'MAHONEY. I might add to what the Senator from Arizona has said that it was not the purpose of the committee in approving this amendment to furnish the Bureau of Reclamation or the Interior Department with funds to roam all over the United States seeking to expand the principle of irrigation. The purpose was to enable the Department of the Interior, through the Reclamation Bureau, to continue the studies involved in the Bureau of Reclamation report which has already been made a Senate document—No. 191—and that authority would be wholly under existing law, the Reclamation Act. The amendment does not increase the powers of the Bureau of Reclamation in the slightest respect, nor does it in any way, shape, or form alter the jurisdiction of the Army engineers over navigation.

I think I am rather intimately aware of the thinking of the group of Senators who have been urging an amendment to the river and harbor bill, and I may say to the Senator from Missouri that they have no thought whatsoever of taking away from the Army engineers the power over navigation. We are seeking merely to make an adjustment of uncoordinated activities of several bureaus. But, whatever may be the decision of the Commerce Committee or of the Senate with respect to that controversial item in the river and harbor bill, it certainly has no effect whatsoever upon this item, and this item has no effect upon that.

Mr. CLARK of Missouri. Mr. President, has the Senator from Wyoming concluded? If he has not concluded, I shall wait until he has concluded.

Mr. O'MAHONEY. I have concluded, Mr. President. I merely responded to the Senator from Missouri.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. JOHNSON of Colorado. With respect to the charge that the amendment would result in giving to the Reclamation Bureau the right to roam all over the country, I presume the Senator from Wyoming would not object to restricting the Bureau to points west of the ninety-seventh meridian, would he? If any Senator wanted to offer such an amendment, because some other Senator might be afraid the Reclamation Bureau would get out of bounds, I am sure the Senator from Wyoming would be satisfied if the Bureau were restricted to the areas west of the ninety-seventh meridian.

Mr. O'MAHONEY. It is certainly in areas west of that meridian that reclamation and irrigation are required.

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

Mr. CLARK of Missouri. I yield.

Mr. HAYDEN. There is always a firm working arrangement between the Committees on Appropriation of the House

and the Senate and the agencies of Government which spend the money, that they will be guided by statements made in the reports, and our report states on page 14 that the item is for continuation of investigations, and refers specifically to the Missouri Basin projects designated in Senate Document 191 of the Seventy-eighth Congress. It deals with that area and those projects, and nothing else.

Mr. CLARK of Missouri. Mr. President, of course, all Senators who have been at all familiar with the subject are aware that there has been a rather acrimonious controversy going on between those who conceive that all the water in the Missouri River should be taken out, if desirable, for irrigation purposes under control of the Bureau of Reclamation, and those of us who conceive that the resources of the Missouri Valley are also useful for other purposes, and, more particularly, between those of us who conceive that most of the work can be most effectively done, except for irrigation projects, as such, by the Corps of Engineers of the United States Army, and those who conceive that there should be a sort of suzerainty vested in the Secretary of the Interior, as the head, and the Bureau of Reclamation, below him, over all the resources of the country.

This item, as drawn, vests in the Secretary of the Interior the right to investigate and determine the whole subject, either by himself, through the Bureau of Reclamation or, if he happens to wish to do so—not necessarily, but if he happens to deign to do it—in cooperation with State agencies and other Federal agencies, including the Corps of Engineers of the United States Army.

Anyone who has observed the career of the present Secretary of the Interior for the past 12 years knows with what reluctance he has ever consulted with anyone, in cases in which he has had authority to act without consultation with anyone. The provision simply vests in the Secretary of the Interior, if he chooses to exercise it, control of the whole subject.

Mr. President, the provision as it was agreed to in the bill passed by the House, was vicious. It was not particularly vicious, because the sum appropriated was a sum suitable for the investigation according to the purposes set out in the report. But when the bill comes to the Senate, we find that the appropriation has been multiplied tenfold. That raises the suspicion that it is in line with the very serious attempt which is being made on the part of the Bureau of Reclamation to take control of the whole country.

The amendment seems to me to provide for an absolute waste of money, which cannot be justified on any ground whatever. It provides for an increase of approximately $3,500,000 on an original appropriation of $375,000—a multiplication by 10, without any particular justification, of the amount of money appropriated for this purpose. It seems to me the increase cannot be justified on any ground whatever.

THE PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 71, in line 13. (Putting the question.)

The "ayes" appear to have it.

Mr. CLARK of Missouri. I ask for a division.

The PRESIDING OFFICER. A division is called for.

Mr. CLARK of Missouri. Pending the division, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	George	Overton
Austin	Gerry	Radcliffe
Bailey	Gillette	Reed
Ball	Green	Revercomb
Bankhead	Guffey	Reynolds
Barkley	Gurney	Robertson
Bilbo	Hatch	Russell
Brewster	Hawkes	Shipstead
Bridges	Hayden	Stewart
Brooks	Hill	Thomas, Idaho
Buck	Holman	Thomas, Okla.
Burton	Johnson, Colo.	Tobey
Bushfield	Kilgore	Truman
Butler	La Follette	Tunnell
Byrd	Langer	Tydings
Capper	Lucas	Vandenberg
Caraway	McCarran	Wagner
Chandler	McClellan	Wallgren
Chavez	McFarland	Walsh, Mass.
Clark, Mo.	McKellar	Walsh, N. J.
Connally	Maloney	Weeks
Cordon	Maybank	Wheeler
Danaher	Mead	Wherry
Davis	Millikin	White
Downey	Moore	Wiley
Eastland	Murdock	Wilson
Ellender	O'Daniel	
Ferguson	O'Mahoney	

Mr. HILL. I announce that the Senator from Washington [Mr. BONE] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senator from Utah [Mr. THOMAS] has been appointed by the President of the United States as a delegate to attend the International Labor Organization Conference in Philadelphia, and is therefore necessarily absent.

The Senator from Nevada [Mr. SCRUGHAM] is absent on official business.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from Idaho [Mr. CLARK], the Senator from Indiana [Mr. JACKSON], the Senator from Montana [Mr. MURRAY] and the Senator from South Carolina [Mr. SMITH] are detained on public business.

Mr. WHERRY. The Senator from Ohio [Mr. TAFT], the Senator from North Dakota [Mr. NYE], and the Senator from Indiana [Mr. WILLIS] are necessarily absent.

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

The question is on agreeing to the committee amendment on page 71, line 13.

Mr. CLARK of Missouri. Mr. President, I merely wish to reiterate what I said before the quorum call. This amendment represents an increase of tenfold, or 1,000 percent, in the appropriation contained in the House provision without any showing whatever of need or justification for such an increase. It is an increase to $3,950,000 from an appropriation of $375,000 as provided by the House. I understand that the Budget estimate was approximately $800,000, which was cut almost half a million by the House of Representatives, and now the amount is sought to be increased tenfold by the Senate committee amendment. I say that it is simply a part of the effort to aggrandize the Bureau of Reclamation and build it up at the expense of every other agency of the Government. Everyone knows that there has been a controversy going on between the proponents of tremendous expansion of irrigation and those of us who believe that there are some other uses to which water can be put.

No one denies the priority of claim of irrigation as it is now established, and within reasonable limits; but this is a proposal to authorize the Bureau of Reclamation to go as far as it likes in the matter of investigation, and to establish priority for itself in the controversy with the Army engineers.

Mr. O'MAHONEY. Mr. President, I am sure the Senator from Missouri misapprehends both the purpose and effect of this amendment. On behalf of those Senators who several days ago submitted an amendment to the rivers and harbors bill the purpose of which was to bring about coordination in the planning of projects to be constructed in the future in river basins, I can say without reservation or qualification that the Bureau of Reclamation, the Department of the Interior, and the authors of this amendment are perfectly willing that the Secretary of War shall have complete jurisdiction in any basin so far as navigation and flood control are concerned.

There is no purpose on the part of those Senators to extend the jurisdiction of the Bureau of Reclamation. What is true of the amendment to the rivers and harbors bill is more than true of this amendment. This money will be expended under existing law. This is an appropriation bill. It is not a legislative item. It grants no new power to the Department. It grants no new power to the Bureau of Reclamation. It grants no new power to the Secretary of the Interior. It merely provides that preliminary investigations may be made of feasible projects which, when they are constructed after the war, will make it possible for the Government of the United States to establish homes on hundreds of thousands of acres for returning soldiers.

I again assure the Senator from Missouri that he has misapprehended the entire purpose and effect of this proposed appropriation.

Mr. CLARK of Missouri. Mr. President, let me say to my distinguished friend from Wyoming that I did not misapprehend. I saw him when he drove in, which was some time ago. He has been driving very hard ever since.

The Senator from Wyoming says that I misapprehend the proposal to increase an appropriation ten fold, and put the handling of a controversy which is very active at the present time in the hands of one of the parties to the controversy, as this amendment would do. The amendment would increase by 1,000 percent the appropriation contained in the bill as passed by the House. The proposed appropriation is four times the

Budget recommendation. Let me say to the Senator from Wyoming that I do not misapprehend. I saw him when he drove in.

Mr. HAYDEN. Mr. President, I cannot quite follow the Senator from Missouri. We state in our report that $3,000,000 of this appropriation, when made, is to be expended in carrying on further investigation of the projects listed in Senate Document 191, of the Seventy-eighth Congress. That is a document which relates to projects in the States of Montana, North Dakota, South Dakota, Wyoming, Kansas, and Nebraska, and they are listed in the committee hearings.

The idea is to obtain accurate and complete information as to the feasibility of those projects. They may be feasible, or they may not. Their cost may be so great that they could not be undertaken as reclamation projects. I cannot understand why ascertaining a set of facts could in any way be construed as enlarging the jurisdiction of the Department of the Interior or taking anything away from the War Department.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 71, line 13, increasing the appropriation from $375,000 to $3,950,000. Before the quorum call the Chair put the question and announced that the ayes seemed to have it. The Senator from Missouri then requested a division. Does the request still stand?

Mr. CLARK of Missouri. Yes, Mr. President; I ask for a division.

On a division, the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 71, line 22, after the word "expenses", to strike out "$325,000" and insert "$375,000."

The amendment was agreed to.

The next amendment was, on page 71, line 23, after the word "construction", to strike out "$8,642,200" and insert "$17,642,200."

The amendment was agreed to.

The next amendment was, under the subhead "Water conservation and utilization projects," on page 72, line 4, after the word "exceed", to strike out "$120,000" and insert "$220,000"; in line 6, after the word "exceed", to strike out "$22,500" and insert "$25,000"; in line 9 after "(16 U. S. C. 590y, 590z)", to strike out "$1,400,000" and insert "$2,000,000", and in the same line, after the amendment just above stated, to strike out the colon and the following proviso: *"Provided,* That any funds appropriated to and unexpended by the Department of Agriculture for carrying out functions assigned to the Secretary of Agriculture by the act of August 11, 1939, as amended, are hereby transferred to the Department of the Interior together with the functions which the Secretary of the Interior is hereby authorized and directed to perform."

The amendment was agreed to.

The next amendment was, on page 72, after line 15, to insert:

Fort Peck project, Montana: For construction of transmission lines, substations and other facilities as may be required by the Bureau of Reclamation, as authorized by the act of May 18, 1938 (16 U. S. C. 833), $800,000, to be immediately available and to remain available until expended, which amount shall be available for personal services in the District of Columbia (not to exceed $12,000) and for all other objects of expenditure as specified in this act under the head "Administrative provisions and limitations" appearing under the caption "Bureau of Reclamation," but without regard to the amounts of the limitations therein set forth.

The amendment was agreed to.

The next amendment was, under the heading "Geological Survey," on page 73, line 24, before the word "of", to strike out "$1,180,360" and insert "$1,250,000"; and in the same line, after the word "exceed", to strike out "$300,000" and insert "$325,000."

The amendment was agreed to.

The next amendment was, on page 74, line 21, after the name "Alaska", to strike out "$177,000" and insert "$1,252,000"; and in line 22, after the word "exceed", to strike out $60,000" and insert "$150,000."

The amendment was agreed to.

The next amendment was, on page 76, line 2, after the word "binding", to strike out "$87,500" and insert "$100,000"; in line 3, before the word "and" where it occurs the first time to strike out "$27,840" and insert "$33,000", and in line 4, after the words "in all" to strike out "$350,340" and insert "$368,000."

The amendment was agreed to.

The next amendment was, on page 77, line 15, after the name "Geological Survey", to strike out "$6,658,160" and insert "$7,820,460."

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Mines," on page 78, line 16, after the name "District of Columbia", to strike out "$772,595" and insert "$822,595."

The amendment was agreed to.

The next amendment was on page 78, line 24, after the word "exceed", to strike out "$80,000" and insert "$117,000"; on page 79, line 3, after the word "exceed", to strike out "$3,500" and insert "$70,000" and in line 12, after the word "industry", to strike out "$936,270" and insert "$1,527,880."

The amendment was agreed to.

The next amendment was, on page 79, line 20, after the word "exceed", to strike out "$116,500" and insert "$120,000", and on page 80, line 6, after the name "Department of the Interior", to strike out "$575,000" and insert "$600,000."

The amendment was agreed to.

The next amendment was, on page 80, line 23, before the word "for", to strike out "$22,500" and insert "$25,000" and on page 81, line 9, after the name "Department of the Interior", to strike out "$250,000" and insert "$300,000."

The amendment was agreed to.

The next amendment was, on page 81, after line 22, to insert:

Anthracite investigations: For all expenses necessary to conduct inquiries and scientific and technologic investigations concerning the mining, preparation, treatment, and use of anthracite coals; including temporary employment by contract or otherwise, without regard to the civil-service and classification laws, of engineers, scientists, architects, or firms or corporations thereof necessary to design and construct the building and plants; purchase of special wearing apparel and equipment for the protection of employees while engaged in their work; and other items otherwise properly chargeable to the appropriation "Contingent expenses, Department of the Interior," purchase not to exceed $4,500, operation, maintenance, and repair of passenger-carrying automobiles; and not to exceed $6,500 for personal services in the District of Columbia, $131,000: *Provided,* That of this amount $50,000 shall be available for the purchase of land and the construction and equipment of a laboratory building as authorized in the act approved December 18, 1942 (Public Law 812, 56 Stat. 1056), only upon the fulfillment of the condition that an equal amount shall be contributed for the same purpose by State or local organizations: *Provided further,* That the Secretary, through the Director of the Bureau of Mines, is authorized to accept buildings, equipment, and other contributions from public or private sources.

The amendment was agreed to.

The next amendment was, on page 82, after line 22, to insert:

Synthetic liquid fuels: For all expenses without regard to section 3709, Revised Statutes, necessary to carry into effect the act authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal, oil shales, agricultural and forestry products, and so forth, approved April 5, 1944 (Public, No. 290), including construction and acquirement of camp and laboratory buildings and equipment, personal services in the District of Columbia and elsewhere, purchase of books of reference and periodicals, purchase of special wearing apparel or equipment for the protection of employees while engaged in their work, purchase, maintenance, and operation of passenger-carrying automobiles, printing and binding, and purchase in the District of Columbia and elsewhere of items otherwise properly chargeable to the appropriation "Contingent expenses, Department of the Interior," $8,000,000, to remain available until expended: *Provided,* That these funds may be utilized to provide transportation between the proposed plants and related facilities and communities that provide adequate living accommodations, of persons engaged in the operation and maintenance of these plants; and for transportation to and from schools of pupils who are dependents of such persons, which transportation shall be by methods which the Office of Defense Transportation shall find to be most advantageous and efficient: *Provided further,* That pursuant to agreements approved by the Secretary and the Office of Defense Transportation, the transportation equipment available to the Bureau of Mines may be pooled with that of school districts and other local or Federal agencies for use in transporting persons engaged in operation and maintenance of these plants, pupils who are dependents of such persons, and other pupils, and in the interest of economy the expenses of operating such equipment may be shared.

The amendment was agreed to.

The next amendment was, on page 84, line 16, after the word "exceed", to strike out "$35,000" and insert "$36,000"; and in line 17, after the name "District of Columbia", to strike out "$435,000" and insert "$440,000."

The amendment was agreed to.

The next amendment was, on page 85, line 3, before the words "of which", to strike out "$600,000" and insert "$1,187,640"; and in the same line, after the word "exceed", to strike out "$48,500" and insert "$55,000."

The amendment was agreed to

The next amendment was, on page 85, line 13, before the words "of which", to strike out "$762,000" and insert "$772,000"; and in the same line, after the word "exceed", to strike out "$24,400" and insert "$25,000."

The amendment was agreed to.

The next amendment was, on page 85, line 22, after the word "improvements", to strike out "$160,000" and insert "$168,100."

The amendment was agreed to.

The next amendment was, on page 86, line 12, after the word "foregoing", to strike out "$575,000" and insert "$590,750"; and in line 13, after the word "exceed", to strike out "$452,000" and insert "$464,000."

The amendment was agreed to.

The next amendment was, on page 86, after line 14, to insert:

Investigation of raw-material resources for steel production (national defense): For all expenses, without regard to section 3709, Revised Statutes, necessary to enable the Bureau of Mines to develop individual deposits of minerals useful in the steel industry the existence of which is known, and concerning which preliminary geological or other reports are available from State mineral agencies, previous investigations of the Bureau of Mines, or other sources; to conduct geophysical surveys, surface and subsurface exploration on such deposits; to conduct laboratory, pilot plant, and demonstration-plant tests to establish methods for utilizing more fully the products of such deposits; including the purchase or lease of land or buildings; mineralogical explorations for and development of sources of ferrous, nonferrous, or nonmetallic minerals useful in alloying or coating by plating or otherwise of iron and steel to reduce or eliminate corrosion, and the research and development of commercial processes therefor; construction of buildings to house laboratories, pilot plants, or demonstration plants; procurement of necessary materials, ores, and equipment; travel expenses; purchase, not to exceed $75,000, operation, maintenance, and repair of passenger-carrying automobiles; not to $150,000 for temporary employment of engineers, architects, or firms or corporations thereof, by contract or otherwise, without regard to civil-service and classification laws, necessary to carry out the provisions of this appropriation; printing and binding; purchase in the District of Columbia or elsewhere of furniture and equipment, books of reference and periodicals, and purchase of special wearing apparel or equipment for the protection of employees while engaged in their work; purchase in the District of Columbia and elsewhere of other items otherwise properly chargeable to the appropriation "Contingent expenses, Department of the Interior"; and not to exceed $120,000 for personal services in the District of Columbia, $6,000,000: *Provided*, That the Secretary of the Interior, acting through the Director of the Bureau of Mines, is hereby authorized to accept buildings, equipment, and other contributions from public or private sources and to carry out the projects in cooperation with other agencies, Federal, State, or private.

Mr. HAYDEN. Mr. President, I wish to offer a clarifying amendment on page 87, line 11, after the word "to", to insert "exceed", so that the language will read "not to exceed $150,000," and so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 93, line 19, after the word "exceed", to strike out "$75,000" and insert "$78,000"; and on page 94, line 3, after the word "employed", to strike out "$2,900,000" and insert "$3,000,000".

The amendment was agreed to.

The next amendment was, on page 94, after line 8, to insert:

Development of processes for recovery of waste metals (national defense): The appropriation under this head in the First Supplemental National Defense Appropriation Act, 1944, is hereby made available for the same purposes and under the same conditions until June 30, 1945.

The amendment was agreed to.

The next amendment was, under the heading "National Park Service", on page 97, line 5, after the word "system", to strike out "$407,165" and insert "$413,000."

The amendment was agreed to.

The next amendment was, on page 97, line 16, after the word "system", to strike out "$24,000" and insert "$25,000."

The amendment was agreed to.

The next amendment was, on page 99, line 10, after the word "vehicles", to strike out "$171,820" and insert "$199,000."

The amendment was agreed to.

The next amendment was, on page 99, line 20, after the word "Monument", to strike out "$441,000" and insert "$460,000."

The amendment was agreed to.

The next amendment was, on page 102, line 20, after the word "vehicles", to strike out "$133,000" and insert "$158,000."

The amendment was agreed to.

The next amendment was, under the heading "Fish and Wildlife Service—Salaries and expenses", on page 104, line 2, after the name "District of Columbia", to strike out "$196,100" and insert "$206,700."

The amendment was agreed to.

The next amendment was, on page 104, line 9, after the word "aquarium", to strike out "$1,097,555" and insert "$1,115,000."

The amendment was agreed to.

The next amendment was, on page 104, line 25, after the word "stations", to strike out "$547,265" and insert "$562,500."

The amendment was agreed to.

The next amendment was, on page 105, line 8, after the word "services", to strike out "$277,540" and insert "$342,540."

The amendment was agreed to.

The next amendment was, on page 105, line 13, after the word "products", to strike out "$92,420" and insert "$99,260."

The amendment was agreed to.

The next amendment was, on page 106, line 3, after the word "fur", to strike out "$126,150" and insert "$133,450."

The amendment was agreed to.

The next amendment was, on page 106, line 7, after the word "including", to strike out "$38,500" and insert "$40,130", and in line 15, after the name "Territory of Alaska", to strike out "$193,715" and insert "$243,715."

The amendment was agreed to.

The next amendment was, on page 107, line 3, after "(16 U. S. C. 667)", to strike out "$815,000" and insert "$1,000,000."

The amendment was agreed to.

The next amendment was, on page 107, line 17, before the words "of which", to strike out "$322,400" and insert "$347,400."

The amendment was agreed to.

The next amendment was, on page 107, line 24, after "(U. S. C. 192–211)", to strike out "$150,000" and insert "$156,530."

The amendment was agreed to.

The next amendment was, on page 108, line 11, after the word "Refuge" to strike out the comma and "$590,675" and insert a semicolon and "and not to exceed $36,000 for the purchase of approximately 6,000 acres of land in Humboldt County, Nev., as an addition to the Charles Sheldon Antelope Range, $666,675, and in addition thereto $40,000 of the unexpended balance for this purpose for the fiscal year 1944 is continued available for the same purpose for the fiscal year 1045."

The amendment was agreed to.

The next amendment was, on page 108, line 20, after "715–715r)" to strike out "$58,330" and insert "$63,330."

The amendment was agreed to.

The next amendment was, on page 108, line 21, after the word "expenses" to strike out "$5,028,350" and insert "$5,498,300."

The amendment was agreed to.

The next amendment was, under the subhead "Federal aid in wildlife restoration", on page 109, line 8, after "669–669j)", to strike out "$800,000" and insert "$1,300,000", and in line 11, after the word "Act", to insert a colon and the following additional proviso: "*Provided further*, That the limitation in said act upon the amount available for administrative expenses is hereby waived to the extent necessary to provide for overtime or additional compensation pursuant to the War Overtime Pay Act of 1943."

The amendment was agreed to.

The next amendment was, on page 109, line 16, after the word "Service", to strike out "$5,828,350" and insert "$6,798,300"; in line 19, after the word "exceed", to strike out "$784,000" and insert "$854,348"; in line 21, after the word "exceed", to strike out "$30,000" and insert "$42,700"; in line 22, after the words "for the", to strike out "purchase" and insert "exchange"; and on page 110, line 14, after the word "land", to insert:

Reimbursements for the cost of supplies and materials and the transportation and handling thereof issued from central warehouses authorized to be established by the act of June 24, 1936 (16 U. S. C. 667), may be credited to the appropriation current at the time supplies and materials are allotted, assigned, or issued, or at the time such reimbursements are received.

The amendment was agreed to.

The next amendment was, under the heading "Government in the Territories—Territory of Alaska," on page 112, line 23, after "321a-321c)", to strike out "$1,000,000" and insert "$1,180,000."

The amendment was agreed to.

The next amendment was, on page 113, line 1, after the name "Alaska", to strike out $1,000,000 and insert "$1,500,000."

The amendment was agreed to.

Mr. REVERCOMB. Mr. President, on pages 112 and 113 of the bill reference is made to Richardson Highway. Will the chairman of the committee, or the Senator having charge of the bill, tell me what is the Richardson Highway?

Mr. HAYDEN. Richardson Highway is the terminal section of the Alaskan Military Highway which has been under construction for some time. The estimated cost of the Richardson Highway is $6,200,000, and appropriations are made from year to year to carry on the work.

Mr. REVERCOMB. Is the item of $1,500,000 in line 1 on page 113 included in the approximately $6,000,000 to which the Senator has referred?

Mr. HAYDEN. Yes; that will be the total cost. The highway is all in Alaska. It is the terminal section inside of Alaska.

Mr. REVERCOMB. But the amount indicated is a part of the original sum which was set aside for the entire development?

Mr. HAYDEN. Yes; that is correct.

Mr. REVERCOMB. And the part to be expended under this appropriation is for the road within Alaska?

Mr. HAYDEN. That is correct.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next amendment was, under the subhead "Territory of Hawaii," on page 114, line 21, after the name "Governor", to strike out "$3,100" and insert '$3,875"; in line 22, before the word "for", to strike out "750" and insert "935", and in the same line after the word "hire", to strike out "$21,600" and insert "$22,560."

The amendment was agreed to.

The next amendment was, under the subhead "Government of the Virgin Islands," on page 115, line 15, after the name "St. Croix", to strike out "$208,375" and insert "$216,000, to be expended under the direction of the Governor."

The amendment was agreed to.

The next amendment was, on page 115, after line 16, to insert:

For salaries and expenses of the agricultural experiment station and the vocational school in the Virgin Islands, including technical personnel, clerks, and other persons; scientific investigations of plants and plant industries, and diseases of animals; demonstrations in practical farming; official traveling expenses; fixtures, apparatus, and supplies; clearing and fencing of land; and other necessary expenses, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles, $47,260.

The amendment was agreed to.

The next amendment was, on page 116, line 4, before the words "to be", to strike out "$70,000" and insert "$140,000."

The amendment was agreed to.

The next amendment was, under the subhead "Puerto Rico," on page 119, after line 2, to strike out:

SEC. 8. Not to exceed a total of $25,000 of the appropriations contained in this act shall be available for expenditure for long-distance telephone tolls, and not to exceed a total of $25,000 shall be available for expenditure for telegrams and cablegrams, and the savings effected thereby in the items "communication services," as set forth in the Budget estimates submitted for such appropriations shall not be diverted to other use and shall be covered into the Treasury as miscellaneous receipts.

The amendment was agreed to.

The next amendment was, on page 119, line 12, to change the section number from "9" to "8."

The amendment was agreed to.

The next amendment was, at the top of page 120, to insert the following new section:

SEC. 9. No part of any appropriation contained in this act shall be used directly or indirectly by way of wages, salaries, per diem or otherwise, for the performance of any new administrative function or the enforcement or issuance of any rule or regulation occasioned by the establishment of the Jackson Hole National Monument as described in Executive Proclamation No. 2578, dated March 15, 1943.

The amendment was agreed to.

The next amendment was on page 120, after line 10, to strike out:

SEC. 11. No part of the money appropriated in this act shall be used to pay the salary of any male person between the ages of 18 and 30 years who is physically and mentally qualified for military duty, as shown by his Selective Service classification, and who has been deferred from military duty, either at his own request or the request of the Secretary of the Interior, for reasons other than dependency or as necessary to war production, and who, 30 days after the approval of this act, still retains such deferment.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments. The bill is open to further amendment.

Mr. HAYDEN. Mr. President, by direction of the committee I offer an amendment which was intended to be proposed by the Senator from Oklahoma [Mr. THOMAS]. It relates to the fulfillment of the Atoka agreement with Choctaw-Chickasaw Nations of Indians. Twice the Senate has passed a bill of this nature. The amendment imposes immediately no obligation on the United States. It authorizes negotiation. When an agreement has been reached it must come back to the Congress for further approval.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 55, after line 4, it is proposed to insert the following:

Fulfillment of Atoka agreement with Choctaw-Chickasaw Nation of Indians: That pursuant to the provisions of the treaty between the United States and the Choctaw-Chickasaw Nations of Indians, known as the Atoka agreement, and the supplemental agreements thereafter made and the laws enacted by the Congress, the Secretary of the Interior is hereby authorized and directed to enter into a contract on behalf of the United States for the purchase from the Choctaw and Chickasaw Nations of Indians in Oklahoma for all the present right, title, and interest of said Indians in the land and mineral deposits reserved from allotment in accordance with the provisions of section 58 of the act entitled "An act to ratify and confirm an agreement with the Choctaw and Chickasaw Tribes of Indians, and for other purposes," approved July 1, 1902. The Secretary shall cause such contract to be executed on behalf of said Indians by the principal chief of the Choctaw Nation and the governor of the Chickasaw Nation, and shall then submit such contract to said Indians for their approval. If and when such contract has been approved by said Indians, the Secretary shall submit the contract to the Congress for its ratification: *Provided*, That the approval of such contract by the said Indians shall be through a special election called and held pursuant to rules and regulations to be promulgated by the said Secretary of the Interior: *And provided further*, That before the said rules and regulations are promulgated they must be submitted to and approved by both the principal chief of the Choctaw Nation and the governor of the Chickasaw Nation. Such contract shall not be binding upon any of the parties thereto until it shall have been ratified by the Congress.

Upon the approval of such contract by the Congress—

(a) The amount of the purchase price fixed in such contract when appropriated shall be placed to the credit of the Choctaw and Chickasaw Nations of Indians on the books of the Treasury of the United States, and thereafter such proceeds shall be distributed to such Indians in pursuance with the terms and provisions of such contract and shall be exempted from attorney fees and other debt contracted prior to the passage and approval of this act; and

(b) The Secretary shall cause a proper conveyance to be executed by the principal chief of the Choctaw Nation and the governor of the Chickasaw Nation conveying all right, title, and interest of said Indians in such lands and mineral deposits to the United States, and thereupon, all such right, title, and interest shall vest in the United States.

The appropriation of such sum as may be necessary for making the payments to such Indians pursuant to section 2 (a) of this act is hereby authorized. There is also authorized to be appropriated the sum of $20,000 to be expended under the direction of the Secretary of the Interior, to defray the expenses of negotiating the contract and holding of the election authorized by section 1 hereof, including the making of such appraisal or appraisals as may be deemed necessary.

The land and mineral deposits when acquired hereunder shall become part of the public domain subject to the applicable public land mining and mineral leasing laws, the coal deposits acquired hereunder may be leased in accordance with the provisions relating to coal of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended. The asphalt deposits acquired hereunder may be leased by the Secretary of the Interior through advertisement, competitive bidding, or such other methods as he may by general regulations prescribe, and in areas not exceeding 640 acres each. Leases for such asphalt deposits shall be conditioned upon the payment by the lessee of such royalty as may be fixed in the lease, not less than 25 cents per ton of 2,000 pounds of marketable production, and upon payment in advance of a rental 25 cents per acre for the first calendar year or fraction thereof; 50 cents per acre for the second, third, fourth, and fifth years,

respectively; and $1 per acre per annum thereafter during the continuance of the lease, such rental for any lease year to be credited against royalties accruing for that year. Leases for such asphalt deposits shall be for a period of 20 years, with preferential right in the lessee to renew the same for successive periods of 10 years upon such reasonable terms and conditions as may be prescribed by the Secretary of the Interior, unless otherwise provided by law at the expiration of such periods. All asphalt leases issued hereunder shall be subject to such further terms and conditions, not inconsistent herewith, as may be incorporated in each lease or prescribed by general regulations adopted by the Secretary of the Interior prior to the issuance of the lease, including covenants relative to mining methods, waste, period of preliminary development, initial investment, and minimum production. The Secretary of the Interior is authorized to modify or amend as to area any asphalt lease issued hereunder upon application of the lessee if he finds such modification or amendment to be to the best interests of the United States and of the lessee. The general provisions of sections 1, 27, 29, to 34, inclusive, 37, and 38 of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended, shall apply to asphalt leases issued under the provisions of this act, sections 1, 34, and 37 thereof being amended to include deposits of asphalt acquired hereunder, and section 27 thereof being amended to provide that no person, associate, or corporation shall take or hold more than 2,560 acres under asphalt lease at any one time. The entire net income from coal and asphalt leases issued under this act shall be deposited in the general fund of the Treasury of the United States.

Mr. REVERCOMB. Mr. President, as a matter of information, may I inquire what is the character of the minerals in this land which is to be conveyed to the United States?

Mr. HAYDEN. There are asphalt deposits, oil deposits, and other minerals in the land. As the Senator very well knows, Oklahoma is a great petroleum-producing State and there are deposits of the type referred to there. The idea is to try to clean up the remnant that is left of this area, pass title to it to the United States, and to have it operated under the Mineral Leasing Act. The point is that this authorizes the negotiation of an agreement to that effect, which must come back to Congress for approval. There has been a disagreement between the Indian tribes and the Government of long standing.

Mr. REVERCOMB. Do the Indians own the minerals at this time?

Mr. HAYDEN. Yes; they have title to them.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona on behalf of the Senator from Oklahoma [Mr. THOMAS].

The amendment was agreed to.

Mr. HOLMAN. Mr. President, if it is in order, I should like to request that the Senate revert to page 49, line 22.

Mr. HAYDEN. Mr. President, if the Senator will pardon me there are two committee amendments the Senator from Wyoming was authorized, by the committee, to offer. It will not take long to dispose of them.

Mr. HOLMAN. Very well, I will withdraw my request if the Senator in charge of the bill will prompt me at the proper time when I may offer the amendment I have in mind.

Mr. O'MAHONEY. Mr. President, the Shoshone and Arapaho Indians on the Wind River Reservation in Wyoming recently adopted a resolution indicating their desire to expend not to exceed $7,500 of the tribal funds, to pay a per diem compensation to the members attending council meetings, to pay a per diem compensation of $10 to the delegates who may be required to go to Washington or to Chicago for conferences with the Indian Office, and to pay compensation for certain Indian game and fish wardens on the reservation. The amendment has the approval of the Bureau of Indian Affairs and also the unanimous approval of the Committee on Appropriations. By authority of the committee, therefore, I offer the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 50, after line 3, it is proposed to insert the following:

Expenses of tribal officers and other purposes, Shoshone and Arapaho Tribes, Wyoming (tribal funds): For the current fiscal year the Secretary of the Interior, or such official as may be designated by him, is hereby authorized to pay out of any joint tribal funds of the Shoshone and Arapaho Indians of the Wind River Reservation, Wyo., in the Treasury of the United States the following salaries and expenses:

To the chairman, secretary, and interpreter of the Shoshone and Arapaho Joint General Council and members of the Shoshone and Arapaho Joint Business Committee, or other committees appointed by the Joint General Council, when engaged on joint business of the tribes, a sum of not to exceed $8 per diem for attendance to cover salary and all expenses; to such official delegates of the Shoshone and Arapaho Tribes who may carry on the joint business of the tribes in Washington or Chicago a per diem of not to exceed $10 in lieu of salary and expenses: *Provided*, That the rate per diem shall be fixed in advance by the Joint General Council or by the Joint Business Committee if authorized by said Joint General Council: *Provided further*, That the official delegates of said tribes carrying on business in Washington or Chicago shall also receive the usual railroad and sleeping-car transportation to and from Washington or Chicago: *And provided further*, That the length of stay of the official delegates in Washington or Chicago shall be determined by the Commissioner of Indian Affairs. The Secretary or his designate is also authorized and directed to expend from said joint tribal funds of the Shoshone and Arapaho Indians with the consent of the Joint Business Committee, not exceeding $1,500 per annum for pay of game and fish wardens to be appointed by the Joint Business Committee, for patrolling the lakes, streams, and hunting areas of the Wind River Reservation: *Provided*, That receipts derived from fishing and hunting licenses and permits and from fines shall be deposited into the Treasury of the United States to the credit of the tribes pursuant to the provisions of the act of May 17, 1926 (44 Stat. 560): *Provided further*, That all the aforesaid pay and expenses for all purposes shall not exceed, in the aggregate, $7,500 per annum.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] on behalf of the committee.

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, during the past several months Congress has been considering the problem of the manufacture of synthetic fuels. A law was enacted authorizing the appropriation of not to exceed $30,000,000 to carry out the program for the construction of demonstration plants. The Appropriations Committee has approved and the Senate has already approved this afternoon an appropriation of $8,000,000. I am authorized to offer a legislative amendment authorizing the department to make contractual obligations for the remaining $22,000,000.

The purpose of the amendment is to enable the Department to carry into effect the program as a whole. If it were not given this authority, it would be hampered in preparing plans for carrying on the work. The law contemplates a 5-year program. An appropriation is made for a million dollars, which is the amount that may be expended during the next fiscal year, and the authorization, if granted, will enable the program to be carried out.

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

Mr. O'MAHONEY. I yield to the Senator from Louisiana.

Mr. OVERTON. Are there any limitations as to the area in which this fund may be expended?

Mr. O'MAHONEY. The law as passed, as I recall, did not have any limitations as to area.

Mr. OVERTON. I was interested because there are a number of places in the South where I should like to see such plants established.

Mr. O'MAHONEY. The Senator from Alabama, a member of the committee, spoke of the desirability of that which the Senator from Louisiana suggests during a committee hearing at which the Senator from Louisiana was unable to be present because of the rivers and harbors bill, which was been occupying so much of his time.

Mr. OVERTON. I understand the Senator from Alabama referred to it in the committee, and I regret I was not able to be present.

Mr. O'MAHONEY. There is no limitation in the law.

Mr. OVERTON. I understood there was something that would prohibit the doing of what I have in mind, or that perhaps the funds had already been allocated for certain areas, and that there would be none available for the South, Louisiana in particular.

Mr. O'MAHONEY. There has been no allocation of the funds.

Mr. OVERTON. I thank the Senator.

Mr. O'MAHONEY. I offer the amendment.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Wyoming on behalf of the committee.

The CHIEF CLERK. At the proper place in the bill, under the heading "Bureau of Mines," it is proposed to insert the following: "*Provided further*, That in addition to the amount herein appropriated the Secretary of the Interior is

hereby authorized to enter into contracts for additional work not exceeding a total of $22,000,000 during the period covered by the aforesaid act, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof and appropriations hereafter made for the construction and operation of demonstration plants to produce synthetic liquid fuels shall be considered available for the purpose of discharging the obligations so created."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] on behalf of the committee.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, that I think concludes the committee amendments, and the Senator from Oregon may now take up the matter to which he referred a few moments ago.

Mr. HOLMAN. Mr. President, I request the Senate to advert to page 49, line 22, and at that point I move to strike out the figures "$220,070" and insert in lieu thereof the figures and words: "$223,670, of which not to exceed $1,200 shall be available until expended in units of $300 for standing rewards for information leading to the apprehension and conviction for the theft or killing of any Indian cattle (tribal or individual) on the Klamath Reservation, of any person or persons, under rules and regulations adopted by the Klamath Cattle Committee and approved by the Commissioner of Indian Affairs, and."

Mr. President, in justification of the proposed amendment, I may say that its effect would be to appropriate an additional $3,600 of Klamath tribal funds, of which $1,200 would be available for use in units of $300 for the payment of rewards for information leading to the apprehension and conviction for the theft or killing of Indian cattle on the Klamath Reservation; and $2,400 would be available for the tribe to engage a dentist to take care of the teeth of members of the tribe, in particular, children.

These are very small items, but they are of great importance to the tribe.

Mr. HAYDEN. I notice that the Senator's amendment provides that the funds shall not be expended unless approved by the tribal council.

The matter came to the attention of the committee after we had made up the bill; otherwise, it would probably have been included. Under the circumstances, I shall be glad to accept the amendment and take it to conference.

The PRESIDING OFFICER. Before the amendment may be entertained it will be necessary to reconsider the vote by which the committee amendment on page 49, line 22, was agreed to.

Mr. HOLMAN. I ask unanimous consent that the amendment at that place be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment is reconsidered.

The question now is on the amendment offered by the Senator from Oregon [Mr. HOLMAN] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be offered the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 4679) was read the third time and passed.

Mr. HAYDEN. Mr. President, in view of the fact that it is desirable to secure final action on the appropriation bill as soon as possible, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HAYDEN, Mr. MCKELLAR, Mr. THOMAS of Oklahoma, Mr. BANKHEAD, Mr. O'MAHONEY, Mr. CHAVEZ, Mr. NYE, Mr. HOLMAN, Mr. GURNEY, and Mr. BURTON conferees on the part of the Senate.

Mr. HAYDEN. I ask unanimous consent that the clerk be authorized to correct all totals.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

The Chair hears none, and the clerk is authorized to correct all totals in the bill.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. BURTON in the chair) laid before the Senate a message from the President of the United States, which was referred to the appropriate committee.

(For nomination this day received, see the end of Senate proceedings.)

RECESS TO THURSDAY

Mr. BARKLEY. Mr. President, there is no Executive Calendar, so I shall not move an executive session. It is my purpose to move a recess until Thursday, on which day I hope we may have a call of the calendar. So far as I know, there will be no other business of any importance on that day, unless an appropriation bill shall be ready for consideration, and I do not think any will be.

I move that the Senate take a recess until Thursday next at 12 o'clock noon.

The motion was agreed to; and (at 3 o'clock and 13 minutes p. m.) the Senate took a recess until Thursday, May 25, 1944, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 23 (legislative day of May 9), 1944:

IN THE NAVY

Capt. Worrall R. Carter, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as Commander, Service Squadron 10.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 23, 1944

The House met at 11 o'clock a. m.

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

O Christ, Thou who didst stand for the poor, the friendless, and the enslaved and hast given the world a genuine measurement of the value of man, in Thy name we pray. As Thou art the solvent of our risingly critical problem, teach us to follow Thee and thus avoid attendant intolerance and hatred with their tangled and puzzled relationships. We praise Thee; Thou didst leave nothing Thou didst not touch, and touched nothing Thou didst not adorn.

Heavenly Father, who girdest the souls of men and women, make Thyself felt in the great crisis of our conflict that we may never become its victims, dwarfed by our weakness or desire for material gain. Give us a genuine infusion of unity and cooperation that will make us tread bravely toward the prime essentials in the life and character of our Republic. Sustain us with an unshaken faith and with a valiant, unbroken hope, lifting us above the selfishness of man and the throes of self-complacency which chill and stiffen the cause of our liberation. Hear the cries and prayers which are arising along the ways of our tortured humanity. In the name of Him who made the eternal sacrifice. Amen.

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

ACTING CLERK OF THE HOUSE OF REPRESENTATIVES

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, D. C., May 22, 1944.

The Honorable the SPEAKER,
House of Representatives.

SIR: Desiring to be temporarily absent from my office, I hereby designate Mr. H. Newlin Megill, an official in my office, to sign any and all papers and do all other acts for me which he would be authorized to do by virtue of this designation and of clause 4, rule III, of the House.

Respectfully yours,
SOUTH TRIMBLE,
Clerk of the House of Representatives.

COLORADO PROPOSES REGULATIONS FOR INTERSTATE AIR CARRIERS

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

The SPEAKER. Is there objection?

There was no objection.

[Mr. BULWINKLE addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. LARCADE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and include

therein a copy of an editorial from the Crowley (La.) Daily Signal.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article that appeared in the Washington Post on May 20, 1944.

The SPEAKER. Is there objection?

There was no objection.

Mr. BOREN. Mr. Speaker, I ask unanimous consent to extend my remarks and include two different sets of clippings on the subject of aviation.

The SPEAKER. Is there objection?

There was no objection.

Mr. McLEAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include a comparison of the Internal Revenue Code with the surtax tables of the pending bill, and a table prepared by the Treasury Department showing the estimated number of recipients in the various surtax brackets.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SIMPLIFICATION OF INDIVIDUAL INCOME TAX

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

The SPEAKER. Is there objection?

There was no objection.

Mr. McLEAN. Mr. Speaker, a few days ago the chairman of the Committee on Ways and Means took exception to some observations I made concerning what is now known as the Individual Income Tax Act of 1944.

It was my intention yesterday afternoon to make rebuttal, but owing to the lateness of the hour I contented myself with the insertion of my remarks in the RECORD. They will be found at page 4829. It is my hope that they may be read before the vote is taken today.

When this bill begins to operate and the retroactive increases it provides become known we Members will have much to answer for. The bill started out under the title "A bill to provide for simplification of the individual income tax." Now it bears the title "The Individual Income Tax Act of 1944." And that is exactly what it is.

EXTENSION OF REMARKS

Mr. POULSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in three instances, in one to include a letter and in each of the others to include an editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a telegram from one of the leading superintendents of schools of Illinois, in opposition to the school-lunch program.

The SPEAKER. Is there objection?

There was no objection.

Mr. LEONARD W. HALL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an address made by me.

The SPEAKER. Is there objection?

There was no objection.

Mr. LECOMPTE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a newspaper story from Iowa.

The SPEAKER. Is there objection?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks and include an editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein copies of two letters.

The SPEAKER. Is there objection?

There was no objection.

SIMPLIFICATION OF INDIVIDUAL INCOME TAX

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table, the bill (H. R. 4646) to provide for simplification of the individual income tax, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 9, strike out lines 18 to 24, inclusive, and insert:

"(4) Any tax assessed against the child, to the extent attributable to amounts includible in the gross income of the child and not of the parent solely by reason of paragraph (1), shall, if not paid by the child, for all purposes be considered as having also been properly assessed against the parent."

Page 12, after line 15, insert:

"(d) Capital gains and losses.

"(1) Definition of capital net gains: Section 117 (a) (10) (B) is amended by adding at the end thereof a new sentence to read as follows: 'If the tax is to be computed under supplement T, "net income" as used in this subparagraph shall be read as "adjusted gross income."'

"(2) Limitation on capital losses: Section 117 (d) (2) is amended by adding at the end thereof a new sentence to read as follows: 'If the tax is to be computed under supplement T, "net income" as used in this paragraph shall be read as "adjusted gross income."'"

Page 18, line 7, after "income", insert "for the calendar year in which the taxable year of the taxpayer begins."

Page 18, line 10, after "income", insert "for the calendar year in which the taxable year of the taxpayer begins."

Page 18, line 14, after "51", insert "for a taxable year beginning in such calendar year."

Page 18, lines 23 and 24, strike out "support for the taxable year" and insert "support, for the calendar year in which the taxable year of the taxpayer begins."

Page 20, line 2, after "States.", insert "A payment to a wife which is includible under section 22 (k) or section 171 in the gross income of such wife shall not be considered a payment by her husband for the support of any dependent."

Page 21, line 14, strike out "SEC. 214. Exemption for Dependents." and insert "SEC. 214. Credits against net income."

Page 22, strike out lines 14, 15, and 16 and insert "purposes) is amended by striking out '25 (b) (2) (A), and 171, and the last sentence of section 401 (a) (2)' and inserting in lieu thereof '171, and the last sentence of section 25 (b) (3).'"

Page 37, after line 9, insert:

"SEC. 14. Technical amendment of definition of deficiency.

"(a) In general: Section 271 (defining the term 'deficiency') is amended to read as follows:

"'SEC. 271. Definition of deficiency.

"'(a) In general: As used in this chapter in respect of a tax imposed by this chapter, "deficiency" means the amount by which the tax imposed by this chapter exceeds the excess of—

"'(1) the sum of (A) the amount shown as the tax by the taxpayer upon his return, if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus (B) the amounts previously assessed (or collected without assessment) as a deficiency, over—

"'(2) the amount of rebates, as defined in subsection (b) (2), made.

"'(b) Rules for application of subsection (a). For the purposes of this section—

"'(1) The tax imposed by this chapter and the tax shown on the return shall both be determined without regard to payments on account of estimated tax, without regard to the credit under section 35, and without regard to so much of the credit under section 32 as exceeds 2 percent of the interest on obligations described in section 143 (a);

"'(2) The term "rebate" means so much of an abatement, credit, refund, or other repayment, as was made on the ground that the tax imposed by this chapter was less than the excess of the amount specified in subsection (a) (1) over the amount of rebates previously made; and

"'(3) The computation by the collector, pursuant to section 51 (f), of the tax imposed by this chapter shall be considered as having been made by the taxpayer and the tax so computed considered as shown by the taxpayer upon his return.'

"(b) Amendment of sections 3801 and 3806: The second sentence of section 3801 (d) (relating to ascertainment of amount of adjustment under section 3801), and the third sentence of section 3806 (b) (3) (relating to ascertainment of credit for barred year under section 3806), are respectively amended to read as follows: 'The amount of the tax previously determined shall be the excess of—

"'(1) the sum of (A) the amount shown as the tax by the taxpayer upon his return (determined as provided in section 271 (b) (1) and (3)), if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus (B) the amounts previously assessed (or collected without assessment) as a deficiency, over—

"'(2) the amount of rebates, as defined in section 271 (b) (2), made.'

"(c) Interest on deficiencies: Section 292 (a) (relating to interest on deficiencies) is amended by inserting at the end thereof the following: 'If any portion of the deficiency assessed is not to be collected by reason of a prior satisfaction, in whole or in part, of the tax, proper adjustment shall be made with respect to the interest on such portion.'

"(d) Overpayment found by Tax Court in case of deficiency: Section 322 (d) (relating to overpayments found by Tax Court) is amended by inserting after 'in respect of which the Commissioner determined the deficiency,' the following: 'or finds that there is a deficiency but that the taxpayer has made an overpayment of tax in respect of such taxable year.'

"(e) Taxable years to which applicable: The amendments made by subsection (a), (c), and (d) shall be applicable with respect to taxable years beginning after December 31, 1942. The amendment made by subsection

(b) to section 3801 (d) of the Internal Revenue Code shall, for the purposes of such section and sections 124, 130, and 3807 of such code, be applicable in the determination of a tax previously determined only if such tax is for a taxable year beginning after December 31, 1942. The amendment made by subsection (b) to section 3806 (b) (3) of such code shall, for the purposes of such section, be applicable in the determination of a tax previously determined only if such tax is for a taxable year beginning after December 31, 1942. In the application of the amendments made by this section in the case of taxable years beginning in 1943, 'section 35' in the amendment made by subsection (a) shall be read as 'section 35 and section 466 (e)'."

Page 45, strike out lines 14 to 18 inclusive and insert:

"(C) An exemption for each individual with respect to whom, on the basis of facts existing at the beginning of such day, there may reasonably be expected to be allowable a surtax exemption under section 25 (b) (3) for the taxable year under chapter 1 in respect of which amounts deducted and withheld under this subchapter in the calendar year in which such day falls are allowed as a credit."

Page 46, after line 22, insert:

"(C) Change of status, etc., which affects next calendar year: If on any day during the calendar year the number of withholding exemptions to which the employee will be, or my reasonably be expected to be, entitled at the beginning of his next taxable year under chapter 1 is different from the number to which the employee is entitled on such day, the employee shall, in such cases and at such times as the Commissioner, with the approval of the Secretary, may by regulations prescribe, furnish the employer with a withholding exemption certificate relating to the number of withholding exemptions which he claims with respect to such next taxable year, which shall in no event exceed the number to which he will be, or may reasonably be expected to be, so entitled."

Page 47, line 18, after "furnished" insert "; but a certificate furnished pursuant to paragraph (2) (C) shall not take effect, and may not be made effective, with respect to any payment of wages made in the calendar year in which the certificate is furnished."

Page 49, strike out lines 1 and 2 and insert "number which he would be entitled to claim if the day on which such certificate is so furnished were January 1, 1945."

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

Mr. McLEAN. Mr. Speaker, reserving the right to object, I desire to propound a parliamentary inquiry.

If the request of the gentleman from North Carolina is granted the Senate amendments will be adopted without committee reference or consideration, and also without debate. Is that correct?

The SPEAKER. The first part of the gentleman's statement is correct, but under the reservation the gentleman can debate the matter if he desires.

Mr. McLEAN. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McLEAN. The gentleman from North Carolina could include in his unanimous-consent request a provision for time for debate?

The SPEAKER. He could do that.

Mr. McLEAN. Mr. Speaker, will the gentleman from North Carolina yield?

Mr. DOUGHTON. Yes; gladly.

The SPEAKER. How much time does the gentleman desire?

Mr. McLEAN. I only desire to propound an inquiry to the gentleman from North Carolina.

Is it the purpose of the gentleman from North Carolina to allow any time for debate or consideration on the floor of the Senate amendments?

Mr. DOUGHTON. If it is within the province of the gentleman from North Carolina he would have no objection to debate.

Mr. McLEAN. Mr. Speaker, will the gentleman yield me half an hour for consideration of the bill?

Mr. DOUGHTON. Of the amendments?

Mr. McLEAN. Of the amendments and the bill in its present form as it comes from the Senate.

Mr. DOUGHTON. Does the gentleman wish to discuss the amendments?

Mr. McLEAN. I wish to confine myself to a consideration of the bill under the rules of the House if I may be granted one-half an hour with the right to yield part of the time to others.

Mr. DOUGHTON. Is the gentleman opposed to the bill? I do not know what there is to discuss. I have no objection to discussion if it is in order. This bill passed the House unanimously and passed the Senate unanimously with no changes in the bill other than technical changes and clarifying amendments. There has been no basic change made in the bill since it passed the House, and it passed both bodies unanimously after careful consideration. The Treasury staff and the staff of the Joint Committee on Taxation all agree there is no basic change since it passed the House, so I do not know what there is to discuss.

Mr. McLEAN. Does the gentleman intend to explain the provisions? The Senate has added one amendment carrying entirely new matter. It is a long amendment. It deals with what is known as deficiencies and provides a procedure whereby a taxpayer can decide what his deficiency is and what he should do about it. Does the gentleman expect to explain that provision or must we take the word of experts and pass everything carte blanche because an expert says it is all right?

Mr. DOUGHTON. The chairman of the committee does not know that he could make a better explanation than the experts have made, but if there is not sufficient explanation as to what the amendments mean in the report of the Senate Finance Committee and the debate in the Senate, if it is in order the gentleman from North Carolina, of course, has no objection to any debate that will throw any light on the subject.

Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DOUGHTON. Under the present parliamentary situation is debate in order?

The SPEAKER. It is not; the gentleman from North Carolina would have to change his request to make debate in order.

Mr. DOUGHTON. I would have no objection to debate. I want the gentleman from New Jersey, who is a distinguished and useful member of the committee, to know there is certainly no disposition on my part or the part of any member of the committee to cut off any proper debate or prevent the gentleman's getting any explanation that is necessary with respect to the matter.

Mr. McLEAN. Does the gentleman from North Carolina expect to explain the Senate amendments to the House?

Mr. DOUGHTON. The gentleman from North Carolina will do the best he can.

The SPEAKER. Allow the Chair to make a statement. There are two ways in which this matter may be handled: The gentleman from New Jersey under the rule can reserve the right to object and then ask the gentleman from North Carolina to make any explanation he desires; or, if that is not satisfactory to the gentleman from New Jersey then the gentleman from North Carolina could ask unanimous consent to take the bill from the Speaker's table and consider the Senate amendments.

The expeditious way to handle this would be for the gentleman from New Jersey to reserve the right to object and ask such questions as he desires, and he can do that for quite some time if he desires.

Mr. McLEAN. I have no desire, Mr. Speaker, to delay the legislative processes on this measure. I reserve the right to object.

The bill went to the Senate, was considered in the Senate, and certain amendments were added. I had a copy of the bill, and I had a copy of the report. The matter was of so much importance in the Senate, as I recall on my visit there, that Senator GEORGE made it a matter of special comment in his analysis of the bill. As I understand the amendment, it affects the procedure on what is called deficiencies. The ordinary taxpayer will find himself faced with a deficiency, and I gather from a reading of the amendment that there is some sort of penalty connected with it.

Under the scheme of this so-called simplification act which now is known as the Individual Income Tax Act of 1944, a change in the rates and a change in the exemptions is contemplated which will change the tax liability and increase the taxes of a great many taxpayers. This increased tax will not become known to many of them until March 15, 1945. At that time they will find that the declaration they already submitted for this year was incorrect and they will have to readjust their anticipated income to their actual income and to the new rates which this bill provides. It increases the taxes of many of our taxpayers, and this provision is made, as I understand, to cover individuals who find themselves in that situation. I think a matter that affects increased taxes on 10,000,000 taxpayers throughout the country is worthy of more serious consideration than a mere statement on the part of the chairman that experts are all agreed and that therefore we should accept the Senate amendments without reference to a committee or without discussion on the floor. There

is no copy of the tax bill on the floor at this moment.

Mr. DOUGHTON. We can get plenty of copies.

Mr. McLEAN. There is no report on the floor at this moment. I have spent a number of hours trying to analyze the bill and the report.

Mr. DOUGHTON. Here is a copy if the gentleman wishes it; and I will see that anyone else gets a copy who wants it right now.

Mr. McLEAN. I shall be glad to have it.

Mr. DOUGHTON. I am glad to accommodate the gentleman.

Mr. McLEAN. I suppose when the gentleman from North Carolina asks unanimous consent with his knowledge of the situation, the experience he has had, his association with the Secretary of the Treasury and the chairman of the Senate Committee on Finance, he is thoroughly familiar with this additional provision and understands exactly what it means to those who will have to pay increased income taxes under this Individual Income Tax Act of 1944.

This amendment concerning deficiencies begins on page 38, it covers all of page 39, it covers all of page 40, covers all of page 41, and covers the greater part of page 42. I will be very glad to take the time to read it; probably it could be understood, but it might expedite matters and I will be obliged if the gentleman from North Carolina will explain to us what this amendment means.

Mr. DOUGHTON. Did not the gentleman have every opportunity to ask questions about the bill when it was before the committee? Was it not thoroughly and fully considered on the floor and was he not given every opportunity to ask any question he wanted, and did not the gentleman vote for the bill?

Mr. McLEAN. Yes; will the gentleman yield to me?

Mr. DOUGHTON. Yes; I yield.

Mr. McLEAN. I voted for the bill; I voted for the bill in the Committee on Ways and Means. If I had then the knowledge I have now perhaps I would not have done so.

Mr. DOUGHTON. What did the gentleman lack in the way of full knowledge? Why was it that the gentleman did not have any knowledge as to what was in it?

Mr. McLEAN. The distinguished gentleman from North Carolina did me the honor to stay on the floor of the House and listen to my humble remarks. He will recall that when I stated I voted for the bill in committee and voted for it on the floor, I did so with some hesitation.

Mr. DOUGHTON. At times we all do that more or less.

Mr. McLEAN. And I gave my reasons for doing so. I realize the great burden there is on the gentleman from North Carolina, particularly in these times of stress and anxiety. I like him, as we all do, and he will not deny that there have been times when in a spirit of cooperation I have tried to relieve him and help him carry the load; besides, I try to follow those rules of gentlemanly conduct which are supposed to guide youthful members of a committee in the respect they owe to the chairman and also that which we all owe to our elders. It would not be for me to put any stumbling block in the way of progress of any legislation that might relieve the gentleman from North Carolina in his labor. Of course, what the gentleman says about debate on the floor is correct, but I am not addressing myself to anything that has been heretofore discussed. What I am directing my attention to is that which appears in italics in the Senate bill, the new matter inserted in the bill by the Senate known as section 14, "Technical amendment of definition of a deficiency."

If the gentleman from North Carolina is prepared to explain to the House just what that technical definition of deficiency is, and what effect it will have upon those whose income taxes will be increased under this act, I am perfectly well satisfied and may withdraw any rights I may have under my reservation of objection. I have no desire to delay the legislative processes on this matter. I could not do that if I would. I am sensible enough to know that. The steam roller rolls. I have been participating in legislative activities for some time, and I know how these things work, but I want my associates to be informed as to what is going on, and I try to give them the information I have to the best of my ability.

Mr. DOUGHTON. May I say to the gentleman that there is no issue between the gentleman and myself so far as his usefulness on our committee is concerned and so far as his courtesy to me at all times is concerned. It has been uniform and unvarying. His friendship I appreciate, his fine services to the Congress and to the committee I appreciate. I do want to say, however, that I ask no special consideration on account of my age. I would not ask that. I do not ask any sympathy on that account.

Mr. McLEAN. I do not extend sympathy. I give you honor, admiration, and respect.

Mr. COOPER. Will the gentleman yield?

Mr. McLEAN. I yield to the gentleman from Tennessee.

Mr. COOPER. With respect to the amendment referred to by the distinguished gentleman from New Jersey dealing with the question of deficiency assessment, I think it might be well to point out that the Senate amendment is purely technical in nature and clarifying and is an effort to try to improve the situation that exists. In effect it restores the definition of deficiency that has been in existence for some 20 years or so, but was made difficult to apply because of the enactment of the so-called pay-as-you-go income tax system. It will be remembered the starting point in determining a deficiency is the tax reported on the return by the taxpayer. If the amount shown on the return is less than the correct tax, a deficiency results.

Under this bill we are trying our best to eliminate tax returns for some 30,000,000 of our individual taxpayers by allowing them to use the so-called W-2 form, which results in the taxpayer not computing his own tax but having his tax computed by the collector. Since there is no tax reported on the return of the taxpayer, the deficiency rule under existing law is not applicable. In order to secure the benefit of this simplification act, the tax determined by the collector on this W-2 form will have to be taken as the starting point for determining a deficiency. If the taxpayer owes an additional amount, this additional amount will constitute a deficiency. This whole thing is for the purpose of removing complications and difficulties that have arisen by reason of the enactment of the so-called pay-as-you-go system and is further required by reason of this simplification act that we now have under consideration.

Mr. McLEAN. Will the gentleman assure me that if any taxpayer finds that he has to pay more taxes under this act on March 15 next year, if he finds himself confronted with a deficiency compiled by the collector of internal revenue due to a situation created by this act and not by himself, that there will be no penalty attached to any deficiency assessed by the collector of internal revenue?

Mr. DOUGHTON. Does the gentleman see anything in the bill that provides a penalty?

Mr. McLEAN. I am asking the gentleman from Tennessee if my statement is correct.

Mr. COOPER. The taxpayer will still have all the rights he now has with respect to deficiency assessments. He will have the right to go to The Tax Court just as he does now and it should be borne in mind it is by reason of a deficiency determination that he can go to The Tax Court. If there is no deficiency determination, there is no occasion for him to go to The Tax Court.

Mr. McLEAN. One of his rights is to pay a penalty of 6 percent on a deficiency. If such a deficiency comes about and the collector tells him under this provision he has a deficiency, I do not think it would be fair to assess him a 6-percent penalty.

Mr. COOPER. That has nothing whatever to do with this, and there is no change in the present law on that point.

Mr. McCORMACK. Will the gentleman yield?

Mr. McLEAN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. When I was a member of the Ways and Means Committee I always felt that 6 percent was too high, particularly where the Government does not pay 6 percent for overpayment. I am wondering if my friend from New Jersey supported me when I tried to clarify that situation?

Mr. McLEAN. The gentleman from Massachusetts will recall that about the time I became a member of the Committee on Ways and Means he had been advanced to the very distinguished position he now holds as majority leader of the House. Hence when I arrived I found one of the attractions that had created in me a desire to become a member of the Ways and Means Committee was not there and to enjoy him I had

to become a more regular attendant on the floor.

Mr. McCORMACK. I may say that the gentleman and I both served on the Ways and Means Committee. We are all enjoying this little colloquy between two dear friends who have temporarily strayed apart. I think I can inject myself into this matter, because when I was a member of the Ways and Means Committee, that committee, without regard to party, was a sort of a family. We would have our little scraps among ourselves, but outsiders could not butt in very well. I can assure the gentleman that the House is enjoying this very much. I know if anybody here would undertake to say anything that would indirectly even constitute an attack on the distinguished gentleman from North Carolina, the distinguished gentleman from New Jersey would be battling him vigorously and strongly in defense of our friend from North Carolina.

Mr. McLEAN. Thank you, Mr. Leader. It is a compliment to know the impression my habit of life has fixed in the mind of the gentleman from Massachusetts.

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

Mr. McLEAN. I yield to the gentleman from Tennessee.

Mr. COOPER. I think it would be appropriate to add one further word with respect to the 6 percent mentioned by the gentleman from New Jersey, as well as the gentleman from Massachusetts. While 6 percent is provided for deficiencies, it should be borne in mind that the Government has to pay 6 percent on refunds that are made. It works both ways.

Mr. McLEAN. May I say this to the gentleman from Tennessee, and I think it is a matter which ought to be made known to the public. When we passed the provision providing for the filing of estimated returns, there was a penalty included, and since that time the House has corrected that situation so that errors in estimates need not worry the taxpayer about a penalty.

Mr. COOPER. The gentleman is correct. It will be remembered that in the tax bill passed this year certain very important changes were made with respect to the penalties provided for the estimated tax. It will be remembered that under the bill that was passed earlier this session, the one that was passed over the Presidential veto, a provision was included that if the taxpayer estimates his tax for the current year on the basis of his income for the previous year, he is relieved of any penalty.

Mr. DOUGHTON. I would like to say to my distinguished colleague from New Jersey, a member of our committee, that he knows that he is privileged in his own right to raise the question and ask for an explanation, and I appreciate it. I am glad for him to do that, and if there is anything we can explain that he does not understand, or anything that we do not know that he has found out, why we are glad to know that. There is not a man on our committee who has rendered a finer service than has the gentleman from New Jersey, and so far as I am concerned, his friendship is fixed for life. I have too high regard for his ability and statesmanship to question anything he does about anything.

Mr. McLEAN. I thank the chairman.

Mr. Speaker, I am so overwhelmed by these encomiums that I am almost constrained to withdraw my objection. I am reminded of the story told of Joseph H. Choate and an associate of the Jewish faith in an important law case. The question arose over the fee. Mr. Choate's associate suggested $5,000, which surprised Mr. Choate, who said he would not take a cent less than twice that amount. Whereupon his associate exclaimed: "Thou almost persuadeth me to be a Christian."

Mr. Speaker, yesterday afternoon I spread my thoughts on the RECORD at an appropriate place where those who are at all interested may read about the intricacies of tax bills and how, when you want to amend a tax bill or simplify anything, you do it upside down.

I appreciate the importance of expedition in our legislative processes, and I know what would happen if I insisted upon my objection and prevented momentarily, by objecting to this unanimous consent request, the consideration of this bill. The gentleman from North Carolina would put his request into a motion. The bells would ring. Everybody would be brought in. That would cause a lot of trouble and the result would probably be a little bit more embarrassing to me than if I withdrew my reservation of objection.

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

There was no objection.

The Clerk read the Senate amendments as follows:

Page 9, strike out lines 18 to 24 inclusive and insert:

"'(4) Any tax assessed against the child, to the extent attributable to amounts includible in the gross income of the child and not of the parent solely by reason of paragraph (1), shall, if not paid by the child, for all purposes be considered as having also been properly assessed against the parent.'"

Page 12, after line 15, insert:

"(d) Capital gains and losses.

"(1) Definition of capital net gains: Section 117 (a) (10) (B) is amended by adding at the end thereof a new sentence to read as follows: 'If the tax is to be computed under Supplement T, "net income" as used in this subparagraph shall be read as "adjusted gross income."'"

"(2) Limitation on capital losses: Section 117 (d) (2) is amended by adding at the end thereof a new sentence to read as follows: 'If the tax is to be computed under Supplement T, "net income" as used in this paragraph shall be read as "adjusted gross income."'"

Page 18, line 7 after "income" insert "for the calendar year in which the taxable year of the taxpayer begins."

Page 18, line 10, after "income" insert "for the calendar year in which the taxable year of the taxpayer begins."

Page 18, line 14, after "51" insert "for a taxable year beginning in such calendar year."

Page 18, lines 23 and 24, strike out "support for the taxable year" and insert "support, for the calendar year in which the taxable year of the taxpayer begins."

Page 20, line 2, after "States." insert "A payment to a wife which is includible under section 22 (k) or section 171 in the gross income of such wife shall not be considered a payment by her husband for the support of any dependent."

Page 21, line 14, strike out "SEC. 214. Exemption for dependents" and insert "SEC. 214. Credits against net income."

Page 22, strike out lines 14, 15, and 16 and insert "purposes) is amended by striking out '25 (b) (2) (A), and 171, and the last sentence of section 401 (a) (2)' and inserting in lieu thereof '171, and the last sentence of section 25 (b) (3).'"

Page 37, after line 9, insert:

"SEC. 14. Technical amendment of definition of deficiency.

"(a) In general.—Section 271 (defining the term 'deficiency') is amended to read as follows:

"'SEC. 271. Definition of deficiency.

"'(a) In general: As used in this chapter in respect of a tax imposed by this chapter, "deficiency" means the amount by which the tax imposed by this chapter exceeds the excess of—

"'(1) the sum of (A) the amount shown as the tax by the taxpayer upon his return, if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus (B) the amounts previously assessed (or collected without assessment) as a deficiency, over—

"'(2) the amount of rebates, as defined in subsection (b) (2), made.

"'(b) Rules for application of subsection (a): For the purposes of this section—

"'(1) The tax imposed by this chapter and the tax shown on the return shall both be determined without regard to payments on account of estimated tax, without regard to the credit under section 35, and without regard to so much of the credit under section 32 as exceeds 2 percent of the interest on obligations described in section 143 (a);

"'(2) The term "rebate" means so much of an abatement, credit, refund, or other repayment, as was made on the ground that the tax imposed by this chapter was less than the excess of the amount specified in subsection (a) (1) over the amount of rebates previously made; and

"'(3) The computation by the collector, pursuant to section 51 (f), of the tax imposed by this chapter shall be considered as having been made by the taxpayer and the tax so computed considered as shown by the taxpayer upon his return.'"

"(b) Amendment of sections 3801 and 3806: The second sentence of section 3801 (d) (relating to ascertainment of amount of adjustment under section 3801), and the third sentence of section 3806 (b) (3) (relating to ascertainment of credit for barred year under section 3806), are respectively amended to read as follows: 'The amount of the tax previously determined shall be the excess of—

"'(1) the sum of (A) the amount shown as the tax by the taxpayer upon his return (determined as provided in section 271 (b) (1) and (3)), if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus (B) the amounts previously assessed (or collected without assessment) as a deficiency, over—

"'(2) the amount of rebates, as defined in section 271 (b) (2), made.'

"(c) Interest on deficiencies: Section 292 (a) (relating to interest on deficiencies) is amended by inserting at the end thereof the following: 'If any portion of the deficiency assessed is not to be collected by reason of a prior satisfaction, in whole or in part, of the tax, proper adjustment shall be made with respect to the interest on such portion.'

"(d) Overpayment found by Tax Court in case of deficiency: Section 322 (d) (relating to overpayments found by Tax Court) is amended by inserting after 'in respect of which the Commissioner determined the deficiency,' the following: 'or finds that there is a deficiency but that the taxpayer has

made an overpayment of tax in respect of such taxable year.'

"(e) Taxable years to which applicable: The amendments made by subsections (a), (c), and (d) shall be applicable with respect to taxable years beginning after December 31, 1942. The amendment made by subsection (b) to section 3801 (d) of the Internal Revenue Code shall, for the purposes of such section and sections 124, 130, and 3807 of such code, be applicable in the determination of a tax previously determined only if such tax is for a taxable year beginning after December 31, 1942. The amendment made by subsection (b) to section 3806 (b) (3) of such code shall, for the purposes of such section be applicable in the determination of a tax previously determined only if such tax is for a taxable year beginning after December 31, 1942. In the application of the amendments made by this section in the case of taxable years beginning in 1943, 'section 35' in the amendment made by subsection (a) shall be read as 'section 35 and section 466 (e).'"

Page 45, strike out lines 14 to 18, inclusive, and insert:

"'(C) An exemption for each individual with respect to whom, on the basis of facts existing at the beginning of such day, there may reasonably be expected to be allowable a surtax exemption under section 25 (b) (3) for the taxable year under chapter 1 in respect of which amounts deducted and withheld under this subchapter in the calendar year in which such day falls are allowed as a credit.'"

Page 46, after line 22 insert:

"'(C) Change of status, etc., which affects next calendar year: If on any day during the calendar year the number of withholding exemptions to which the employee will be, or may reasonably be expected to be, entitled at the beginning of his next taxable year under chapter 1 is different from the number to which the employee is entitled on such day, the employee shall, in such cases and at such times as the Commissioner, with the approval of the Secretary, may by regulations prescribe, furnish the employer with a withholding exemption certificate relating to the number of withholding exemptions which he claims with respect to such next taxable year, which shall in no event exceed the number to which he will be, or may reasonably be expected to be, so entitled.'"

Page 47, line 18, after "furnished" insert "; but a certificate furnished pursuant to paragraph (2) (C) shall not take effect, and may not be made effective, with respect to any payment of wages made in the calendar year in which the certificate is furnished."

Page 49, strike out lines 1 and 2 and insert "number which he would be entitled to claim if the day on which such certificate is so furnished were January 1, 1945."

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

REPEAL OF LAND-GRANT RATES ON TRANSPORTATION OF GOVERNMENT TRAFFIC

Mr. SABATH. Mr. Speaker, I call up House Resolution 543 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That immediately 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 (H. R. 4184) to amend section 321, title III, part II, Transportation Act of 1940, with respect to the movement of Government traffic; that after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SABATH. Mr. Speaker, this rule makes in order consideration of H. R. 4184, looking to discontinuance of land-grant rates for transportation of Government traffic. The bill comes from the Committee on Interstate and Foreign Commerce under the leadership of the gentleman from Oklahoma [Mr. BOREN].

The rule was given to the gentleman from Georgia [Mr. COX], who, unfortunately, is unable to be here this morning; therefore, in his stead, I am calling it up.

The rule provides for 2 hours' general debate. It is a broad and liberal rule and the bill will be read for amendment, as usual.

To be perfectly candid with the House, there is some opposition to this bill; nevertheless the Committee on Rules felt that the House should have an opportunity to pass upon the subject.

At the time these grants were made by the Government an agreement was entered into by which the railroads would transport Government freight free, the Government to furnish all transportation equipment. Later the Government asked the railroads to furnish transportation equipment, which was done, and these railroads agreed that thereafter they would carry the traffic of the Government for 50 percent of the regular commercial rate, which reduced rate this bill aims to eliminate.

A great deal of this land that was given to the railroads has been sold by them, in many instances at handsome prices, and the railroads are the beneficiaries; and in addition to making money on this land they have built up those sections, creating profitable traffic for their own roads, so that today some of these roads, as you know, are in splendid financial condition. I think they are in a better position today than they have ever been in the history of our country. Most of them are making money. They are refinancing some of their outstanding debts, and some of them are even paying the back interest on the bonds that heretofore they had been unable to pay until, of course, the Democratic administration made it possible for them to be as prosperous as they are.

I fully appreciate that the railroads have helped to develop the West and the Southwest, but any man who has studied the situation must come to the inevitable conclusion that the promoters were not so much originally interested in building up the country as they were in building the roads with the aid of the National Government. To that end the Government, beginning in 1850, gave these promoters millions upon millions of acres of land, mostly in the West, which land the railroads sold at high prices, as I have said, and there are now about 130,000,000 acres of that land still in possession of the railroads. They desire now to cancel the contract by which they agreed to carry Government traffic at 50 percent of the commercial rate, but they are not willing to return the land.

I would favor this bill if the railroads would return the unsold land to the Government. This bill aims to cancel the contract calling for transportation of Government traffic at 50 percent of the commercial rate, and if the bill is enacted into law it will cost the Government a half billion dollars in the next 2 years, according to testimony of representatives of the War Department. I feel that the unsold land these railroads still have is worth many times half a billion dollars.

The excuse they have for not deeding the land back to the Government is that they have mortgaged it. Of course, they have not made any request upon those mortgagees to exempt this land from the trust deeds or the mortgages. I suppose it would be hard to accomplish that, but it would be still harder upon the American people if we should relieve the railroads of their contract with the Government and let them retain all these valuable lands.

Anybody who has studied the manipulation of the railroad promoters, the operations of bankers handling railroad securities, and who knows how the railroads were unjustifiably thrown into receivership and trusteeship so as to mulct the bondholders and stockholders, will know just what this proposal means.

This effort on their part is in line with their long years of manipulation.

Although I have called up this resolution to give Members an opportunity to vote on it, I do not believe the bill should pass.

Notwithstanding the fact that I have requests by some bankers to vote for the bill, I cannot bring myself to favor the bill; my conscience will not allow me to vote for it.

Perhaps in years to come—and I hope not—the railroads will not fare so well as they are faring just now, but I cannot quite understand why this bill should be urged at this time. However, I am the obedient servant of this House. The Committee on Rules felt that the rule should be granted, and I, who always believe that the House should have a voice and a vote on any and every important piece of legislation that is reported by any committee, naturally, felt that such should be the case today.

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

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

Mr. TARVER. Is this the same bill which was overwhelmingly defeated by the House a couple of years ago by being recommitted to the committee?

Mr. SABATH. It is not the same bill, but I think it aims to accomplish the same purpose.

Mr. TARVER. Substantially, it is the same bill. Does the gentleman know of any changes in conditions which have occurred since that time which would justify the House in reversing its position and now enacting this bill?

Mr. SABATH. No; I do not; but I did not have the time to study the bill thoroughly inasmuch as I originally did not contemplate calling up this rule, as I have explained.

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

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

Mr. BOREN. Does the gentleman know how many Members of the Congress voted on this question when a similar measure was up before?

Mr. SABATH. There are a lot of things that I do know but there are a great many more things that I do not recollect, and I do not remember that.

Mr. BOREN. I just do not want the House to be under the false impression that a majority of this House had had any real opportunity to consider this bill.

Mr. SABATH. I have the utmost confidence in the gentleman from Oklahoma. He will be able to explain that situation later. There will be 2 hours of general debate. I know that with his ability he may be able to enlighten the House as to this and many other questions.

I have been obliged to promise some time to the opposition on this rule, consequently I am obliged, of course—and no one will regret it—to conclude my remarks now and yield to the gentleman from New York the usual 30 minutes that he always desires.

Mr. BOREN. May I suggest that the gentleman from Missouri [Mr. SLAUGHTER] a member of the Committee on Rules, is present supporting the bill. Has the gentleman made arrangements for yielding some time to him?

Mr. SABATH. Yes. The gentleman knows by this time that I always try to play fair and divide the time equally, to the best of my ability, contrary to anything that was said heretofore on the floor by a certain Member.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1945

Mr. COFFEE, from the Committee on Appropriations, reported the bill (H. R. 4861) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1945, and for other purposes (Rept. No. 1501), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. STEFAN reserved all points of order on the bill.

Mr. McCORMACK. May I ask the chairman of the Subcommittee on Appropriations for the District of Columbia if the committee has agreed on the time for general debate? I should like to get that information for the information of the House.

Mr. COFFEE. Two hours of general debate.

Mr. McCORMACK. Does the gentleman expect to dispose of the bill tomorrow?

Mr. COFFEE. Yes.

AIR FORCES OF THE ARMY

Mr. SLAUGHTER, from the Committee on Rules, submitted the following privileged resolution (H. Res. 563), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4219) to provide for the appointment of female pilots and aviation cadets in the Air Forces of the Army. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order any amendment offered by direction of the Committee on Military Affairs relating to the appointment or commissioning of officers in the Army of the United States. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by our colleague the gentlewoman from Maine [Mrs. SMITH].

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

There was no objection.

REPEAL OF LAND-GRANT RATES ON TRANSPORTATION OF GOVERNMENT TRAFFIC

Mr. FISH. Mr. Speaker, I have listened with great interest to the remarks of the gentleman from Illinois, the distinguished chairman of the great Committee on Rules, but I have been unable to ascertain whether he is for or against the bill. Although his remarks were a contribution to the general knowledge of the House, I still do not know whether he is in favor of the bill or not.

Mr. SABATH. We are speaking now on the rule, and the bill is not before us. Of course, I am in favor of the rule.

Mr. FISH. I begin to suspect that the gentleman is not ready to commit himself on the bill.

Mr. SABATH. There is no necessity for my making a declaration now.

Mr. FISH. I do not want to do an injustice to the gentleman from Illinois. I was just wondering where he did stand on this important legislation.

Mr. SABATH. I hope the gentleman will bring himself to the position of doing justice to me.

Mr. FISH. I am not a mind reader. I was particularly interested in what the chairman had to say about the Democratic Party having brought about the prevailing prosperity for our railroads—most of it being war prosperity. Does the gentleman imply that his party also brought on the war, and as a result of the war there is prosperity on the railroads? Is not that a fair deduction from the remarks of the gentleman?

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

Mr. FISH. If the gentleman will explain how the railroads obtained the prosperity, I will yield.

Mr. SABATH. The gentleman is too intelligent not to know that this war was brought upon us and we were forced into it, notwithstanding that our President pleaded and urged against it.

Mr. FISH. I thought the gentleman was urging that the prosperity of the railroads was the result of the actions of the Democratic Party when it actually emanates from the war. I just wanted to correct the gentleman.

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

Mr. FISH. I yield to the gentleman from Idaho.

Mr. WHITE. The gentleman does not make the contention here that the prosperity enjoyed by the railroads from 1933 to 1940 was a result of the war?

Mr. FISH. Certainly not. There was no such prosperity. The railroads only began to get out of the red in 1940.

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

Mr. FISH. Certainly I yield.

Mr. MASON. I, as one person who has studied the history of the railroads, have never found that there was any prosperity in the railroad industry in general outside of two or three railroads, from 1933 to 1940, and that the general prosperity of the railroads has come since 1941.

Mr. FISH. I thank the gentleman for his contribution. It is a very accurate and fair description of the condition of the railroads.

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

Mr. FISH. I yield to the majority leader to contribute his knowledge to this discussion.

Mr. McCORMACK. Getting away from the war or the depression, I think one of the important things that has been done in recent years with reference to railroads has been done by the Interstate Commerce Commission in looking into the excess capitalization and the reduction, I think, of over $3,000,000,000 in capitalization of the roads, which reduces the fixed income. I think that, with other factors, has had a marked influence upon the success of the railroads so benefited.

Mr. FISH. I think the gentleman is correct. I agree with him that it was a wise step, but that also did not occur until 1940.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield always to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. I think the records will show as recently as 1938 one-third of the railroad mileage in this country was in the hands of a receiver and over one-third was on the verge of going into receivership.

Mr. FISH. I think that is also an accurate statement. There is no question about it, more than one-third was in the

hands of a receiver and another third was just about to go in. They teetered back and forth on the verge whether they should go into receivership or stay out.

Mr. BOREN. Mr. Speaker, will the gentleman yield.

Mr. WHITE. Mr. Speaker, will the gentleman yield? Tell us how the railroad tries to get out of the hands of the receivers.

Mr. BOREN. I want to ask this question of the gentleman. Unless this bill passes that we are here considering about a third or more than half of the railroads of this country will be in receivership before too many months hence and within very few months, and within 30 or 60 days all the railroads of this country will be before the Commission requesting for confiscatory rates, and the prosperity referred to will go out of the picture.

Mr. FISH. I am for the bill, very much for the bill. I think, however, that the statement of the gentleman is a little bit strong. I doubt whether many railroads will be in distress if this bill fails to pass. Certainly, we are all interested in post-war planning. We are all interested in keeping our railroads moving and the wheels turning after the war and employing the maximum number of railroad employees. Today there is great uncertainty because of these land-grant rates, and there is a lot of litigation going on. If the railroads are to plan with any degree of assurance it is necessary to pass legislation of this kind because many of them are now in litigation over land-grant rates. They will have to plan for the future and develop and equip their lines to meet post-war competition. Therefore, there is urgent need for this legislation. As a matter of fact, it was a good deal—not "New Deal"—a good deal all around when the land grants were provided by the Government to promote new railroads, largely in the West and in the South. The railroads benefited, of course, at that time, and so did the Government. But it is an old deal now. It was not only a good deal whereby the railroads benefited, as well as the Government, but the Government itself, it is estimated, has made over $500,000,000 out of these land grants. That is why I say it was a good deal for the Government as well as for the railroads.

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

Mr. FISH. Although the land grants were made 70 or 80 years ago, and even 90 years ago in some cases, it was a good deal at the time. Now they have reached the stage where the land-grant railroads and the Government have agreed on a 50-percent reduction of rates. These rates are now causing a lot of uncertainty on the railroads that do not have any land grants. There are only 14,000 miles of land-grant railroads today.

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

Mr. FISH. I yield.

Mr. McCORMACK. The gentleman says it was a good deal when it was made, but it is an old deal now. I therefore take it the gentleman is arguing for a new deal at the present time?

Mr. FISH. No; I am not arguing for a new deal. I am arguing for something much better than a new deal; I am arguing for a square deal and the square deal that I am arguing for is both for the railroads and the American public. I am also in favor of putting the railroads in position to start their post-war planning and to continue as many employees on the pay roll after the war as possible. The railroad brotherhoods are united in their support of this bill. I have studied the problem and listened to the arguments presented before the Committee on Rules and carefully read the report, and I am convinced that this kind of legislation is necessary if we are to have proper and adequate post-war planning by our railroads. Unless the railroads know just where they stand on their debts and balance sheet there is apt to be delays and uncertainty in proper post-war planning which may result in chaos and unemployment.

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

Mr. FISH. Yes; I yield.

Mr. COCHRAN. Did the gentleman read the hearings and testimony of Colonel Lasher?

Mr. FISH. No; I have not read any of the hearings at all. I have just read the report and listened to those who asked for a rule.

Mr. COCHRAN. You will not find in the hearings very much in opposition to the bill. The hearings evidently were taken up almost entirely by those in favor of the bill. But the gentleman said the Government is benefiting to the extent of 50 percent of the regular rates. The Chief of Transportation of the War Department says it is 10 to 17 percent.

Mr. FISH. Well, the law provides for 50 percent. Exactly what it is, of course, I do not know. I know the Government is entitled to a 50-percent reduction in the rate and it has caused not only a lot of uncertainty in the accounting and in litigation, but it has compelled the other railroads, competing railroads, to reduce their rates to meet the competition. You will find situations where the manufacturer or the farmer is shipping over one railroad, which is a land-grant road providing a 50-percent reduction, and his competitor is shipping over another railroad that has no land grants. As a matter of fact about 80 percent of the income of the railroad goes back to the Government in taxes. So, we are not really increasing the Government's expenditures materially as 80 percent comes back in taxes. We are helping the railroads, however, in relieving them of the uncertainties and litigations. And if that is true there certainly ought not to be much opposition. I understand that the Committee on Interstate Commerce which considered this bill was practically unanimously for it. They must have read the hearings. They must have listened to the witnesses and obtained all the facts. I understand only one or possibly two members on that committee are opposed to the bill. That being the case we have to rely upon the various committees of the House to study the hearings, listen to the witnesses, and report back to the Congress. I am willing to believe that they did their full duty in that respect.

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

Mr. FISH. I yield; yes.

Mr. COCHRAN. Does the gentleman feel that the non-land-grant railroad would make an equalization agreement, which they do not have to make, unless they could make money by carrying the freight and the passengers at the land-grant rates?

Mr. FISH. I will answer the gentleman in this way: Certainly, I do. I believe they are practically compelled to do it.

Mr. COCHRAN. Oh, no.

Mr. FISH. It is a matter of coercion. They have not got much choice. They have to meet competition. It is not only the railroads who have to meet competition, it is also bus lines and river traffic and all forms of transportation which have to meet this land-grant competition. It was a fine thing 70 or 80 years ago and it served its purpose well, but now it is creating a disruptive situation that is almost bringing on financial and economic chaos and compels these other railroads to meet this competition in fairness to their own shippers. That is what they are concerned with. They do not want to have their own shippers discriminated against, whether industrial or agricultural. That is the reason some of these railroads are being compelled to meet the 50-percent land-grant rates.

Mr. Speaker, it is not for me to go into the merits of this proposition. That is a matter for the members of the Committee on Interstate and Foreign Commerce in charge of the bill. I felt strongly enough to give some of my views on it under the rule, but I presume the details and all the facts will be brought out in considering the bill in the ordinary and usual way. Therefore, Mr. Speaker, I now yield to the gentleman from Indiana [Mr. HALLECK] 5 minutes. The gentleman from Indiana, is a member of the committee and heard all the testimony.

Mr. HALLECK. Mr. Speaker, before I go into a discussion of this proposition I want to say, supplementing what the gentleman from New York [Mr. FISH] said in reply to the question propounded by the gentleman from Missouri [Mr. COCHRAN] in respect to whether or not roads other than land-grant roads had been required to provide so-called equalization rates, that in the highly competitive situation existing among the railroads, certainly in normal times, the roads that were not land-grant roads of necessity had to enter into equalization rates. Many times they did that on the basis of so-called out-of-pocket costs. They figured if they had another car or two on a freight train they could afford to take it along at a reduced rate. Of course, since the war and the movement of freight has increased so tremendously, we deal in train loads rather than carloads, and in many instances those equalization rates are a tremendous burden on the roads that entered into them.

Mr. COCHRAN. Will the gentleman yield?

Mr. HALLECK. Let me pursue my statement, please.

Mr. COCHRAN. Will the gentleman yield for a correction?

Mr. HALLECK. Let me pursue my statement, then I will yield.

Mr. COCHRAN. I wanted to correct what the gentleman from New York [Mr. FISH] said.

The SPEAKER. The gentleman declines to yield.

Mr. HALLECK. I have been for this bill for a long time. I think it is a just and equitable measure that should be enacted into law. I was not a member of the subcommittee this time and did not hear all of the last hearings, but I have been present at many of the hearings when this matter has been gone over, and I think I am qualified to speak about it.

The gentleman from Missouri [Mr. COCHRAN] commented on the fact that there did not seem to be much testimony in the record against the bill. That is simply because there are not many people or organizations against the bill. To my mind, it is a commendation of the bill itself.

I suggest to the membership that if you have an opportunity to read the report that has been filed with this bill, you do so. Frequently, and I think sometimes too frequently, reports from legislative committees are not comprehensive. They are not explanatory. They do not give the arguments that are involved in the controversy. But this is a good report. I commend the subcommittee for its preparation and I advise that everyone read it.

Briefly, these lands were granted to the railroads back in 1850–70 not primarily for the purpose of getting a reduced rate for Government traffic but really to encourage the building of the railroads to open the vast empire of this country. The roads were built. The land that the Government retained has been so enhanced in value that on that score the Government has been amply repaid for what it afforded in the way of land grants. But beyond that the testimony discloses that the reduction in rates to the Government through the years far exceeds the value of the lands that were granted. So on that basis the Government has received a full return for what it gave to the railroads to bring about their original construction.

Today there are about 14,000 miles of land-grant roads, but the effect of the land-grant rates, as has been pointed out, applies on other roads because they have had to equalize their rates to meet the competitive situation. In fact, Government agencies in determining routes and rates will figure the most circuitous routes in order to take advantage of the land-grant or equalization rate. That, of itself, has involved a tremendous burden.

Some people say on occasion that this is a railroad bill. At first glance, one might conclude that it is a railroad bill. But in truth and in fact, it is a shippers' bill, a bill designed to bring about fair and equitable treatment of the private shippers of the country. That is the reason that the farm organizations, the great associations of shippers across the country, the regulatory bodies in the States, all manner of people interested in the problem of transportation have insisted that this bill be passed.

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. FISH. Mr. Speaker, I yield to the gentlemen 5 additional minutes.

Mr. HALLECK. Now, what is the situation? The passage of this bill might require the Government to pay a little more on its freight bill, but the over-all sum of money that will be collected from the people of this country to pay the over-all freight bill of the country will be very little more, if any more. There is a positive mandate in this bill to the Interstate Commerce Commission to reduce rates to provide for or take care of any additional revenues that come to the railroads by reason of the increased Federal rate that the Government would pay.

Now, let us get down to brass tacks about the shipping bill of the country. I know many people in the South and West have violently opposed this bill. They have their reasons for doing that. They are the same people who complained most about the high freight rates prevalent in their territories. At the time they were making those complaints some years ago, and even in a measure yet today, the railroads in their areas were operating in the red. What did that mean? That meant that except as you take money out of the Federal Treasury, possibly by way of a direct subsidy, you could not reduce the rate to the private shipper. But on the other hand, if in those sections the Government of the United States, being the taxpayers of all the country, not only in southern and western territory, but in official territory, were to pay the full, prescribed rate, then those increased revenues coming to the railroad would permit the Interstate Commerce Commission to reduce the rates to the private shipper without bankrupting the railroad and destroying its operation. If anyone can contend successfully against that argument I would like to hear him do it. To me it is as apparent as that two and two make four.

There are no land-grant railroads in official territory. As I said, they are principally in the South and in the West. If the Government is to have its traffic moved at 50 percent of the rate, then it follows inevitably that the private shippers must make up the difference in order to provide for the operation of the railroad. A railroad cannot operate except it takes in enough revenue to pay its fixed charges and its operating costs. We know many of them cannot do that. This bill will require the Government to do nothing more than to pay the rate that is established. When the Government pays the rate that is established, then the farmer shipping his produce to market will get a cheaper rate for that operation.

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

Mr. HALLECK. I would like to pursue my statement if I may?

Mr. WHITE. The gentleman had a second 5 minutes.

Mr. HALLECK. Of course, I did, but I still want to make this statement.

There is another feature that should be considered about this bill. The Interstate Commerce Commission has been created, and through all of its history has been moving in the direction of preventing discriminations between shippers; to lay the rates on top of the table with no secrecy about them. Every man who is competing understands and knows what his rate is, and what the rate of his competitor is, everybody to be treated alike.

Now, in respect to much of this Government business, the producer or manufacturer who, by reason of the chance that put him on a land-grant road has a cheaper rate than a competitor who does not have the benefit of such a location, has a definite advantage. To my mind that lies right straight in the face of the whole rate-making theory and history of the country.

In determining what shall be done about this matter there is another matter that seems to be important. It is a tremendous problem for the railroads and the Government to figure out just where the land-grant rates apply and in what percentage and amount they apply. There is constant controversy and contention about them. Those items are audited by the General Accounting Office and according to the hearings they are years behind in their accounting determinations.

The SPEAKER. The time of the gentleman from Indiana has again expired.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN. Mr. Speaker, this is D day on the home front. The railroad barons of the country are leading an invasion on the Treasury of the United States. They seek in time of war to saddle upon the taxpayers of this country an additional burden for transportation of the armed forces and supplies that will amount to more than $500,000,000 a year. Read the hearings and see where the head of the Transportation Division of the War Department, speaking for the War Department alone, said there would be $250,000,000 additional in transportation charges for the War Department to pay if this bill passes. It is my understanding that the officials of the War Department went before an appropriations subcommittee the other day and told them how much they need for transportation for the next fiscal year but they placed a reservation on it to the effect that if Congress repeals the land-grant rates they would be back for more. The War Department alone during the calendar year 1943 had a transportation bill of $1,500,000,000.

It was agreed at the time this Government gave to the railroads—I say gave to the railroads—130,000,000 acres of land, an area three times the size of the New England States, that the benefits that were to accrue to the Government as a result of that gift was that the rail-

roads should carry Government supplies, civilian employees, the Army and Navy personnel, and supplies at a reduced rate. The Congress just a few years ago changed that law to the effect that the civilian employees of the Government and supplies for civilian uses were not to be considered as being entitled to land-grant rates. That in itself was a concession.

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

Mr. COCHRAN. No; my time is too limited.

We did retain for the Government the land-grant rates to carry the military and naval personnel and the supplies needed for the national defense. Yes; the hearings show that there was little opposition to this bill before the committee. Only one Government official appeared there and spoke for a Government department—that was the transportation official of the War Department. Two other gentlemen appeared employed by the Government, but they spoke as civilians, not as representing any Government agency; in the hearings, however, you will find, and you will not find it in the report, a letter from the Under Secretary of the Treasury, Mr. Bell, and the Assistant Secretary, Mr. Sullivan, opposing this bill. You will find a letter from the Navy Department opposing this bill. You will find a letter from the Secretary of the Interior opposing this bill. I have here statements sent to the committee not appearing in the record from the Secretary of Agriculture opposing this bill.

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

Mr. COCHRAN. If the gentleman will yield me some time; yes.

Mr. BOREN. We are going to see that the gentleman gets time.

Mr. COCHRAN. If the gentleman has time to yield, I will; otherwise I cannot. The gentleman can get time in his own right.

Mr. BOREN. The gentleman would ask me if I would yield time.

Mr. COCHRAN. Will the gentleman from Illinois yield me some more time?

Mr. SABATH. I have not got it; I am sorry.

Mr. BOREN. I will not control time, of course, until we go into Committee for the consideration of the bill.

Mr. COCHRAN. Another thing, let me tell you this legislation has not cleared the Bureau of the Budget.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. COCHRAN. The Bureau of the Budget has not cleared this bill. Where are you going to get the $500,000,000 except from the taxpayers of this country? The gentleman from New York [Mr. REED] the other day said that the Republican program is to reduce taxes. Well, here is $500,000,000 you are not going to add if you pass this bill. I believe it is our duty to think of the people of this country who must pay this bill. This is absolutely no time to bring legislation of this character before the House of Representatives when the railroads of the country are enjoying the greatest prosperity they have ever known. If it is wise to repeal these land-grant rates a year or 2 years after the termination of this war, that is another thing, but the land-grant rates should remain in effect so that the Government will get the benefit that should accrue to it as a result of this gift until this war is over, our armed forces are home, and our supplies have been brought back.

I say again this is a raid upon the Treasury. The lobbyists have been busy bringing pressure to bear upon Members of this House. Your constituents, the taxpayers, are the ones you should protect and not let them be required to pay $500,000,000 additional at this time. Let us spend this money for war purposes.

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

Mr. COCHRAN. Yes; I yield if I have any time.

The SPEAKER. The time of the gentleman from Missouri has again expired.

Mr. FISH. Mr. Speaker, may I inquire how much time is left on both sides?

The SPEAKER. The gentleman from Illinois has 15 minutes remaining, the gentleman from New York 4½.

Mr. FISH. Mr. Speaker, will the gentleman from Illinois yield me 2½ minutes?

Mr. SABATH. I believe I used 2½ minutes of the gentleman's time, and, as I want to be fair, I yield 2½ minutes to the gentleman from New York.

Mr. FISH. That makes 7 minutes, according to my mathematics, Mr. Speaker.

The SPEAKER. Four and one-half and 2½ makes 7.

Mr. FISH. Inasmuch as we are in accord, Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA. Mr. Speaker, I believe the Congress and the House has a very serious job on its hands today to decide the equities involved, because you are being asked to cancel a solemn agreement which was made between the Government of the United States and the railroads, some of it as much as 90 years ago, some of it 70 years ago.

I believe it is generally known that this bill was before the House 2 years ago, on April 29, 1942. It was defeated by the House upon a state of facts which I believe was more favorable for its passage at that time than today. It is a rather serious thing to treat lightly a solemn agreement which was made, whether between the United States and the railroads or between individuals; but I do believe you are going to decide that before you get through here today.

The Government of the United States, not as an inducement to the railroads but as a consideration on the part of the Government, that if the railroads would complete those roads and give the Government—"toll free" is the term used—rates, conveyed to the railroads of the United States some 130,000,000 acres of land. There still remains somewhere between fourteen and twenty million acres of land in the hands of these same railroads. One hundred and thirty million acres of land is about an acre for every human being in the United States today.

Reference is made very feelingly by those who are enthusiastically for this bill that the land is not of much value, but if you will look over some of the land and find oil on it, or timber, which is very valuable, or lead or other minerals, there is considerable value left.

Mr. Speaker, one of the reasons the bill was defeated 2 years ago was because the House was not advised as to the value of some of this land. In reading the hearings, the value of this land is still a very uncertain thing, as many other figures in this report are uncertain.

It is rather serious to be dealing with the question of equalization and equities unless we know values. From the toll-free agreement the railroads and the Government have entered into an agreement where in carrying military freight in time of war and military personnel the railroads are only paid a 50-percent rate. When the railroads received 130-000,000 acres of land they go not only the land but a very valuable franchise, the right to operate a railroad and keeping out somebody else as a competitor, which we must not forget. When the Government reduced the agreement to 50 percent, and the fact that the railroads in 1943 earned in excess of $9,000,000,000 despite this 50-percent land-grant rate, the railroads have not done so badly. That is the greatest income for railroads in the history of this country. Therefore, this legislation is most untimely.

Mr. Speaker, I am not a railroad baiter. I represented two transcontinental railroads in my little law practice. Some of my close friends are railroad people out in my home State, both in the legal end of it and in the personnel end of it. I am very fond of them personally, but, Mr. Speaker, in time of war I cannot see the proposition of giving away a very valuable right to the railroads simply because it is being asked at this time. I think the railroads have another problem and that is the tax aspect.

The SPEAKER. The time of the gentleman has expired.

Mr. FISH. Mr. Speaker, I yield the gentleman the balance of the time on this side.

Mr. O'HARA. Mr. Speaker, the railroads have a problem, and that is the tax situation. Their rolling stock should be permitted to be built up by setting aside funds so that the equipment can be replaced when the materials are available. That is a very serious problem but because of that problem I do not think we should, on the other hand, break this solemn agreement with the Government of the United States and give away this property.

I have tried to follow the hearings by reading the testimony. I was not a member of the subcommittee. If agreements mean anything then they should be followed. You will have the argument advanced that the value of this land was very low, that it did not amount to much when the land was given to

the railroads, but what is it worth today? The same argument would apply to these Indians who were traded out of the Island of Manhattan for 2 or 3 strings of beads. They have a very good case on the same argument. They did not know that land was going to be built up with skyscrapers and valuable buildings.

The SPEAKER. The time of the gentleman has expired.

Mr. SABATH. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Speaker, if this were their own property, if this were their own contract entered into with third parties concerning something that belonged to them as individuals, there would not be a Member of this House who would think of coming up here and advocating rescission of this contract without any consideration in return, without even a restoration of the property that the railroads received originally. If you had a contract of that kind with the railroads, if you were the shipper in your individual capacity rather than as a representative of the people who are in this case the shippers; if you had to pay the bill out of your own pocket, rather than out of the Public Treasury, you would not agree to rescission of this contract on the terms that we are called upon to accept for the people today. I have never believed that we have either a legal or a moral right to represent our people in a way in which we know we would not represent ourselves if our own money were involved. There is not a man or woman here who will stand up and say that as an individual he or she would wipe out a contract, if he personally had so favorable a contract as that which the United States Government has with these railroads.

Why should not the representatives of the people deal with the people's money like they would deal with their own money? There is a vast amount of money involved here. We know it will run to a quarter of a billion dollars a year and it may run to much more. If you vote for this bill, you are voting to give that money to the railroads. There is no consideration of any kind moving to the people or to the Government. This bill does not even ask the railroads to bring back the property we gave them. We gave them a suit of clothes and they have not paid for it. Now they want to be relieved of payment. They want us to tear up the note. Why do they not bring back the suit of clothes? It is unreasonable to ask Members of this House to apply the same common-sense business principles when you are charged with the responsibility of billions of dollars of the people's money that any second-hand junk dealer would use?

Mr. Speaker, I simply cannot understand the philosophy that allows a Representative of the people to vote one way when his own money is involved and another way when he is dealing with the Government's money.

In the few moments remaining I want to make reference to a statement that was made by the gentleman from Indiana. He said that those of us who live in the Southwest have long complained about the inequitably high freight rates we have had to pay. So we have. The gentleman then said that we ought to wipe out these land-grant rates and that perchance or perhaps that might help. I call the gentleman's attention to the fact that there is not 1 mile of land-grant railroad in that imperial empire known as Texas, the heart of the Southwest, which has given approximately 33,000,000 acres of public lands for the building of railroads without requiring a penny's reduction in the rates. My great State has not a mile of land-grant railroads in it, yet we have among the highest railroad rates in our Nation. Nor does the State of Oklahoma, represented by the distinguished chairman of the subcommittee who brings in this bill, have a land-grant line within the State; yet he suffers from some of the highest rates in our Nation. No, Mr. Speaker, the very areas of this country that have no land-grant railroads have the highest freight rates in all America. All that can be said in defense of the action of the Legislature of Texas in granting 33,000,000 acres of State land to the railroads with no agreement to reduce rates is that they had no experience to guide them. You and I have the light of experience. We have no excuse whatsoever if we give away the property of the people.

Mr. SABATH. Mr. Speaker, I yield the balance of the time on this side to the gentleman from Missouri [Mr. SLAUGHTER].

Mr. SLAUGHTER. Mr. Speaker, I rise in behalf of the rule because it seems to me that in the last analysis, and getting down to brass tacks, this bill proposes to carry out what is the announced and avowed transportation policy of this country, which is a policy of equality throughout our whole rate structure.

Let us look at the historical angle for a minute. These lands were not given to the railroads by the Government as a charity proposition. It was a cold dollars-and-cents proposition from the standpoint of the Government, and it was likewise a proposition of general public policy.

During the fifties and early sixties such men as Stephen A. Douglas and Abraham Lincoln, who first advocated the large land grants, were fearful that with our tremendous expanse of territory and our sparse population this country would break apart, due to the fact that we were spread out so thinly over such a tremendous area. Thus it came about that these grants were given to the railroads, not to help the railroads, if you please, but to encourage settlers to go into the Mississippi Valley and further on across the Rockies and finally to the west coast to settle this country and to make it one strong, unified country, which was done.

Of course, it is true that the railroads received great advantages from these grants, but, by the same token, so did this Republic that gave those grants to the railroads.

On a dollars-and-cents basis, a very good argument can be made that the railroads have repaid and discharged their obligations. At the time the grants were made something like 126,000,000 acres of land were granted to railroads, and at that time those grants cost the Government in actual money, if they had sold the land to private individuals, approximately $125,000,000. Since that time, due to a revision of rates over a period, it is estimated that the Government has received a return of $600,000,000, which fairly well discharges the obligation.

The gentleman from Texas who preceded me made the statement that it came with poor grace on the part of the railroads to ask to have this land-grant section repealed without offering to restore the land they still have. Obviously that is impractical for a dozen reasons, two of which are outstanding. The first reason is that some of these railroads have sold or otherwise disposed of the lands which they received by way of grants, but of the millions of acres still remaining in the hands of the railroads, from a practical standpoint there is no way by which they could be turned back to the Government, because there is not one of these land-grant railroads that has not had two, three, four or more receiverships and reorganizations. Their bonded indebtedness is now based on all of their assets, including these lands which are indentured. If it were feasible from other standpoints, it would not be practical to turn these lands back under those circumstances.

Mr. MANSFIELD of Texas. Mr. Speaker, will the gentleman yield?

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

Mr. MANSFIELD of Texas. Is it not true that most of those lands are also under mortgage?

Mr. SLAUGHTER. I thank the gentleman. That was the point I was trying to make plain. All of these lands are under general indentures which have been put on from time to time during various receiverships through which these roads have passed.

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

Mr. SLAUGHTER. I yield to the gentleman from Kentucky.

Mr. MAY. Aside from the reduction in freight rates that the Government has received, which amounts to several times the original value of the land, what has been the return to the Government in the form of taxes as the result of the development coming from these railroads and the construction of the railroads themselves?

Mr. SLAUGHTER. I thank the gentleman for his contribution. Of course, the benefits to the Government are incalculable. There is no way it can be calculated what the Government and the States and the subdivisions have received by virtue of the building up of these territories and the enhancement of values, which are reflected in tax values.

Mr. MAY. As well as school taxes.

Mr. SLAUGHTER. But there is another situation that makes the repeal of this provision if not mandatory at least highly desirable, and that is the fact that we have approximately 230,000 miles of railroad in the United States and only 17,600 miles are connected, directly or indirectly, with any land grants. Nevertheless, when the Government is shipping its freight all over the country, as it is now doing, if it goes or could go over a land-grant road, of course, that differential must be taken into account. It must either go over the land-grant road at a reduced rate or by an equalization process go over some other road at the same rate, with the result that the General Accounting Office is something like 4 years behind on auditing these complicated and disputed freight claims.

Mr. HARNESS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. SLAUGHTER. I yield to the gentleman from Indiana.

Mr. HARNESS of Indiana. I wonder if the gentleman has any figures to show the cost to the Government of maintaining the agencies and the accountants, and so forth, in the various departments to figure these land-grant rates and the amount of refunds due to the Government.

Mr. SLAUGHTER. I will say to the gentleman that I do not have those figures available, but I think the argument speaks pretty well for itself when the General Accounting Office is 4 years behind on calculating these computations caused by the differential in rates.

Mr. HARNESS of Indiana. That would be a saving to the Government by eliminating the necessity of auditing these accounts.

Mr. SLAUGHTER. It would be a tremendous saving. I have to pass along quickly now because my time is drawing to a close.

This is not only a bill to help the railroads. Of course, they will get some help out of it, but it will also help the shippers. It will help the shippers, among other ways, in this particular. Suppose a company has a factory located on a land-grant road that produces a given product which it desires to sell to the Government at a given price, and you, on the other hand, own a factory several miles away on a road which has no land grant. You produce your product at the same price. You are ready to sell to the Government at the same price as the man on the land-grant road. Of course, if the Government procurement officers are doing their duty and looking out for the Government interest, they are going to buy from the manufacturer on the land-grant road, because the Government can move its product more cheaply than it can from the manufacturer who is on a road that does not have the benefit of land grants, with the result that the manufacturer or producer on a nongrant road is discriminated against.

In addition to the railroads, who naturally are for this bill, and for that reason must be discounted to some extent, as far as I know all of the large traffic associations are for it. The Interstate Commerce Commission is for it. When I say "the Interstate Commerce Commission is for it", I am basing my declaration on the statement of Mr. Mahaffie and on the statement of the late Joseph B. Eastman which was made at the last hearing 2 years ago. The very able committee of this House, headed by the distinguished gentleman from California, [Mr. LEA] and the subcommittee headed by the gentleman from Oklahoma [Mr. BOREN] have gone into this matter fully, and they recommend the passage of the bill. Railroad labor has endorsed it. Mr. Robertson of the Firemen and Enginemen's Union has endorsed the bill. Mr. Whitney, the head of one of the other brotherhoods, has come forward with the same sort of a statement. They are all in accord with the general policy of this country with respect to rate structures ever since the day that the Interstate Commerce Commission came into existence, and that is equality with respect to rates and not inequality of railroad charges.

The SPEAKER. The time of the gentleman from Missouri has expired. All time has expired.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that today, at the conclusion of the legislative program and following any special orders heretofore entered, the gentleman from South Dakota [Mr. MUNDT] be permitted to address the House for 15 minutes.

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

There was no objection.

EXTENSION OF REMARKS

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a radio address.

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

There was no objection.

REPEAL OF LAND-GRANT RATES ON TRANSPORTATION OF GOVERNMENT TRAFFIC

Mr. BOREN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4184) to amend section 321, title III, part 2, transportation act of 1940, with respect to the movement of Government traffic.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 4184, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from California [Mr. LEA] is entitled to 1 hour, and the gentleman from New Jersey [Mr. WOLVERTON] is entitled to 1 hour.

Mr. BOREN. Mr. Chairman, acting on behalf of the chairman of the committee, I yield myself such time as I may require to make my opening statement.

Mr. Chairman, I know there has been no disposition on the part of my colleagues that have made statements heretofore on the bill this morning to be anything except fair and reasonable in their opposition. However, I must of necessity point out the error of some of the information that has been presented here today.

In the first place, I know that my colleague, the gentleman from Missouri [Mr. COCHRAN] did not mean to imply that anyone in this House was influenced away from his judgment any more than the gentleman from Missouri was influenced from his judgment.

We have just one question to consider here today, whether or not this issue as this committee resolved it is right. If it is right, it ought to be enacted, and if it is not sound and right for the Nation's interest it ought to be defeated.

There have been allegations made here this morning that this bill would cost the War Department alone $500,000,000 a year. The Army's transportation bill was $1,500,000,000 for last year, according to the Chief of Transportation when he appeared before our committee. We invited the War Department and every other department of the Government to come before our committee. There has been no disposition to close anybody off. The gentleman from Texas who spoke here in opposition a few moments ago will bear me out in the statement that what witnesses came seeking to be heard were heard. We invited every Government department. We specifically invited the Department of Agriculture, which was referred to. They declined to appear in person to present their case and subject themselves to cross-examination. They did not submit any letter at all to this committee until 5 days after the committee hearings had gone to print. Even at that time I made it a part of the committee record and called a meeting of the committee to call to their attention what the facts were according to the presentation of the Department of Agriculture.

I do not accuse the Department of Agriculture of bad faith, but I just do not want this House to be under the false impression that there has at any time on the part of this committee been anything except a clear-cut, judicial, open-minded, and fair attitude in the consideration of this measure. I accord everybody else what I demand for myself and my committee, the right to have our opinions considered on that basis.

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

Mr. BOREN. I yield to the gentleman from Kentucky.

Mr. MAY. I know personally that the gentleman's committee even allowed volunteers to appear and testify.

Mr. BOREN. I thank the gentleman for his contribution. He is perfectly right about that.

When the Chief of Transportation appeared before our committee that was charged with the responsibility of deciding this question, he said that the cost of transportation for the War Department was $1,500,000,000 a year—if he went before the Committee on Appropriations and said something else, I do not know it—and that the percent of the $1,500,000,000 a year that land-grant rates amounted to was 10 percent, with a fractional leeway one way or another. The highest estimate that was made was that it might reach as high as 17 percent.

I want to make one remark about this contract. I am not sure that a contract is sacred which might be made for eternity predicated upon the possible advancement of the Nation. This contract is 100 years old. I am going to point out in the statement I am about to make that this contract is not the thing you see here today at all, that this contract has never been anything in its practical effect but a voluntary agreement on the part of the railroads, from time to time altered to meet changing conditions as this Nation advanced in development. That will appear in the statement I am about to make. For the next few minutes I shall make a general statement about the merits of this bill and the reason why this committee brought it to you for your consideration and recommended it to you for your adoption.

Mr. Chairman, this bill presents an issue with which the House is quite familiar. It will be recalled that a bill almost identical in language and, in fact, identical in purpose was before the House for consideration 2 years ago. It came to the House as the result of a unanimous favorable report by the House Committee on Interstate and Foreign Commerce. It was debated at some length on April 29, 1942. The bill, after its consideration in Committee of the Whole, was remanded to the committee for further study and consideration. Two years have passed since that action was taken.

The committee has given further careful consideration to the issues involved. A subcommittee was created, of which I happen to be chairman, and extended hearings were had over a period of 6 days. The subcommittee reached the conclusion that the bill should be enacted and this recommendation of the subcommittee was endorsed by the full committee and its report discussing all of the important phases of the matter has been on file for several days.

The bill, shorn of technical language, provides that the Government of the United States shall pay full commercial rates for transportation of war and Navy materials owned by it and for the transportation of troops. The bill, however, is without prejudice to the right of the Government to negotiate with the carriers for special rates under section 22 of the Interstate Commerce Act. It may be worth while to state a few outstanding facts.

In 1850 the Government found itself owning nearly 1,500,000,000 acres of land. This land could not be sold nor could settlers be found for it due to the lack of transportation facilities. The responsible statesmen of that period, of whom Stephen A. Douglas and Henry Clay may be cited as typical, conceived the idea that it would be in the public interest to enhance the value of this vast domain by using a relatively small proportion of the land in encouraging the construction of railroads, then and now the most important of our transportation facilities. Congress, therefore, provided that there should be grants of certain lands to railroads who would agree to construct their lines into this unsettled wilderness.

On the whole, some 130,000,000 acres of land were granted to railroads located principally in the West and South. Mr. Eastman, when he was Federal Coordinator made some investigation of the value of these lands, and reached the conclusion that at the time they were granted the average value was 97 cents an acre, which would represent about $126,000,000.

The acts of Congress granting these lands to various railroads provided that the Government should have the right to use the lines "free of tolls." This rather inappropriate term was used by reason of the fact that prior to these land grants to the railroads the Government from time to time had made grants of lands for the construction of highways and the improvement of waterways in various parts of the country. Some of these improved highway and waterway projects were constructed under State statutes which authorized the imposition of tolls for their use. The Government, however, reserved the right to have its vehicles use these highways and waterways free of tolls. When the railroad land-grant acts were passed this term was employed, without much consideration, I suspect, of its practical effect.

Later on, after the roads were constructed, a dispute arose between the railroads and the Government as to the proper interpretation of the term. The matter reached the Supreme Court of the United States, and it was there decided that the railroads were not compelled to transport Government freight and troops free of charge, but that the law must be construed as requiring the railroads to furnish reduced rates measured by the value of the right-of-way. After considerable litigation, the Court of Claims, following the instructions of the Supreme Court, worked out a formula which, in effect, provided that the Government should move its freight and troops at half price. This decision of the Court of Claims was subsequently ratified by acts of Congress.

It should be stated here that at the present time there are about 230,000 miles of railroad in the United States. Of this mileage, only 17,600 miles were built as the result of these land grants. I call the attention of the Members to a chart which shows in black lines the entire mileage in the United States and in red lines the so-called land-grant roads, meaning thereby the railroads which were built under the provisions of the land-grant acts.

In view of the relatively small amount of mileage which can be called land-grant mileage, it might be thought that the question is not of great importance. However, in order to understand the situation, we must consider the effect of the so-called equalization agreements. All of the railroads of the country, whether or not constructed with land-grant funds, have agreed to meet the rates of the land-grant roads between any two given points. The situation can be illustrated by examining the chart showing the amount of land-grant mileage.

You will observe that between San Francisco and Chicago, if the shipment is sent over the Southern Pacific to Tacoma, thence over the Northern Pacific to St. Paul, thence over various lines from St. Paul to Chicago, practically the whole distance is land grant. On the other hand, if the shipment moved by the direct route between San Francisco and Chicago, which would be the Southern Pacific to Ogden, Union Pacific to Omaha and North Western from Omaha to Chicago, only a small part of the mileage is land grant.

It was highly desirable from the Government point of view that it should be able to ship its freight and move its troops by the direct route. In the absence of an equalization agreement, this could not be done, since under the law the Government is required to avail itself of the lowest rate. In normal times, prior to 1933, the amount of Government freight was comparatively small and the movement of troops was not considerable. In that period of time, the railroads were subjected to no particular hardship if they were called upon to move a relatively small amount of traffic at these low Government rates. Partly, therefore, for the benefit of the railroads and particularly for the benefit of the Government, these equalization agreements were entered into. As a result, the question here involved is of interest to almost every railroad in the United States.

In 1933, which marked the beginning of the Government's extended program of relief, the Government began to move a large amount of civilian goods for relief purposes. These were owned and transported ordinarily by agencies of the Government and under the decisions of the courts, these agencies were entitled to the land-grant deductions, just as if the shipments had been made by the Government itself. The amount of this civilian traffic owned and shipped by the United States became so great that in 1940, when there was some revision of the transportation code, Congress adopted section 321, which provided, in effect, that the Government should pay full rates for mail, theretofore subject to a 20-percent reduction when moving over land-grant lines and equalization lines, and should also pay full commercial rates for all civilian goods. The law provided, however, that the land-grant rates should continue to apply to the transportation of military or naval property of the United States moving for military or naval and not for civil use. The land-grant rates were to apply also to the transportation of troops of the United States.

In a comparatively short time after this law became effective, we entered upon our program for national defense

and in December 1941 we entered the World War. As a result of our defense and war activities the Government ceased to become an important shipper of civilian goods and instead became an exceedingly important shipper of military and naval goods. Mr. W. M. Jeffers, president of the Union Pacific Railroad, who, you remember, conducted the job of Rubber Director with conspicuous success, testifying before the committee, stated:

On the Union Pacific 65 percent of the business handled at the present time is war traffic of some kind or character as distinguished from what it was at the outset of some 3 or 4 percent.

This may not be typical of all of the western lines, but it is safe to say that a very considerable amount of the business of the western railroads is war business. It is obvious, therefore, that the amendment made in 1940 has not been of very great benefit to the railroads of the country.

One phase of the matter which may be mentioned briefly grows out of the great difficulty which the railroads have in determining what their charges should be. On civilian traffic owned by the Government, they are entitled to full commercial rates. On military and naval traffic, they must make the land-grant concessions. Nobody seems to have been able to determine definitely the line of demarcation between civilian goods and military goods. Disputes have arisen between the Government and the railroads which create some very embarrassing situations.

Bills are now being rendered by the railroads according to their theory of the law. Under the act, these bills are paid without preaudit, the Government, however, very properly reserving the right to make a thorough audit later on. To make a long story short, the testimony in this case shows that the railroads may be called upon, in the post-war period, to pay back to the Government probably two or three hundred million dollars, the amount depending upon the final conclusion of the General Accounting Office and of the courts as to what constitutes military or naval traffic. In this category of disputed items are lend-lease materials, materials for the reconstruction of the locks on the Panama Canal, material going into the construction of Army buildings and merchant-marine vessels being constructed either by the United States or under contracts with the United States.

The railroads are collecting very considerable sums of money on their theory of the law and are paying taxes on these amounts. They face the danger, however, in the post-war period of being required to refund enormous sums of money which threaten the solvency of these important transportation agencies. Mr. Jeffers, for example, pointed out that in the year 1943 the deductions on his road amounted to something like $48,000,000, and of this amount $23,000,000 is in dispute.

I should like to make it clear that the idea of repealing land-grant rates did not originate with the railroads. In other words, this is a shippers' bill. The great urge for the enactment of this measure comes from Government authorities having to do with the regulation of transportation and from the important shipping interests of the country. The hearings on this bill developed the fact that the bill is advocated by the National Industrial Traffic League, which is a Nation-wide organization, embracing in its membership individual shippers, industries, and commercial or trade organizations representing practically every line of business in the country. This league, as far back as 1936, went on record by a vote of its membership favoring the repeal of the land-grant rates. The president of the league, Mr. John B. Keeler, testifying at these hearings and speaking on behalf not only of the National Industrial Traffic League, but for the Pittsburgh Chamber of Commerce and the Allegheny Regional Shippers Advisory Board, stated that these land-grant rates had been a matter of grave concern to shippers for many years. Mr. Keeler said:

In fact, we started a movement to repeal land-grant rates before the railroads became really active in the matter. For a number of years the members of the National Industrial Traffic League have debated the question of land-grant rates and have been in favor of repeal of those rates.

There is another important shippers' organization, known as the National Association of Shippers Advisory Boards. This is a national organization, composed of numerous regional groups. It has 22,000 members, consisting of shippers and receivers of freight, newspapermen, bankers, lawyers, and, in fact, every class of citizens who are interested in railroad transportation. Many farmers belong to this organization. A representative of the national association appeared before the committee and strongly advocated the repeal of the Land Grant Acts, not only because of the injustice to railroads, but of the discrimination between shippers and localities. At the hearings, also advocating the repeal, were representatives of the New York Board of Trade, the New York State Chamber of Commerce, the transportation bureau of the Commerce and Industry Association of New York, the traffic director of the Chicago Association of Commerce, the traffic director of the Indiana State Chamber of Commerce, the manager of the transportation and communication department of the United States Chamber of Commerce, a representative of the United Fresh Fruit and Vegetable Association, the National League of Wholesale Fresh Fruit and Vegetable Distributors, and many others. It can confidently be asserted that the shipping interests of the country are unanimous in opposition to continuing in effect these land-grant rates.

The question naturally arises as to why the shippers take this position. The answer can be illustrated by a series of charts to which I call the attention of the Members of Congress.

The first of these is a chart illustrating the effect of the land-grant rates on the movement of lumber to Chicago from two important points of origin, these being Klamath Falls, Oreg., and Westwood, Calif. The distance from Klamath Falls to Chicago is 2,263 miles. The distance from Westwood, Calif., to Chicago is 2,118 miles. Since mileage has a great influence upon rates, we are not surprised to find that the commercial rate on lumber from Klamath Falls, the greater distance, is 75½ cents per 100 pounds, while the rate from Westwood, the shorter distance, is 72 cents. Klamath Falls is at a disadvantage of 3½ cents by reason of its greater distance. However, it so happens that Klamath Falls is so located that shipments from that point can be moved over land-grant mileage, whereas shipments from Westwood cannot be moved over land-grant mileage to anything like the same extent. As a result, the Government rate per 100 pounds on lumber from Klamath Falls to Chicago is 42.319 cents, whereas the applicable rate from Westwood, with less land-grant mileage, is 58.913 cents. Therefore, the Westwood people, who are entitled to the advantage of their location, and who have a 3½-cent advantage in the commercial rate, find themselves at a disadvantage of 16.594 cents, notwithstanding the shorter distance.

Here is another example: Cement moves to Jacksonville, Fla., from Birmingham, 628 miles, and from Clinchfield, Ga., 271 miles. Clinchfield, by reason of its location so much nearer to Jacksonville than Birmingham, has a rate of 16 cents per 100 pounds, as against the Birmingham rate of 22 cents per 100 pounds. In other words, Clinchfield has a 6-cent advantage in the rate, which grows out of its location. However, in shipping from Birmingham it is possible to work out a rate over a circuitous route containing land-grant mileage under which the rate from Birmingham to Jacksonville becomes 11 cents and the rate from Clinchfield 12.72 cents. Clinchfield, therefore, loses the benefit of its proximity to Jacksonville and finds itself at a positive disadvantage by reason of the fact that it is not so located as to avail itself of land-grant mileage.

I call attention also to a chart showing the situation with reference to iron and steel articles moving to Portland, Oreg., from two points of origin, one of these being Chicago, distant 2,169 miles from Portland, and the other Minnequa, Colo., distant 1,306 miles. The commercial rate from Chicago to Portland is $1.10 per 100 pounds and from Minnequa, the shorter distance, only 85 cents per 100 pounds. However, when Government freight is involved, it is possible to work out a land-grant rate from Chicago amounting to 56.01 cents per 100 pounds, as against the Minnequa rate for a much shorter distance of 62.855 cents per 100 pounds. Minnequa, therefore, much to its surprise and greatly to its discomfiture, finds its natural advantage of 25 cents changed to a disadvantage of nearly 7 cents.

Here is another chart, having to do with the movement of coal to Portland, Oreg., from Duluth, Minn., 2,044 miles away, and Rock Springs, Wyo., only 976 miles away. At both Duluth and Rock Springs coal originates, the Duluth coal being, presumably, so-called dock coal, which has moved to that port over the

Great Lakes. The commercial rate from Duluth is $9 per ton. For the much shorter distance from Rock Springs, the rate is $5.20. However, when Government traffic is involved on a movement from Duluth, land-grant rates are available, which reduces that rate to $4.50 a ton, whereas Rock Springs must pay $4.99 a ton. In other words, the Rock Springs advantage of $3.80 is changed to a disadvantage of nearly 50 cents per ton.

Another interesting illustration is shown by a chart having to do with the movement of structural steel to Memphis, Tenn., from Chicago, distant 527 miles, and from St. Louis, distant 313 miles. Naturally, St. Louis has a lower normal commercial rate because of its shorter distance. The St. Louis rate is 35 cents per 100 pounds; the Chicago rate, 42 cents. However, much of the mileage from Chicago to Memphis is land grant and that reduces the rate to 27.723 cents per 100 pounds, as against an available St. Louis rate of 30.911 cents per 100 pounds. The St. Louis advantage of 7 cents attributable to more favorable location is changed into a disadvantage of 3.188 cents by reason of the operation of the land-grant rates.

I submit another chart, having to do with the movement of packing-house products to San Francisco from Chicago, distant 2,261 miles, as against a movement from Fort Worth, Tex., of 1,841 miles. The normal Chicago rate is $2.79 per 100 pounds; the normal Fort Worth rate, $2.60 per 100 pounds. When the land-grant feature gets into it, however, the Chicago rate goes down to $1.49 per 100 pounds and the Fort Worth rate is reduced to $1.96 per 100 pounds. Therefore, the Fort Worth advantage of 19 cents due to its location is changed to a disadvantage of 46.69 cents, notwithstanding the fact that the Fort Worth distance is 420 miles shorter. This chart also shows that in 1943 the Government purchased 30 percent of all the packing-house products produced in the United States.

Some Member of Congress might be a little confused as to why a lower land-grant rate applies to some of these longer distances. I have a series of charts here which illustrate how absurdly these rates are constructed and will serve also to indicate the uncertainty in the minds of the shippers as to what the applicable rate is in a given case.

One of these charts has to do with the movement of freight from Cleveland, Ohio, to Fort Knox, Ky., an important military post. By the direct route, the distance is 417 miles, and this is the route over which the traffic ordinarily moves. However, the land-grant experts in the Government can figure out a route between Cleveland and Fort Knox 943 miles long, over which, due to the land-grant mileage contained therein, the rate would be reduced. This would contemplate the movement of the traffic from Cleveland to Chicago over the New York Central, from Chicago to Cairo over the Illinois Central, and from Cairo to Fort Knox also over the Illinois Central. Were it not for the equalization agreements, this traffic would doubtless move over this 943-mile route through Chicago and Cairo, an excess distance of 526 miles. It should be understood that these routes are open routes, so-called, and it is the task and the obligation of the experts in the General Accounting Office to examine all available routes and apply, theoretically at least, the rate over the one which produces the lowest actual rate to the Government.

I have another chart here, which has to do with the movement of freight from Kansas City, Mo., to Memphis, Tenn. The direct line is the Frisco, 473 miles in length. However, the land-grant experts are able to figure out a route through Galesburg, Ill.; Centralia, Ill.; Cairo, Ill.; Little Rock, Ark., and back to Memphis, 940 miles in extent, over which route, if used, the rate would be lower, by reason of the inclusion of land-grant mileage, than if the shipment is made direct over the Frisco from Kansas City to Memphis. The circuity is over 100 percent.

Another interesting chart has to do with the movement of freight from Inglewood, Calif., a point near Los Angeles, to Brookley, Ala., Brookley being a point in the Mobile area. The actual route over the Southern Pacific and the L. & N. amounts to 2,449 miles. However, a land-grant route can be figured out, under which the traffic, instead of moving directly to Mobile, would move north through California, Oregon, and Washington to Tacoma, thence east to Duluth and Superior and by various circuitous routes through Cairo and Meridian, Miss., a distance of 4,732 miles. That is how the traffic would move but for the equalization agreements. It is no exaggeration to say that the experts in the Treasury could probably find 100 routes between this point in southern California and Mobile over which the traffic could move under the open tariffs. It is the duty of the General Accounting Office to examine all of these routes and pick out the one that yields the lowest rate. We need not be surprised, therefore, at the testimony of some of the witnesses that it requires many hours of patient labor on the part of railroad and Government rate experts even to approximate the applicable rate. No one can, in fact, be sure just what rate will be applied until the General Accounting Office says the last word.

I call attention also to a chart illustrating the movement of freight from San Francisco, Calif., to Charlotte, N. C. The actual route of movement is 3,111 miles. However, a land-grant route can be figured out, and it has been figured out and used by the General Accounting Office, where the distance is 5,202 miles, an excess distance of 2,091 miles and a percentage of circuity of 67 percent.

And, finally, I call attention to a chart which is almost a reductio ad absurdum. On a movement of Government freight from Sheffield, Ala., to Corinth, Miss., the distance is 54 miles over the direct route, that being the Southern Railway. However, on an actual shipment, the General Accounting Office was able to figure out a route 484 miles long through Birmingham and Meridian, and it was applied to this shipment from Sheffield to Corinth, a circuity of 800 percent.

Consideration of these charts and the explanation I have made carries conviction as to the sincerity of the shippers when they announce their strong desire that these land-grant rates should be abolished. Merchants and manufacturers are, of course, interested in selling goods to the Government. At this time, when the Government is such a heavy purchaser of manufactured articles of every variety and food of every description, the Government business cannot be ignored.

Ordinarily, the Government asks for a delivered price; however, the request for bids carries with it a statement that the Government will undertake to pay the freight and the bids must be made on that basis. Here is a manufacturer located 500 miles from a point where the Government wants the freight. He is on a non-land-grant line. His competitor is a manufacturer on a land-grant line, also 500 miles from the point where the goods are to be delivered. The man on the non-land-grant line knows of his competition and he must take into consideration the fact that his competitor has this land-grant advantage. He does not know, however, how much the advantage really amounts to. The man on the land-grant line 500 miles away from the point of consumption ships the freight and the Government pays the freight charges.

The expert in the General Accounting Office sits down to determine how much that rate was. He probably has 50 or 100 routes to examine. Some of them have land-grant mileage and some do not. Some routes have more land-grant mileage than others. Ultimately, the expert reaches a conclusion as to what the rate is. It is certain that the man on the land-grant line will have an advantage over his competitor on the non-land-grant line, although there is great doubt as to what that advantage amounts to. This is discrimination of the worst sort and denies to many shippers the natural advantage of their location.

The act to regulate commerce was passed to remove discriminations and injustices under which certain shippers received special privileges not justified by transportation conditions. During the 55 years when the act to regulate commerce has been in effect, the Commission and the courts have repeatedly pointed out that the very heart of the act is the provision which prohibits unfair and unjust discriminations. Yet at this time, when so great an amount of traffic is Government freight, this land-grant proposition works out in such a way as to produce the worst kind of discrimination. The matter is very well summarized by the representative of the Chicago Association of Commerce, who, testifying in this matter, said:

> The shippers' primary interest in the repeal of the land-grant provisions of the law is due to the uncertainty of application, the discrimination which the present act causes between competing shippers, and the impossibility of determining with any degree of accuracy the transportation charges to be assessed on traffic moving under land-grant

rates. The shippers have no information on the rates to be charged under the land-grant arrangements between the Government and the carriers. Therefore, when asked to bid upon a Government project, the manufacturer or producer has no way of determining what the transportation charges of his competitor will be and cannot provide a bid on a fair and reasonable competitive basis.

The act to regulate commerce requires the railroads to establish reasonable rates. Obviously, these land-grant rates are unreasonable. The act also requires the carriers to maintain rates which are not unduly discriminatory. These land-grant rates produce discriminations which are obviously harmful to the public. The Interstate Commerce Act prohibits charging a greater amount for a shorter distance than for a longer distance, if the shorter distance is included in the longer distance. This is the famous fourth section about which there has been so much controversy. However, these land-grant rates ignore all long- and short-haul considerations and frequently apply a higher rate for a shorter distance than for a longer distance, even though the shorter distance is included in the longer. Every sound principle of rate making is ignored and, indeed, openly defied by these land-grant-rate arrangements. As said by the accomplished chairman of the committee in a statement made by him at the hearing:

The land-grant-rate system has no legitimate place in an equitable and just system of regulation of rates in this country. It partakes of the quality of discrimination which is obnoxious to a good rate system. It is out of harmony with the general system of regulation, the equality of rates, and just regulation and just prices as between localities and the same types of freight that move over the transportation lines of the country.

The gentleman from California [Mr. LEA] also pointed out in this statement that this is a question of particular interest and responsibility just now, in view of the fact that Congress, when the matter was up before, specially charged the committee with responsibility to make a further investigation and report.

Not only are the railroads affected but other forms of industry as well. A representative of the American Trucking Association appeared at the hearing and pointed out the fact that the present system is injurious to motor transport, since motor vehicles must meet the competition of the rail lines if they are to continue in the business. The executive secretary of the Freight Forwarders Institute pointed out the reasons why freight forwarders are opposed to continuing the present system.

There is a letter in the record from the then Acting Director of the Office of Defense Transportation, pointing out the reasons why that important arm of the Government is opposed to the continuance of the present system. There is also a communication there from the Board of Investigation and Research condemning these land-grant rates.

Every State railroad commission is on record as urging the repeal of the land grants, as is shown by the testimony of the general solicitor of the National Association of Railroad and Utility Commissioners.

Every railroad labor union is on record as advocating the repeal of these acts. No one can read the testimony in the record of such men as Mr. D. B. Robertson, president of the Brotherhood of Locomotive Firemen and Enginemen; Mr. John T. Corbett, assistant grand chief engineer, Brotherhood of Locomotive Engineers; and the written statements of Mr. A. F. Whitney, president of the Brotherhood of Railroad Trainmen, without reaching the same conclusion as that expressed by Mr. J. G. Luhrsen, executive secretary-treasurer of the Railway Labor Executives' Association, all of whom unanimously urge Congress to repeal these statutes. I do not think we have ever had a proposition where there has been such a unanimity of sentiment among people who know something about the transportation problem as there is in favor of this long-delayed and much-needed reform.

If it be said that the railroads made the bargain and should abide by it, reference may very well be made to the fact that this is the age of renegotiating contracts. Certain representatives of the Government have appeared before the committee and objected to the bill, not in principle but because it would require an increase in the expenses of carrying on the war. But wherever it appears that industry, as a result of contracts with the Government, is making undue profits, renegotiation is demanded—and with that policy I have no quarrel.

In this case, where the Government gave to the railroads $126,000,000 in land values, the railroads now, according to the testimony, have repaid probably as much as $600,000,000. Even if the consideration be appraised not at the value of the lands when granted to the railroads, but their value when they were sold by the carriers, no figure can be suggested which would even approximate so huge a sum as $600,000,000. In other words, the railroads have paid for the lands by every method of calculation, and, under the principle which underlies the philosophy of renegotiation, the Government should be willing now, having received more than a quid pro quo, to do equity by not insisting upon its pound of flesh.

There is really no opposition to this bill except that the War Department has made it clear that it does not look with enthusiasm upon an increase in the cost of transporting war materials. The War Department, however, seems to have lost sight of the fact that, due to the tax situation, in all probability something like 85½ percent of the amount which the railroads receive in increased revenue will be paid to the Government, under present conditions, in the form of excess-profits taxes.

Aside from that, since the railroads have more than repaid the Government, and since there is no way by which these serious discriminations can be removed except by sweeping away the whole plan, obviously the public interest requires that we should follow the advice of Mr. Eastman, that lamented and heroic figure in the field of transportation, who, when this bill was before the committee 2 years ago, made this statement, speaking in his capacity as Director of the Office of Defense Transportation:

It seemed to me entirely fair that such relief should be given, because the real quid pro quo for these land grants, in my judgment, was the opening up of the country. That is why they were given, to enable the railroads to be built, to open up the western territory, particularly, and they accomplished that result, and the Government, and everybody else, profited and benefited very largely from the construction of the railroads for that purpose.

The Government had a direct financial benefit through the increase in the value of the large amounts of public land which it retained.

Now, that is the principal reason why, to my mind, it is fair that these land-grant rates should be eliminated, because the Government and the whole country have already got very substantial compensation for the land grants. They accomplished their purpose of getting the railroads constructed and opening up the country.

Another is that while these land grants apply only over a comparatively few railroads, for competitive reasons they have been equalized by the other railroads to a very great extent, so that many of the reductions are now suffered by railroads which got no land grants at all.

In the third place, because since the time when the land grants were received, many of the railroads have changed hands—often because of bankruptcies and insolvencies which wiped out the original stockholders, so that the present owners of the properties have received them for value and have had no direct benefit from the land grants.

Furthermore, it seems to me that the Government ought to pay the same rates for carriage of traffic as are paid by its own citizens, who really made up the country. If you analyze this down far enough the land-grant reductions, to my mind, are really a burden upon the citizens of the country generally, because there is an obligation on their part to provide adequate earnings for the railroads.

I think we can safely follow the advice of this great student of the transportation problem, who lately fell at his post of duty, the victim of his devotion to the war effort, as heavy a war casualty as we have been called upon to endure.

I call the attention of the Members to this chart. The black lines show the entire mileage in the United States. In red lines are shown the so-called land-grant roads, meaning thereby railroads built under the provisions of the Land Grant Act. Every black line on this chart is a railroad. The black lines represent the total mileage; every black line in this chart is a railroad which was not built by land grant. Only the red lines represent railroads which were built by land grants. You can also see the geographical lay-out of these lines. By looking at this map you can see that most of them are in the South and in the West and in the middle western area, such as in the area of the gentleman from Minnesota, for example, whose discussion we heard before.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. BOREN. I yield.

Mr. O'HARA. Does the gentleman know how many land-grant railroads there are in Minnesota?

Mr. BOREN. No; I am not familiar with that.

Mr. O'HARA. There is only one, the Northern Pacific.

Mr. BOREN. I am not familiar with how many land-grant railroads there are by name at all. I have not paid any attention to the names of the railroads at all. I am not interested in any particular railroad. I have not looked into it to see who owned land-grants, the Santa Fe, the Rock Island, or the Northern Pacific. I am not interested in what happens to a particular railroad. I am interested in what is happening to my country in this picture. Here is the fact of the situation. There are 17,000 miles that were built by land grants. I might say in passing that of the 17,000 miles I feel reasonably sure that not a mile of it has not been through a number of receiverships since the time the contract was made. Talk about the sacredness of a contract, if it means anything. Suppose a man makes a contract with a city, that in consideration of a city placing a street light on his corner he would maintain the street light for the next 100 years. If a man goes broke and loses that property, whose obligation is it to maintain that street light, especially if the property goes back to the city for taxes?

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

Mr. BOREN. I yield.

Mr. BUFFETT. The United States Government made a contract to pay some obligations in gold, but did not keep that contract when it became inconvenient to do so.

Mr. BOREN. Some reference was made to the Indians a while ago. I might say the United States Government made innumerable contracts with the Indians and started breaking them just as fast as the ink on the paper was dry. But then I am not arguing against the importance of contracts or the validity of them. I just want to point out to you when you take a contract which was made during a historic period, you must take into account the developments affecting the contract, and any court in the country would do so.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. BOREN. I yield.

Mr. ROBSION of Kentucky. Perhaps the gentleman has developed this feature of this proposition. The railroads have developed various sections of the country and they have been followed by other forms and means of transportation, such as buses and trucks and so on. Now what has been done about the rates fixed for trucks and buses in those States where the railroads compete with them, that is, these land-grant railroads?

Do they have to come down also because of that?

Mr. BOREN. Oh, yes; certainly, indeed. The law entitles them to a competitive rate and they have to meet the competition of the land grant, wherever it may be; and it affects one segment and misses another. That is the thing we are trying to erase. So the land grant is a depressing burden on the normal development of truck lines and any other sort of transportation.

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

Mr. BOREN. I yield.

Mr. FISH. Mr. Chairman, I would like to ask this question in reference to this bill of the gentleman from Oklahoma [Mr. BOREN], who knows more about this than anybody else. Is it not a fact that 2 years ago the railroad brotherhoods opposed this legislation and today they are in favor of it?

Mr. BOREN. I believe the gentleman is correct on that point. They certainly have appeared before us and have expressed themselves in favor of it for valid reasons.

Mr. FISH. The passage of this bill would remove these uncertainties so that the railroads after the war could reequip themselves.

Mr. BOREN. Employment is what they are concerned about. For example, the General Accounting Office is some 4 years behind in their accounting. That means, for instance, take the Union Pacific, which I think crosses your country, may I say to the gentleman from Minnesota?

Mr. O'HARA. No.

Mr. BOREN. Well, anyway, the Union Pacific tried to set up a fund with which to meet this uncertainty and they wanted to set aside $10,000,000 a year. The Treasury Department said, "Well, set it aside and we will take 87 percent of it," which was right, under the taxes, of course, if they had that much surplus. And so they are faced with these uncertainties and naturally the brotherhoods are deeply concerned as to whether or not the railroads will be in a position to employ or reemploy the men after the war.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. BOREN. I yield.

Mr. O'HARA. Of course, with reference to the equalization agreements, there is nothing in the world to prevent these railroads who entered this equalization agreement from withdrawing at any time? They would withdraw this minute if they wanted to.

Mr. BOREN. Well, it is a contractual obligation.

Mr. O'HARA. So far as the equalization agreement is concerned they could withdraw at any time. Is that not true?

Mr. BOREN. I doubt that.

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

Mr. BOREN. I yield.

Mr. BROWN of Ohio. Certainly the railroads could not withdraw unless they wrecked the business of many of the enterprises situated along their lines or make it impossible for them to sell their products.

Mr. BOREN. Certainly it must be a contractual arrangement entered into by the association. I think they could break the agreement through the process of litigation.

Mr. BROWN of Ohio. Certainly the railroads could not withdraw from the agreement at this time without having the charge made, perhaps by demagogs, that they were unpatriotic.

Mr. BOREN. If they did withdraw, it would destroy the war transportation of this country and just about make it utterly impossible.

Mr. O'HARA. Mr. Chairman, will the gentleman yield at that point?

Mr. BOREN. I yield.

Mr. O'HARA. I am sure the gentleman is wrong in his statement that they cannot withdraw. It is purely voluntary, the equalization agreement is purely voluntary.

Mr. BOREN. They were entered into voluntarily.

Mr. O'HARA. They can withdraw at any time, those who are members of the equalization agreements.

Mr. BOREN. The gentleman may be absolutely correct.

Mr. O'HARA. At least I am advised so by one of my railroad friends.

Mr. BOREN. The gentleman may be absolutely correct. I do not want the record to show that they cannot withdraw, because I do not know exactly how the contract was entered into. I do say that if the equalization agreements ended today, the war effort would be stalled automatically.

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

Mr. BOREN. I yield.

Mr. WRIGHT. I was going to speak about the question of contract. I think we make a mistake when we speak of a contract between a government and one of its cititzens or corporations in the same manner as we speak of a contract between two individuals. To my mind, the Government is interested in the solvency of the railroads. It has an interest in the efficiency of the railroads. It has an interest in equal rates being charged in various portions of the country. That is a part of our Government policy.

Mr. BOREN. The gentleman is absolutely correct. We have recognized that difference between contracts in fixing it so that the Government could not be sued without its own consent.

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

Mr. BOREN. I yield.

Mr. RUSSELL. The gentleman was speaking about the equalization agreements. Will the gentleman please explain to the House if the land-grant roads are suffering at the hands of the Government to the extent that the Government ought to come in now and vitiate a contract, why these other railroads wanted to be robbed in the same manner and went into agreements upon their own application for those agreements?

Mr. BOREN. Of course, the implications in the gentleman's question answers his own question. He answers his question according to the answer he would like to receive.

Mr. RUSSELL. Well, you tell them why, if they are being robbed, they went into it.

Mr. BOREN. If the gentleman will be patient, I think I can make that quite clear. Remember this, this bill does not affect only 17,000 miles of railroad. It is to bring relief to the transportation system of the country—to the 230,000 miles.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. BOREN. I yield.

Miss SUMNER of Illinois. In our committee we have been considering the O. P. A. bill, and every other industry in the country which is making a lot of money, even if it lost some money on a single item or in a single company, we are taking the position—at least the O. P. A. is, and the Congress is backing them up, that they will not permit an increase in ceiling prices. When you pass this bill it seems to me you are making the railroad transportation industry a favored industry as compared with the treatment the Government is giving any other company, because you are permitting them to raise rates whereas you would not in the other case.

Mr. BOREN. I am sure if the gentlewoman had sat in the committee and heard all the evidence she would be in favor of this bill.

Miss SUMNER of Illinois. I read the hearings.

Mr. BOREN. I might add also, does the gentlewoman believe that the Government should require of the plane factories, and any other type of industry, a below-cost rate on anything it has by contract?

Miss SUMNER of Illinois. Is the gentleman contending that the railroads have always been operating on a cost-plus basis in their contracts? And is the gentleman contending that the railroads are not making money at present?

Mr. BOREN. Some railroads are making money and some are not.

Now, Mr. Chairman, because I do not want to take up too much time, and because I have a prepared statement I would like to finish my statement without further interruption.

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

Mr. BOREN. I yield just for one question.

Mr. LECOMPTE. What part of the total freight business of the land-grant railroads is Government business at the present time?

Mr. BOREN. Well, it varies considerably.

Mr. LECOMPTE. Roughly speaking? Would it be 50 percent?

Mr. BOREN. Mr. Jeffers indicated that on his railroad 65 percent—and that is not a land-grant railroad—about 65 percent of the business on his railroad today is land-grant traffic, whereas in normal times 3 percent of it was that kind of traffic.

Mr. LECOMPTE. Is that the Union Pacific?

Mr. BOREN. It is. And it is not a land-grant line.

Mr. LECOMPTE. Would that be about typical of the others?

Mr. BOREN. Yes; but remember it is not a land-grant line. He made no contract with the Government.

Mr. HARRIS of Arkansas. Will the gentleman yield for a correction?

Mr. BOREN. I yield.

Mr. HARRIS of Arkansas. Two million nine hundred and twenty-three thousand acres were under land-grant to the Union Pacific.

Mr. BOREN. Well, they acquired some land in taking over some railroads which went into receivership, but in itself it was a land-grant line.

Now, I think I can present a clear picture to you if you will bear with me without interruption, and I will try to complete it.

Referring now to the second chart, you will observe that between San Francisco and Chicago, if a shipment is sent over the Southern Pacific to Tacoma and thence over the Northern Pacific to St. Paul—I am not sure whether you can see this chart, but starting from San Francisco and going to Chicago, I want you to notice the line of travel. Going up by way of Tacoma and around by St. Paul practically the whole distance is land grant; but if the shipment moved by direct route between San Francisco and Chicago, which route is in existence, and it went on the Southern Pacific to Ogden, Utah, and Union Pacific to Omaha, in a direct route, generally speaking, to Chicago, practically none of it is land grant.

Mr. O'HARA. Will the gentleman yield for a clarification of the chart he has been talking about?

Mr. BOREN. Yes.

Mr. O'HARA. Is the red line on that chart originally land grant? It is not as they exist today as land-grant roads, is that not true?

Mr. BOREN. It showed the original land grant or railroad mileage, and as it exists today as land grant. Whenever a railroad was built, whoever owns it now, however, many times it has been through receivership, it makes no difference.

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

Mr. BOREN. I yield.

Mr. STEFAN. The gentleman will also recall that Mr. Jeffers testified that the increased revenue of the Union Pacific was around 36 percent while their increased overhead was around 34.5 per cent. He also testified, as I recall, that the Union Pacific Co. at their own expense spent $100,000,000 preparing for the war.

Mr. BOREN. Yes.

Mr. STEFAN. That was at the expense of the Union Pacific and at no expense to the Government.

Mr. BOREN. And the railroads have not hesitated to make these outlays during this war period in adding additional rolling stock, in adding spurs that will not be used in normal traffic or at all after the war. They put in sidings and spurs innumerable that will be of no use when the war ends.

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

Mr. BOREN. I yield.

Mr. STEFAN. The gentleman in his statement referred to the shipment of cement from Birmingham to Jacksonville and from Clinchfield to Jacksonville, showed first the expected difference in rates in favor of the shorter haul and then showed how due to the operation of the land-grant rates the situation was reversed and the advantage lay with Birmingham, twice the distance. Do I understand that the shipment was made over the same lines in each instance?

Mr. BOREN. Yes; in this instance it can be done over the same line in the same direction. The figuring of these rates, you see, is under the land-grant terms and is a paper routing only whereby this rate is figured over same imaginary route up and down through some other State.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. BOREN. I yield.

Mr. ROBSION of Kentucky. I should like to know whether under this bill that situation will be corrected.

Mr. BOREN. This bill would correct those inequities throughout the country and that is the reason the shippers want it done.

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

Mr. BOREN. I yield.

Mr. JENNINGS. Does the gentleman mean to say that the unfair differential that has grown up in favor of Birmingham as against Clinchfield is arrived at by figuring a rate on land-grant railroads over which the shipment is not sent?

Mr. BOREN. Absolutely.

Mr. JENNINGS. They are simply used for the purpose of calculating the rate and then the shipment is sent over railroads that are not land-grant lines?

Mr. BOREN. That is exactly what happens.

Mr. ROBSION of Kentucky. That is cockeyed!

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

Mr. BOREN. I yield.

Mr. HINSHAW. In this particular instance that is being referred to the route is figured out by way of Pensacola, Fla., in order to get the land-grant rate.

Mr. BOREN. Yes. The figure is, of course, as the gentleman pointed out, fictitious.

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

Mr. BOREN. I yield.

Mr. POAGE. The gentleman says the figures are fictitious but does not the gentleman know that the Government cannot figure that rate by way of Mobile or any other circuitous route unless the route is open to everybody, to the public to ship private goods? Is it not correct that the Government cannot take advantage of land-grant rates figured on a circuitous route unless the circuitous routing is thrown open to the whole world to ship over?

Mr. BOREN. The gentleman wants to be fair about this. He is incorrect to a certain extent. What I meant was this: It is possible to ship this stuff by land-grant mileage from point to point, as indicated. I have not created any conditions that do not actually exist. In order to ship it from Birmingham to Jacksonville by land-grant mileage you may have to ship it 8,000 miles.

Mr. POAGE. The gentleman does not get the point. I am saying if you have to ship it 8,000 miles, you cannot ship it that 8,000 miles unless the railroads offer to accept freight from the public at large for shipment on that same route. In other words, the railroads hold themselves out as public carriers

and any shipper in the world can take advantage of it. He could ship cement from Birmingham, Ala., around via Mobile into Jacksonville over the route the gentleman described. They actually offer to transport it for the public, not simply for the United States Government, because the United States Government cannot take advantage of any route that is not available to any shipper in the world. That is the thing it seems to me that the gentleman has not got clear in his own mind or has not cleared up.

Mr. BOREN. The gentleman is absolutely correct to the extent that the railroad publishes its routes and anybody can ship over the routes, but when it comes to figuring what rate is going to be paid they figure the rate according to whether there is any land-grant mileage that could be applied to that rate regardless of how it goes. There is no difference between us on that point.

Mr. O'HARA. Will the gentleman yield?

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

Mr. O'HARA. I know the gentleman wants to be fair. An individual shipper often gets a circuitous route also, does he not? The gentleman is not claiming that this circuitous route applies only to land-grant railroads?

Mr. BOREN. There are alternate routes, but there is never any such fanciful routes as I have indicated. There are alternate routes that may make a difference of 5 miles one way or the other but there are no such outlandish alternate routes.

Mr. O'HARA. How many of these outlandish examples were there?

Mr. BOREN. They are multiplied by the thousands. I am going to point out one or two more.

Mr. H. CARL ANDERSEN. Will the gentleman yield?

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

Mr. H. CARL ANDERSEN. Can the gentleman tell me when they ever shipped coal from Duluth to the west coast?

Mr. BOREN. I am not familiar with the extent or whether they do or not, but the answer is yes. I did not use any example that was not legitimate. I found out whether or not the product moved in that direction.

Mr. H. CARL ANDERSEN. The gentleman has mentioned a certain product, coal. He is taking coal as a certain product. I have lived along the Northern Pacific for years and in all my recollection I have never seen a carload of coal moving from Duluth to the west coast.

Mr. ROBSION of Kentucky. Coal from Kentucky, Virginia, and Tennessee can go to the Great Lakes, up there to Duluth and then across.

Mr. BOREN. I will not debate with the gentleman on that question. I do not know to what extent coal travels that way, but I have given an illustration of what happens.

Mr. LEWIS. Will the gentleman yield?

Mr. BOREN. I yield to the gentleman from Ohio.

Mr. LEWIS. Coal from my district in Ohio goes to Duluth. I live in the upper Ohio Valley and coal goes from there to Cleveland, where it is loaded onto boats. They carry it clear up to Duluth and I understand the ultimate destination of that coal sometimes is Puget Sound.

Mr. LEA. Will the gentleman yield?

Mr. BOREN. I yield to the gentleman from California.

Mr. LEA. I would like to call the attention of the gentleman to an argument that has been referred to here today relating to the question of the original obligations of the railroads. Is it not true that in the majority of cases, but not all, the only obligation on the railroad was to furnish the road bed for the Government to transport its own rolling stock over and that if the original obligation were here today and nothing else it would be of very little practical value to the Government? It is only because Congress stepped in and imposed this arbitrary condition that the railroads have the obligation today which is burdensome.

Mr. BOREN. The distinguished chairman of the Committee on Interstate and Foreign Commerce is absolutely correct. The contract entered into originally bears no resemblance to the one we have today.

Mr. DWORSHAK. Will the gentleman yield?

Mr. BOREN. I yield to the gentleman from Idaho.

Mr. DWORSHAK. In reading the report I notice a statement was included from the various departments of government with the exception of the Department of Agriculture which supervises our forest areas. Will the gentleman explain why there is no statement from the Department of Agriculture?

Mr. BOREN. I explained that at the outset if the gentleman had been present. They were requested to be present and they declined to appear in person.

Mr. DWORSHAK. Were they requested in time so that they might appear?

Mr. BOREN. They were requested something like 6 or 7 weeks ahead of the time we suggested the hearing be opened.

The CHAIRMAN. The gentleman has consumed 49 minutes.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Chairman, 30 or 40 years ago when demagogery ran rampant in congressional Halls and other places, it was a popular thing to make the railroads of the country a sort of a whipping boy and to criticize everything that might be done by the railroads, to legislate and to levy heavy judgments against them. Such efforts went so far as to bring practically every road in the country into bankruptcy or to the very edge of complete financial collapse.

Of course, I realize and appreciate that today we no longer practice demagogery in the Halls of the Congress or elsewhere in the country, but certainly if there is to be any demagogic appeal made at any time, this is the type of a bill upon which it could best be made. It is popular at times to attack great industry and free enterprise. Railroad rates, as well as the various problems that are created by the establishment of such rates, are always difficult to understand and are usually easy to misunderstand.

There has been a great deal of talk here today about what has been given the railroads. Let me say to you almost every form of transportation that has been developed in this or any other country has been subsidized one way or the other by government. The railroads which received these so-called subsidies, better known as land grants, in the early days of rail transportation, when this country was being developed, do not stand alone. We have not changed that policy. Today we are subsidizing the air routes of the Nation. Today we are subsidizing the traffic on the rivers and the lakes of the country. Yes; we are also providing harbor facilities along our sea coasts, and in that way subsidizing ocean-going traffic.

Let us stop for a moment and look at this problem which confronts us in a cool, analytical way. Originally approximately 130,000,000 acres of then almost valueless land was given to certain railroads, not in the far West as many believe, but mostly in the Mississippi Valley, as aid, as financial assistance, as it were, for the construction of such railroads; and, also, if you please, for another purpose: For developing an empire. Our forefathers knew and appreciated that transportation was an absolute necessity in the building of a great nation here in America. At the time that land was given to the railroads it was worth an average of 97 cents per acre, which means, if you wish to call it a subsidy, that aid or financial help, of approximately $126,000,000 was given to the railroads. This $126,000,000 worth of land went to approximately 21,000 miles of railroad, known as land-grant railroads. Since that time or over 70 or 80 years, this mileage of land-grant trackage has been reduced, through abandonment of lines, and for other reasons, down to approximately 14,400 miles, if my memory serves me correctly. Practically every mile of the 14,400 miles of land-grant railways still in existence has been through receivership, not once, but, in many instances, several times.

But a short time ago this Congress was greatly concerned over the financial condition of the railroads. You will remember there was then brought before this body a bill for the financial relief of the railroads to permit them to go through bankruptcy and thus continue to operate. So the original stockholders, and also the railroads which received the original land grants, are no longer in existence.

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

Mr. BROWN of Ohio. Not now. I will yield when I finish my statement.

Instead, new companies have taken their places. Many of these land-grant railroads today do not own a single acre of the original granted land. Some of these grants were for every other section, some of them were for every third section, some were for every fourth section, some were for every sixth section. The development of the great midcontinental area came about as a result of this policy of land grants which was adopted by those who preceded us in this Congress 70 or 80 years ago.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. Not just now, but when I complete my remarks I will be very happy to yield to the gentlewoman from Illinois.

We are being told today that we should not consider this bill at this time, because the railroads are making money. I say to you that I am happy to report that most of the railroads of the United States, though not all of them, are today making an operating profit. I believe that each and every one of us can be proud of the great job that is being done by the railroads of this country, and by the men who work on those railroads, in hauling the materials necessary to supply the factories that are manufacturing war equipment, and then in turn delivering those war supplies to the seacoast so that they may be shipped to the battle zones.

I believe, of course, the earnings the railroads are making are not exorbitant. I do not believe you can find very many exorbitant profits being made by our railroads today. But I want to point out one thing that has not been mentioned in debate in that connection, and that is that today the trackage and rolling stock of these railroads is actually depreciating at a rate much more rapid than that allowed by the Federal Government. In other words, the wear and tear of wartime traffic is much heavier on the railroads than is normal.

It is estimated by those who should know best, not by the representatives of the railroads but by men who have made a study of it, some of them for committees of this Congress, that it will take every dollar of the profits the railroads will make during this war era to put them back into proper operating condition in the post-war period; that every dollar of profits must be expended if we are to have a properly functioning railroad system in this country following the war.

Another feature of this bill that I believe is of the utmost importance is that while $126,000,000 worth of land was granted to the railroads, they have thus far paid back something like $550,000,000 to $575,000,000 in reduced rates to the Government. A pretty fair deal, if I may say so, for the Government.

You talk about there being a contract. The original contract, as the chairman of this committee, the gentleman from California [Mr. LEA] mentioned a moment ago, between the land-grant railroads, on the one hand, and the Government on the other, was that the railroads would simply permit the Government to use the rights-of-way. The Government would furnish its own engines and its own cars. Out in the West, where there were a few frontier military posts from which to fight the Indians of that day, out on the Kansas plains, the Government could put a few cars and an engine on the track and let a soldier haul a few troops from one post to another or haul in some supplies. But the plan would not work, so the agreement was finally reached that the railroads should furnish the operating equipment and the manpower to operate it. Instead of granting the transportation free, as under the other arrangement, the charge was then fixed at 50 percent of the normal rate.

At that time the Government's shipments were very small, but today, in this era, when we have an all-out war effort, the freight shipments over the railroads of this country are more than 50-percent Government shipments. The freight hauled by the railroads today actually totals more than 50-percent Government freight. Some railroads run as high as 75 and even 80 percent; others run lower.

In my section of the country we do not have a single foot of land-grant railway, yet my shippers in selling to the Government are penalized in competing with shippers who are located along land-grant railways. So this bill today is really a shipper's bill, because it provides—and I do not want you to overlook this—that any savings or profits made by the railroads as a result of the passage of this legislation shall and must be taken into consideration by the Interstate Commerce Commission in fixing civilian freight rates.

Let us stop for a minute and reason with ourselves. The Interstate Commerce Commission is a creation of this Congress. I believe it is right to assume that it is an honest agency of the Government and has done its job very well. The Congress passed a law, which has been on the statute books for many years, that requires the Interstate Commerce Commission to fix freight rates at such a level as to permit the railroads to make a reasonable return on their investment, to take care of their depreciation, to take care of their operating costs, and to make a reasonable return on their invested capital. If you let the Government ship its freight at half price, at less than the cost of such transportation to the railroads, so that actually there is a loss to the railroads on every ton of freight hauled for the Government, it means that the railroads must charge more than a fair rate for every ton of freight hauled for free enterprise or private business, in order to make the average rate on both Government freight and private-business freight equal a fair return on the capital investment of the railroads. That is the law today, and that is what we wish to correct.

Mr. BOREN. Mr. Chairman, I yield such time as he may desire to the gentleman from Utah [Mr. GRANGER].

Mr. GRANGER. Mr. Chairman, may I say at the outset that I am for this bill and hope that it passes, although I have no railroads in my State affected as land-grant railroads, because of the fact that these railroads have now fulfilled their contract with the Government. In the first place, I have a great deal of confidence in the committee which has been studying this legislation, and, as I understand it, the majority of them favor its passage. I assume that they took into consideration the objections that have already been raised here on the floor, the chief objection being, of course, that the passage of this legislation would necessarily increase the amount that would of necessity have to be paid by the Government to the railroads for the transportation of military personnel and war materials. Obviously this would be true. But let us look at the matter in the broad view and over a long period of time to see what the situation really is.

As the gentleman from Indiana [Mr. HALLECK] said in speaking on the rule making in order this legislation, it seems to me he put his finger on the crux of the whole matter. In effect, he said when the railroads allow to the Government a rate 50 percent less than the rate charged to other shippers, it would not be contended by anyone that such a rate would be a compensatory rate. In other words, it would not pay the costs of transportation. This being true, then who would pay it? The answer is, the other shippers who transport their goods over the railroads sell them to the consumers at a price sufficient to take care of the freight differential, and the consuming public, therefore, pays the difference.

The biggest headaches encountered by the Interstate Commerce Commission and the various State regulatory bodies have been caused because of this very reason, a discrimination in favor of one customer as against the other. So while it may seem at the moment that the taxpayers are compelled to pay more taxes, yet on the other hand they should be compensated by having their freight hauled cheaper and the products sold to the consuming public purchased at less cost.

In view of the fact that the enactment of this legislation might result in an increase in revenue to the railroads, it also provides that the Interstate Commerce Commission shall take into consideration this revenue when it has under consideration the fixing of rates and tariffs. Therefore, it seems to me the public is amply protected.

A great deal has been said about these early land grants to the railroads but even that was not a one-way deal, it was not only for the benefit of the railroad but also for the benefit of the entire Nation. These grants were made for the specific purpose of developing the country and, of course, railroad building necessarily opened up forest lands, grazing lands, coal lands, agricultural lands, not only for the benefit of the railroads but the benefit of the private lands owned by citizens in every part of the country.

If the statement made by the gentleman from Texas [Mr. POAGE] is true, that the railroads would be presented with a gift, as he said, of from a quarter- to a half-billion dollars a year, what would happen to it? It certainly could not be hidden or unaccounted for. It would

simply mean that a great share of it would be paid into the Federal Treasury in the form of taxes. So, looking at it from the angle of loss to the Government, it is not nearly as bad as some gentlemen would have you believe.

Certainly no one has ever accused me of being pro-utility-minded, and in spite of the fact that contentions are made on the floor that there has been a great lobby to pass this bill, I can say frankly that I have been lobbied by no one. As the gentleman from Ohio [Mr. BROWN] has said, this bill does furnish a glorious opportunity for demagoguery, but I think it comes with ill grace upon the part of anyone to condemn the railroads. They are one outfit that learned something from the last war and profited by it. Under the most trying circumstances, the railroads have integrated their operations to such an extent that, with fewer cars and fewer engines in proportion to the freight and personnel that has been moved, when the history of this war is written it will have been one of the outstanding achievements, both on the part of the owners, operators, and the men who have done the laborious work.

I, too, believe that in the consideration of post-war planning as it affects transportation, only half of the job will have been done unless railroad transportation is considered in conjunction with every other kind of transportation. In spite of everything that has been said about air transportation, farms, mines, and factories are going to depend on, and their success be determined by, the kind of railroad transportation we have for a long, long time after the war is over. Therefore, in my judgment, the passage of this legislation would in the long run be in the interest of all classes of shippers and the consuming public generally and certainly in the interest of the men and women who operate the railroads, for it must be remembered that somewhere between 60 to 70 percent of all the revenue taken in by the railroads is spent for labor.

Mr. BOREN. Mr. Chairman, I yield such time as he may desire to the gentleman from Louisiana [Mr. MALONEY].

Mr. MALONEY. Mr. Chairman, the bill that is now being considered, H. R. 4184, has for its purpose, as I understand it, cancelation of provisions that are contained in the so-called land-grant contracts to railroads.

These contracts were made almost 100 years ago. Vacant lands were deeded to certain railroads, and in consideration the Government exacted conditions, including a reduction in freight and passenger charges that they would have to pay to the railroads for business transacted with them. The real purpose of these grants was for the development of isolated territory. To do this the railroads were called upon to make quite an investment in extending railroad facilities to these territories. Of course, when these facilities were instituted it immediately built up the value of these lands. The railroads were compensated to a large extent in the improved value of the lands and potential traffic, and the Government, on the other hand, also has been enriched very largely by such improvement.

As I look at it, these contracts have served their purpose—both to the great benefit of the United States Government and the land-grant railroads. However, the time has come when the continued carrying into effect of the discount from the regular rates for services rendered by the railroads to the Government becomes onerous upon the land-grant railroads, besides doing an injustice to those roads that do not have land-grant contracts that have to meet the land-grant contract rates or else lose the Government's business, or that portion of it which comes under these conditions.

While it is true that the Government saves considerable money in its transportation charges, it is also true that this saving comes from the pocketbooks of those who use the railroads' service and pay for it at normal rates. It also has a very uneven treatment when used by competing business firms where one can receive the benefits of the land-grant rates, and the other cannot in doing business with the Government.

I consider the time has come when the railroads should be released from the hardship provisions of these contracts. I think the Government's discount privileges have upset the smooth operation of the general rate-making structure to a large extent, and have also given the Government and railroad accounting offices much difficulty and delay in arriving at settlements, as there are so many confusing situations that have arisen under new conditions in these times.

We must recognize the fact that our Government is a preference partner in every business undertaking only on the profit side, and that the Government's percentage of the profits has steadily increased through the income-tax laws, and in many instances its share is enormously high, and when we grant any consideration to these land-grant railroads that will in any way increase their income we also increase the Government's; and while, on the one hand, the Government may save the cost in the movement of its freight by continuing the land-grant contracts in operation, this reduction, of course, comes mostly from the pockets of those who use the railroad service at normal rates.

While on the other hand—if the land-grant contract rates are repealed, the Government will obtain its full share of any benefit that may come to the railroads through increased earnings, which is as it should be.

I think the bill before us should be approved.

Mr. BOREN. Mr. Chairman, I yield the balance of my time, 10 minutes, to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I appreciate the gracious action of the chairman of the Land Committee in giving me all of the remaining time. I hope to use that time to outline the history of the land grants and to give you the authority for certain statements about the facts of this case. I do this because there seems to be considerable misunderstanding or lack of understanding about this problem. I believe it will help us all to get a clearer picture if I will cite the authority for my statements as I go along. This I will attempt to do.

Between 1850 and 1870 the Congress granted approximately 130,303,668 acres of public land to some thirty-odd railroads or their predecessors. This is roughly 10 percent of the entire area of the United States. In addition, the State of Texas granted about 33,000,000 acres to railroads. Other States granted about 15,000,000 additional acres. All told, the railroads received a net total of 179,187,040 acres of land. Among the railroads of my section that received land were the Southern Pacific, which received a total of 32,514,611—10,865,930 from the States of Texas and Oregon; the Santa Fe, which received a total of 18,743,435 acres—3,856,640 from the State of Texas; the Missouri Pacific, which received 16,738,413 acres, of which 12,989,256 acres were given by the States of Texas and Arkansas; and the Missouri-Kansas-Texas, which received 3,362,603 acres—2,785,920 acres from the State of Texas.

These figures are from the report of the Board of Investigation and Research addressed to the chairman of the committee on March 9, 1944.

The railroads have suggested that this land was worth less than $1 per acre, and therefore claim that "the Government has been repaid several times over the value of the land originally granted" but the Board of Investigation and Research which the railroads quote on other matters states in its report to Congress that:

> The reported total gross proceeds to the railroad from land-grant rates to December 31, 1941, as given above aggregates $602,445,137 (p. 25).

This is for the land sold. The railroads still hold 15,840,077 acres of Federal grant lands, and the Board states on page 26 that—

> The net proceeds which the railroads will receive from the remaining grant lands held by them for sale is uncertain.

Later the Board estimates the value at $3.78 per acre—page 27—or a total of $60,684,032. This estimate is surely conservative. Against this, total value sold and unsold, the railroads claim to have had administrative expenses and taxes amounting to $167,638,466. I think these administrative expenses are subject to considerable question, and the Board of Investigation and Research itself states that:

> The amounts given as net proceeds are understated to an indeterminate extent.

On the other hand, the Board states that the cumulative total of land grant deductions to June 30, 1943, were approximately $580,000,000—page 42. It therefore seems clear to me that it is certainly a gross exaggeration to say that the Federal Government has been repaid many times the value of the land. It is probably right now approaching full payment for the first time in history, and as usual, just as soon as it becomes evident that the Government has made a good trade, those who traded with the Government want to break their contract.

In any event, these are tremendous grants, and it must be supposed that the legislators who gave them expected that the Government would get very substantial benefits in return. The Federal Government contracted for a great deal more than the mere construction of railroads. It provided in most—not all—of the granting acts that the proposed railroad should "be a public highway for the use of the Government of the United States, free from any toll or other charge upon the transportation of any property or troops of the United States." Before many years had passed, the railroads had induced the courts to hold that this only provided for the use of the roadbed, and that the Government should pay for the rolling stock used. In 1879, the Court of Claims held that the Government should pay 50 percent of the regular commercial rate. This condition existed until 1940, when the Congress at the request of the railroads relieved the carriers of all obligations created under the acts that granted the lands except as to the transportation of persons and property for "military and naval and not for civil use." This military movement continues to pay half rate. I voted against the 1940 bill, asking then, as I expect to ask in connection with this bill, that if the railroads are to be relieved of their obligations to the United States that they should either return to the Government the property which they hold as a result of their trade with the Government, or that they give the public some corresponding benefit in the way of general rate reductions and equalizations.

Another effort was made in 1942 to relieve the railroads of any liability to carry out their contract. This effort was not successful. The bill was recommitted. We are now faced with the best organized and financed effort of all. The railroads have spared no effort or expense. They have flooded the Members with letters and telegrams. Today they have the best organized lobby that has been in Washington this session. They now have before the House a bill which simply relieves them of all obligation to give the Government the reduced rates which were promised as a part of the consideration for the princely domain of public lands which the Government conveyed to them. This bill imposes no obligation on the railroads. It does not require them to restore the land—not even the lands they still hold. It does not require them to equalize freight rates over the country. It does not even require them to pass the increased earnings on to the shipping public. It contents itself with a pious wish that the I. C. C. would consider giving the public part of the profits.

The railroads say "the land-grant rates discriminate as between shippers," and in my own State they have argued that they discriminate against Texas manufacturers. It is true that there are no land-grant roads in Texas, as our State did not contract for any rate reductions in consideration for the 33,000,000 acres given to railroads by the State of Texas. Therefore, it is doubtless true that Texas manufacturers may be at a disadvantage as compared with competitors in such States as North Dakota, Montana, or Minnesota, where most of the railroads are land-grant railroads, but the truth is that our manufacturers have little competition to face from those States. Actually, most of the competition comes from States like Pennsylvania, New Jersey, New York, and Massachusetts. As far as I know, there is not a mile of land-grant railroad in any of the four States just named, but the manufacturers in these four States do have a freight-rate advantage over Texas manufacturers that is far more effective than the land-grant rates. These and other Eastern States enjoy what is known as official rate, whereas in Texas we must pay an interregional freight differential, which makes a Texas shipper pay $1.61 to ship the same weight of first-class freight that would move the same distance in official territory for $1. This is applicable to all class freight, private as well as Government business. As I see it, our people are being injured a great deal more by these discriminations that the railroads have imposed than they are by the land-grant rates. I have, therefore, suggested that we wipe out all freight differentials and get the real equality of competition that the railroads say they want. So far, I have not had the support of any of the railroads. At the proper time I shall offer an amendment to accomplish this.

The railroads have urged that they should have greater revenues. Under the law as it now exists, the Interstate Commerce Commission must allow rates high enough to give the railroads a reasonable return. If they are not getting that now, they have an existing right to get their rates increased, but they know that they are actually getting much more just now, as their income-tax returns will show. What they actually want is for Congress to increase their income in excess of that found to be reasonable by the Interstate Commerce Commission. Otherwise, why should they object to the amendment which I propose to offer to this bill requiring a general rate reduction equivalent to the increased Government payments? The benefits of this bill as written all pass to the railroads—not to the Government or to the people. Personally, I can see no justification for passing legislation that will cost the taxpayers of the United States more than a quarter of a billion dollars this coming fiscal year to simply increase the earnings of the railroads.

Now from a legal standpoint, it seems clear to me that if the railroads want to be relieved of a contract that they now claim has become unduly advantageous to the Government that they should at least restore the consideration which they received from the Government. This they steadfastly refuse to do, although as of December 31, 1941, the Santa Fe still held 1,784,616 acres of this land, the Northern Pacific 4,819,732 acres, and the Southern Pacific still held unsold 8,044,476 acres. If these railroads really feel that the Government took advantage of them, why do not they at least offer to return this land to the Government when they ask to be relieved of paying for it? I shall propose an amendment to require this. If it should be considered unfair to apply the legal rules applicable to the cancelation and rescission of contracts between individuals which rules have always required the restoration of the consideration remaining in the hands of the parties, then let us at least follow the suggestion of some of the Government agencies and postpone the effective date of the act so as to build up a fund to enable the Government to purchase the lands.

On the other hand, if the railroads are going to refuse to restore the consideration for the contract, it seems to me that common sense would suggest that if we, as the representatives of the people, should try to secure a revision of the existing discriminations which the railroads themselves enforce particularly against the South and West; that we should insist that provisions to protect the people of every section of the country against discriminations should be put into the same bill. If we ever expect to get the railroads to restore any part of the value the Government paid for this rate reduction, now would seem to be the appropriate time. Why should this legislation consider only the welfare of the railroads? Why should not the railroads grant a general freight-rate reduction if the Government is to pay an extra $250,000,000 per year? The present freight and passenger rates are paying a handsome return to the railroads. The railroads are making more money than they have made in years. If we pass this bill, the railroads will make still more. The taxpayers will pay more. Why not at least provide that the general rate structure shall be reduced by the amount of the extra Government payments so that the people who pay both the taxes and the freight would get back in lower freight rates what they have to pay in higher taxes? And why should we not require in the same bill that the railroads wipe out the interterritorial freight differentials? If there is any injustice in the land-grant rates, I am willing to try to correct it, but I insist that the railroads exhibit some willingness to correct their own practices at the same time. I recognize that there are certain advantages to be had by eliminating the land-grant rates, and I am perfectly willing to negotiate with the railroads, but I think that the same rule should apply to the railroads that would apply to anyone else who wants to rescind a contract. Let us at least have a provision that is going to say that freight rates are actually going to be reduced and not simply a pious wish that they may, at some future time perhaps, be reduced.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. POAGE. Surely.

Mr. O'HARA. Does the gentleman find any place in the testimony where any member of the Interstate Commerce Commission or any representative of the railroads promised there will be any reduction in freight rates?

Mr. POAGE. No; there is no such promise, but I want to write a provision into the act to make sure that they are compelled to give this reduction.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Miss SUMNER of Illinois. On page 254 a representative of the War Department told the gentleman from Ohio [Mr. BROWN] who just spoke, that there would not be any such reduction and that 81 percent of it would go to the railroads and 19 percent of it would go to taxes.

Mr. POAGE. I think that is about what would happen if we pass this bill as it stands.

I propose, however, to offer amendments to cover the three items I have mentioned.

First. I will offer an amendment to require the roads to reconvey to the Government the land they now hold as a result of their contract which they ask to break.

Second. I will offer an amendment to require the Interstate Commerce Commission to reduce freight and passage rates in keeping with the increased earnings of the railroads and to make such reductions effective before the act becomes effective, and

Third. I will offer an amendment to eliminate the differentials that have been created by the action of the railroads between regions or territories as well as the lessor differentials created by the land grant rates.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. REECE].

Mr. REECE of Tennessee. Mr. Chairman, I cannot feel that the country is in any great danger from the railroads. No industry has rendered our country any greater service in war or in peace. There is no occasion for us to get scared about this matter, even if the railroads should appear to benefit by it. It is not a matter of as great importance to the railroads as it is to the people. As has been explained, the land-grant principle came about in the first instance in the construction of turnpikes and canals, when in return for certain lands which the Government gave to those constructing turnpikes and canals, the Government was given the right to use those turnpikes and canals in the transportation of soldiers and Government shipments. Then when the railroads began to project lines into the West, the Government continued the same policy, and later that contract was changed, whereby the Government was given the privilege of shipping their goods and soldiers on a 50 percent basis. The original contract was changed. I do not feel that there is any sound basis in the argument that we do not have any right now to enact this legislation as a matter of moral principle.

The moral principle lies in favor of making the change. If the Government is given the privilege of shipping on a 50-percent basis, it is according to itself as a shipper a different privilege than it is according citizens. The Government is made up of its citizens. Every dollar that the Government gains by reason of this reduced rate must, of necessity, be made up at the expense of the citizens. It would be a much sounder policy for the Government freight to be shipped free of charge, as far as the Government is concerned, and then have appropriations made out of the Treasury, which would come from all the people, to remunerate the railroads for the transportation of Government property rather than having it on a 50-50 basis, as is provided in the land-grant provisions of the law, because the 50-percent advantage which the Government now gets must be paid, not by all the people but by the remaining shippers. That is why all of the traffic associations are in favor of the repeal of the land-grant rates. So long as land-grant rates are on the statutes, shippers must make up this 50-percent advantage which the Government gets in the shipment of its traffic. I think the fairer method would be for us to appropriate money out of the Treasury and pay for the traffic which the Government ships over these lines than for us to require the railroads to ship it at 50 percent of the cost involved and then require other citizens—a particular class of citizens who have business with the railroads—to make up this 50 percent, but the proper course to pursue is to pass this bill and repeal the land-grant rates and let all shippers stand on the same basis.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. REECE] has expired.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, there has been more heat than light in this debate. I would like to do my part to throw a little light, especially to the gentleman from Texas [Mr. POAGE], if I may have his attention for a moment.

I would like to point out to the gentleman from Texas that one of the reasons why his freight rates on War Department shipments to Chicago are so high in comparison with some other points to Chicago is because he does not have any land grants in his State. On shipments of Government freight from other points in the United States to Chicago the rates are necessarily lower for the same mileage than they are from the gentleman's State just on that account. I am sure the gentleman will understand that.

Mr. POAGE. Will the gentleman yield?

Mr. HINSHAW. I yield for a question.

Mr. POAGE. Will the gentleman explain why the ordinary commercial rates are higher in the State of Texas than they are in the State of Illinois?

Mr. HINSHAW. I expect in the State of Illinois they handle more tons of freight per mile of road than they do in the State of Texas, and, consequently, the cost is lower. I would not be surprised that the gentleman could find that out if he examined the figures. The gentleman is not talking about land-grant rates now anyway.

Mr. POAGE. The gentleman suggested what the gentleman from Texas might find out. The gentleman from Texas has examined the figures, and the figures show that it cost about 97 cents to move freight in Texas and it would cost a dollar to move the same freight in Illinois. That is the figure. It cost more to move it in Illinois than it does in Texas.

Mr. HINSHAW. Now, I would like to point out to the House that all of the railroads in the United States are bearing the cost of this land-grant provision. Individual railroads that happen to have land-grant mileage between their terminals are not bearing it any more than other parallel railroads are. If you start a shipment from New York or Boston and send it to Fort Worth, Tex., or to Los Angeles, or to San Francisco, it goes over a great many sections of rail. A great many different parts of railroads are involved in that shipment. The Quartermaster Corps of the United States Army gets out a book like this one I am showing you. I want you to look at that book. That is a book which enables the Quartermaster Corps to figure out what the percent of discount shall be on the shipments of freight over various sections of line between given points. It is all figured out in percentage tables, but it does not mean at all that the freight is going to be shipped via the routes set forth in these tables, because, as a matter of fact, these discounts are figured very circuitously. The discount route from Chattanooga, Tenn., might go clear down to Pensacola, Fla., then up to Duluth, then to Spokane, and then down to San Francisco, for the purpose of rate making, but the shipment will be made directly across the United States by lines that may have no land-grant in them at all. Consequently, the various roads that go to make up the actual route used, take a proportion of the total discount figured by the circuitous route, on the portion of the freight that is handled over their particular line. It is a silly procedure. As the gentleman from Texas [Mr. POAGE] said, if the actual land-grant line were taking the discount of 50 percent, they would all go broke in these times, because they could not afford to handle freight at that kind of price. But actually they do not, at all. These land-grant rates are applied to all railroads that participate in handling Government freight, in the proportion that the mileage within their system which is included within the entire route, bears to the total mileage of the trip. That is why all of the railroads of the United States, whether they have any land grant in them or not, are in favor of this bill. That is why all of the shippers in the United States are in favor of this bill.

Pennsylvania, for example, has no land-grant, yet the Pennsylvania Railroad, the New York Central, and the Baltimore & Ohio, and all other roads which go through Pennsylvania take some percentage of discount on the freight originating in Pennsylvania, that passes through land-grand territory. You might say that it is unfair that the Pennsylvania, Baltimore & Ohio, the New York Central, and the rest of them would have to take that discount. But as a matter of fact, the Government is very anxious to have them do that, and the railroads are willing to do it because they know if they do not do it somebody

else will, and as a matter of competition between them, they all have to bear their share.

The net result of it is that there is great over-all discount during this war effort on Government freight. Some railroads in the East, or perhaps in Texas, do not have to bear very much of the proportion of the land-grant discount. Other railroads which run parallel to land-grant roads are taking a terrific discount and a terriffic beating. The net result is that certain territories, certain cities, towns, and industrial areas find themselves at a great disadvantage.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield briefly.

Mr. O'HARA. Does the gentleman know whether the land grant enters into the matter of rate making, as far as the railroads or the Interstate Commerce Commission are concerned?

Mr. HINSHAW. The land grants enter into rate making insofar as this is concerned: That where a section of land grant is in a given route, the Government takes the established commercial rate and takes a discount of 50 percent on the mileage that is land grant and that is figured in proportion to the total mileage of the route in order to figure an over-all discount.

To that extent, of course, any railroads that have to bear a large land-grant discount whether or not there is any land-grant in the line must have higher prices for the hauling of civilian goods over the same route. This stands to reason. I do not intend to argue with the gentleman.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield.

Mr. O'HARA. I have read the bill. Apparently the gentleman has not read Colonel Lasher's testimony.

Mr. HINSHAW. I heard Colonel Lasher when he was here and I never heard such a demogogic statement in all my life. Just because the War Department has the power to screw down these rates they do it. Colonel Lasher does not want to have any bigger budget for the Quartermaster Corps than he can get away with, of course. He insists on getting every nickel he can. He has a whole slew of employees down in the Quartermaster Corps who do nothing but sit there day after day trying to figure little decimal points to see if they can get another nickel out of the railroads on an item of freight. That is their business. Do away with these land-grant rates and you would save a lot of money for the Quartermaster Corps by letting all those land-grant-rate clerks out. If the gentleman had had the experience with those people that our committee had he would not be loath to see that happen either. I say that perfectly frankly. The extent to which they go is unbelievable.

Let us take the case of a shipment of steel plate from the Chicago area to the Louisiana coast shipbuilding yards. The Government takes title to the steel in Chicago in order to get the benefit of the land-grant rates between Chicago and the Louisiana point of destination. The civilian shippers have got to foot the bill because one principle of figuring these rates is that the railroads are entitled to compensatory rates. If it is taken from one side, then the other side has got to pay more to make it up.

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

Mr. HINSHAW. I yield.

Mr. JUDD. Will the gentleman advise the House whether section 3 is mandatory on the Interstate Commerce Commission, mandatory for it to reduce the general rate structure and charges to shippers by the increased amount which will be received by the railroads through passage of this law abolishing land-grant rates?

Mr. HINSHAW. The gentleman can read the section as well as I. I may say that at the present time the proportion of Government shipments is so high as compared to the total shipments that it is a terrific burden.

Consequently, in dealing with this section 3 we are talking about we have to consider that we are at war. I will say this, that the Government will take it up in taxes if it does not take it up through these land-grant rates.

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

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, when I was about 6 or 8 years old I recall a stranger coming to our home. He inquired of my father as to the character of one of our neighbors. My father replied that his word was as good as a Government bond. From that day until now I have looked upon a Government bond as one of the soundest and safest investments one could make. Why is a Government bond so sound? It is not because of the value of the country nearly so much as it is the character of the 130,000,000 people who make up this country. The overwhelming majority of our people are fundamentally sound, they are fundamentally fair, they are fundamentally equitable. So for all these years we have been taught and we actually look upon anything issued by our Government as one of the safest and best investments in the world. More than that, Mr. Chairman, during this period of the development of our country our people have come to look upon their Government as being equitable, as being fair, as being just in every sense of the word. Why? Because the people, the overwhelming majority of them, are fair, and they are just, and they believe in fair play; they expect their Government to treat its people fairly. Each and every one of us to that extent, even the transgressor of the law, is assured a fair trial, having had a part in establishing this reputation of the Government.

A great number of our people are affected by this bill today and these people expect justice and fairness on the part of their Government. Who are these people? They are the holders of the securities in these railroads and they are almost legion in number; they are the common people here, there, and everywhere who have put their life savings in the railroads. In addition to that we have the shippers which includes the farmers and members of the farm bureaus. We also have the employees of the railroads and the future of their families tied up in this legislation.

When this agreement was entered into about 70 years ago neither the Government nor the railroads could vision the situation today. Had they been able to divine it it would not have been entered into. Let us look at what happened at that time. We had this great West. The only way that the West could be developed and populated was through the aid of the railroads. So a deal was entered into, or an agreement was made, whereby the railroads were to be the pioneer builders of an empire. They undertook that task and performed it nobly. In return for that pioneering the Government gave them a certain amount of land. That was the principal contract, but in addition as these railroads were pushed out into the great West homesteaders went there and built their homes. They needed protection from the Indians. Forts had to be built to protect those people and in turn we had to get our soldiers, their supplies, and equipment to those forts. In addition to that the railroads had to have protection from the Indians through the soldiers posted at the forts, so the railroads agreed to transport the soldiers and their equipment to these forts free. From that agreement has developed this octopus that is sucking the life blood out of the railroads.

Simple justice, Mr. Chairman, demands that this bill be passed because, as I said in the beginning, our people believe in simple justice and they demand that it be passed. The statute of limitations has long since run against this agreement. It is now 75 years since it was entered into. There is not a State of the 48 that has a statute of limitation of any kind that extends beyond a period of 30 years. The lowest is 5 years, but instead of taking the average, taking the one with the longest statute of limitations here is an agreement outlawed two and one-half times. I favor passage of this bill without amendment.

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

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. HOWELL].

Mr. HOWELL. Mr. Chairman, every Member of the House should approach the matter contained in this bill today with a fair understanding of what is involved and the effect its passage will have not only upon the general public but upon the shippers, upon the people who labor, and upon all the elements that go to make up our great economic society in America today. We have heard a lot of talk about the $500,000,000 the Government is going to have to turn back to the railroads and that the taxpayers will have to make up. As a matter of fact this amount of money is not involved at all. According to all the testimony before the subcommittee from witnesses representing the shippers, the railroads, the representatives of labor unions, and all the witnesses who came before the committee, they testified from an expert

point of view, having before them the statistics of the operating railroads. According to the fairest estimates it would mean approximately $240,000,000 to $250,000,000 a year. From the argument one would suppose that amount was going to be turned back to the railroads and the taxpayers were going to have to pay it into the Treasury in the form of increased taxes or the shippers in the form of increased rates. As a matter of fact the railroads pay about 81 percent in taxes, normal taxes, surtaxes, and excess-profits taxes. So 81 percent of the 240 or 250 million dollars would immediately be recaptured by the Federal Government by means of the Federal taxing law. Therefore, the actual amount involved would be approximately 35 or 40 million dollars which would be left to the railroads after they paid their taxes.

You ask, "Why should the railroads be given this sum of money when there is some semblance of an obligation left to the Government?" It might be well to bear in mind that the railroads have probably been performing, along with a lot of our other producers and other factories in America today, one of the most outstanding miracles of this war. They run their equipment at all hours of the day, at all hours of the night, during all seasons of the year, and they have done a pretty good job in the way of performance. You can recognize, as anyone can who has the slightest knowledge of railroads and their equipment, that their engines, locomotives, cars, their rolling stock, have been overtaxed, have been driven more rapidly to a possible breakdown. A large portion of this rolling stock today is in need of repair, is in need of replacement, and just as soon as the opportunity presents itself that will be the first job that the railroads will undertake. They will undertake to build up their rolling stock, their rights-of-way, their grade crossings, grade separations. All of these things must be taken into consideration. Under our present tax laws the railroads are not permitted to set aside any reserves for the replacement of equipment or obsolescence. If we leave this amount of money with them, I think we can do so with the assurance that it will be devoted to these purposes that I have just outlined. Over and above that, Mr. Chairman, the railroads have an obligation to their employees. Today they employ 1,350,000 people and they have in the armed forces today 277,000.

When this war is over and these railway employees come back to their peacetime pursuits, certainly the railroads want to give them back a job in a gainful industry and they therefore must have the means, they must have the funds to undertake these replacements, the rebuilding of their roadbeds, their rolling stock, purchase new types of equipment that will come as a result of the war and all those things will require capital and money to get started in order to produce the things that the railroads need. That is the whole argument about the amount of money involved. According to the best witnesses we were able to find, this amount would run approximately $240,000,000 a year. You may consult the members of the Ways and Means Committee or the tax experts and you will find that 81 percent of that will come back to the Federal Treasury in the form of taxes.

Mr. DONDERO. Will the gentleman yield?

Mr. HOWELL. I yield to the gentleman from Michigan.

Mr. DONDERO. Is that $240,000,000 annually based upon war conditions or normal-time conditions?

Mr. HOWELL. Wartime conditions. The Transportation Act of 1940 came up for consideration in this Congress and there was in it section 321 which was a provision which required the Government to pay only on military and naval goods. The gentleman from Texas [Mr. POAGE] was present on that day and I may say at this time that he was consistent upon that occasion for he offered an amendment to strike out that section of the law of 1939 on July 26, which amendment lost by a vote of about 2 to 1. To be exact, it was 39 to 53. Then there was a motion to recommit the bill, which lost by a vote of 273 to 99.

I heard the gentleman from Missouri speak a few minutes ago about the $500,000,000 involved today, yet he voted against the motion to recommit on July 26, 1939. Here is a complete answer to the gentleman from Michigan: At that time there were actually $10,000,000 a year involved and the reason this relief was given was because of the unprecedented amount of Government merchandise that was being moved through W. P. A. and other agencies, including the relief agencies existing at that time. The committee of six appointed by the President, three representing industry and three representing labor, came in and recommended that the land-grant statutes be absolutely repealed. Today, with its attendant wartime economy and the tremendous volume, $20,000,000 a month or $240,000,000 a year, based upon this tremendous increase in the business and activities of the railroads, the need for relief is all the more intensified today, in 1944, magnified by 24 times what it was in July 1939.

Mr. CRAWFORD. Will the gentleman yield?

Mr. HOWELL. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I wonder if a study has been made and placed before the committee which shows the net profit of the railroads during the war period as against the sum which the railroads will have to spend in the post-war period to provide rolling stock, put on new trains, and so forth, in order to keep the transportation system going for the benefit of the people? Has any study like that been made?

Mr. HOWELL. If there has been I do not know that that testimony came out in committee.

Mr. CRAWFORD. We will expect the railroads to employ tens of thousands of men and to carry their share of the expanded labor force. The question I am raising is what chance the Congress is giving the railroads to prepare their purse for the post-war period to carry this additional load?

Mr. HOWELL. It is my opinion that we are giving them very little chance and have up to the present moment. By means of this bill we give them an opportunity in a small way to undertake these programs that will naturally follow the war.

There is another phase to this matter of the railroads getting two hundred and forty or two hundred and fifty million dollars a year. A question was asked here a minute ago whether we could expect the freight rates to the shippers to be reduced as a result of this activity on the part of the Congress. All of us have confidence in the Interstate Commerce Commission, in its personnel and its facilities. When we direct under the provisions of this law the Interstate Commerce Commission in the exercise of its power to prescribe just and reasonable rates, fair charges, and that they shall give due consideration to the increased revenues that the carriers will receive as a result of the enactment of this bill, the Interstate Commerce Commission will do just that, and I think we have every assurance that if there is anything on the part of the railroads in the way of excess profits or unreasonable fares and charges that that shall be reflected in lower shipping rates to the general public.

Mr. COCHRAN. Will the gentleman yield?

Mr. HOWELL. I yield to the gentleman from Missouri.

Mr. COCHRAN. That is the same story we were told on the floor of the House in 1940 when we amended the act. I would like to have some gentleman get up here on the floor of the House and show where there has been a reduction in rail rates as a result of the passage of the amended Transportation Act of 1940.

Mr. HOWELL. I regret to say to the gentleman from Missouri that I was not here at that time, but the gentleman did vote for the amended Transportation Act of 1940.

Mr. CRAWFORD. Will the gentleman yield?

Mr. HOWELL. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Any man who knows anything about transportation today, whether it be water, rail, highway, or air, knows that the costs have gone up and up and up in every phase of the activity since 1940. I am surprised the gentleman would ask that question.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield one-half minute to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, the gentleman from Missouri should know that the wages paid to railroad labor have been very materially increased since then, which is one of the reasons why railroad labor is for this bill. Maybe they think they might be entitled to more increase in wages which could only

come from revenues. This bill is approved and endorsed by all of the operating and nonoperating railroad brotherhoods. They have a thorough understanding of the need for this legislation, as will be disclosed by the hearings.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. VURSELL].

Mr. VURSELL. Mr. Chairman, in the consideration of this bill today seeking to repeal legislation on the statute books affecting railroad rates by reason of the Land Grant Act, let us examine and find out what is the right and equitable course to follow.

From 1850 to 1871, in order to bring settlement and improvement, by acts of Congress there was granted to railroad companies title to 130,000,000 acres of Government land. This land, at the time, was inaccessible so far as transportation was concerned, and its value and selling price would not exceed $1 per acre or $130,000,000.

Sections of land were allocated to the railroad companies in checkerboard fashion along suggested lines. The Government, while giving away 130,000,000 acres, retained the major share or 1,300,000,000 acres.

Because of such encouragement, railroad companies increased their extension of lines, constructing through these territories in the great West and the South, 17,600 miles of railroad. The extension of these lines doubled and trebled the value of the land owned by the Government, brought in millions of homesteaders and settlers and extended the power, development, and wealth of this country, both industrially and from an agricultural standpoint, proving this Land Grant Act to be one of the wisest moves made by the Government for the development and settlement of the Nation.

Later on the Government decided it should have some revenue by reason of this gift of land to the railroad companies. After much consideration in the Congress an act was passed in 1879 providing that railroads receiving land-grant aid should carry Government troops, supplies, and other freight at 50 percent of the regular commercial rate and mail at 80 percent of the usual rate.

This arrangement continued for 60 years until the Transportation Act of 1940 was placed upon the statute books by the Congress which provided that hereafter deductions in transportation charges should be made only on military personnel and on military and naval property of the United States being moved for military and naval purposes and not for civilian use.

With the Nation being plunged into war, the act of 1880 and the later act of 1940, bring about a situation which has caused the introduction of the bill we are considering today.

Mr. Chairman, today the railroads are hauling more military personnel and Government property coming under the act of 1940 at 50 percent of the regular commercial rate than of all other freight. There has been such an increase in this type of traffic that in 1942 the deduction in railroad transportation charges was estimated by the Board of Investigation and Research at $240,000,000 a year.

Since 1880 there has been a 50-percent reduction to the Government and now we find $240,000,000 a year, or more, being credited back to the Government to pay for a gift of approximately $130,000,000 made over 60 years ago. Even though we concede that much of the $1-an-acre land originally granted to the railroad companies was sold at many times that price as development through the years continued yet, I believe, it is a fair assumption that if the figures could be had showing the total amount received by the various railroad companies for all the land given them, that the rebate in transportation charges by the roads to the Government would probably show $2 for $1 or better by reason of the legislation.

Mr. Chairman, the act should now be repealed in the interest of all the railroad companies and more important, in my judgment, in the interest of all the private shippers and users of railroad transportation in America. It should also be repealed as a matter of simplification in the competition of railroad rates and in the interest of sound governmental economy.

While these land-grant rates were made to a few companies which control only 17,600 miles of railroad, it has affected those other companies which later developed some 210,000 miles of railroads not directly affected by the Land Grant Act.

In order to meet this unfair competition and to get their fair share of freight these companies had to bring down their rates, in most instances, to the level of the rates on Government property imposed upon the land-grant roads.

With the tremendous amount of Government transportation of military personnel and merchandise going into the war effort, those industrial concerns located on land-grant routes are placed in a more favorable position. It has brought about greater inequity by reason of geographical location and has tended to congest certain routes and by reason of the formula worked out for computing transportation costs all over the United States there is now in dispute between the railroads and the General Accounting Office something like $200,000,000 in freight charges.

Mr. Chairman, under the rate system worked out by the Government, in an attempt to equalize the transportation costs on the over 200,000 miles of railroads in this country by reason of the 50 percent deduction on military personnel and freight, a condition is arising as between the Government and the railroad companies where the courts will be clogged with litigation, where due to this confusion and lack of being able to work out an equitable rate charge and making decisions as to what is Government property and what is not Government property that has been transported during the war, decisions later will doubtless be handed down affecting $600,000,000 or more, as there is in dispute now over $200,000,000 of such freight charges. If such decisions were adverse to the railroad companies, some of them might be wrecked financially.

Mr. Chairman, the purpose for which the land was granted was to fill up the country with settlers, develop agriculture and industry. The purpose of the gratuities or land grants offered the companies to stimulate this activity has been accomplished. The Government has been reimbursed twofold. There is every reason now why this bill should be passed taking the Government entirely out of the picture. The Interstate Commerce Commission, under statutory powers, will then be able to determine just and equitable rates in the future that should be charged by the railroad companies.

If it is argued that the railroad companies are making a large amount of money now and this act will greatly increase their earnings, the answer is that the excess-profits tax and other taxes will take care largely of that problem.

And in this connection may I suggest that the railroad companies, most of which have been operating for years at a loss, are today wearing out their old equipment and by reason of the efficiency of their organization and the loyalty of their employees have delivered a war transportation job for the Nation that is next to a miracle.

And let me point out. This is not a bill in the interest of the railroads. This bill is a shippers' bill, a bill in the interest of the farmers, the livestock shippers, and the civilians, who with the Government, being subsidized, is causing them to pay higher freight rates.

This bill when passed will place the Interstate Commerce Commission in a position where it can, and doubtless will, reduce rates which will benefit the farmers, livestock producers, and the civilian population whose rates are now too high by reason of over half of the transportation volume of the Nation being carried for the Government at half the rates now being imposed upon the farmers, livestock growers, and shippers.

Mr. Chairman, it is to be hoped, in the interest of the entire Nation, that the great railroad organizations of this country whose bonds are owned by the larger insurance companies as prime security for the life insurance policies of the rich and poor alike—who occupy such an important place in the financial and economic set-up of our Nation will have an opportunity to have earned and laid by a very large financial backlog so that they can rebuild and develop more modern transportation facilities in the post-war era furnishing employment, transportation, and work for millions of Americans who know that railroad companies in a sound financial position will help to pull the country through the trying post-war era and, conversely, when the railroad companies have worn out their equipment as they are doing at the present time in this emergency if they are penalized by Government rules and legislation and come out of this war in the adverse financial status they have been in for years, that the very lack of

their virility and ability to help develop the Nation in the post-war era will help to bring on a depression rather than an era of prosperity.

Finally, this bill should be passed in order to equalize transportation costs to everyone throughout the Nation. It is my opinion that the Government supported by all of the people after it has been paid back its gratuities by the railroad companies certainly should pay its regular amount of transportation costs. If it does not, added freight costs are charged to the farmers and individual shippers. It is my opinion that the farmers of the Nation and civilian shippers generally may find that the repeal of this act will make it possible when the whole rate structure is given restudy by the Interstate Commerce Commission that their rates may be lowered.

Mr. Chairman, in closing let me point out that the late Joseph B. Eastman, Director of the Office of Defense Transportation, and for 25 years a member of the Interstate Commerce Commission, and regarded as the highest authority on railroad rate transportation, before the House of Representatives' Committee on Interstate and Foreign Commerce as late as February 19, 1942, made this statement:

> Ever since 1938 I have favored the elimination of the land-grant reductions.
>
> It seemed to me entirely fair that such relief should be given, because the real quid pro quo for these land grants, in my judgment, was the opening up of the country. That is why they were given, to enable the railroads to be built, to open up the western territory, particularly, and they accomplished that result, and the Government, and everybody else, profited and benefited very largely from the construction of the railroads for that purpose.
>
> The Government had a direct financial benefit through the increase in the value of the large amounts of public land which it retained.
>
> Now, that is the principal reason why, to my mind, it is fair that these land-grant rates should be eliminated, because the Government and the whole country have already got very substantial compensation for the land grants. They have accomplished their purpose of getting the railroads constructed and opening up the country.
>
> Furthermore, it seems to me that the Government ought to pay the same rates for carriage of traffic as are paid by its own citizens, who really made up the country. If you analyze this down far enough the land-grant reductions, to my mind, are really a burden upon the citizens of the country generally, because there is an obligation on their part to provide adequate earnings for the railroads.

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

Mr. VURSELL. I yield to the gentleman from Pennsylvania.

Mr. MURPHY. I would like to add to what the gentleman has said, to prove the correctness of his assertion, that the American Trucking Associations is wholeheartedly and enthusiastically in favor of the passage of this bill.

Mr. VURSELL. I thank the gentleman for his contribution.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield to the gentleman from Ohio [Mr. McGREGOR] such time as he may desire.

Mr. McGREGOR. Mr. Chairman, in fairness to all the people, I favor and expect to vote for this legislation.

I regret exceedingly that every time a bill is before us for consideration, that has to do with railroads, there seems to be a cry from some of my distinguished colleagues "railroad grab." I have only been in Congress for a few terms, but from memory have yet to find one bill that the railroad companies have asked for consideration, that they did not have a fair and equitable reason and argument for its passage.

I just wonder, Mr. Chairman, what would happen to our country if the railroads of our Nation did not serve the people and if they did not pay taxes. I believe some would then realize that the railroads play a major part in the functioning of our Government with very little consideration by the Government. This bill, H. R. 4184, by Representative BOREN, proposes to repeal the requirement of land-grant deductions, a law that has been in effect better than 75 years; a law that makes it mandatory for the railroads to handle the shipping for our Government at a rate of approximately 50 percent.

At this time, it seems nothing more than fair to me that this law be repealed immediately, especially when we take into consideration that more than 90 percent of the railroads never received any of the land grant. The actual figures show only approximately 17,600 miles of railroad were granted land under the bill out of a total mileage of 230,000 miles.

When we realize that the Government deductions, even in the year of 1942, in railroad transportation charges, were estimated by the Government's own Bureau of Investigation of Research at $20,000,000 per year, there is no question but that this amount is even greater now. This means the Government is receiving every year, in the form of deductions of transportation charges, more than twice the total value of all land granted to the railroads at the time it was granted.

There is no question in my mind that the passage of this bill will be of major importance to every citizen of the United States.

We must realize the Interstate Commerce Commission grants to the railroads a fair profit on their return. So, therefore, if the railroads are compelled to carry this enormous amount of Government tonnage at a loss, it is mandatory that higher rates must be collected from other shippers in order to overbalance this loss and give the railroad companies a reasonable profit as allowed by the law.

Let us consider the enormous amount of red tape and confusion that is now in effect because of this land-grant law. The railroad companies have no idea of what rates can be charged between various points, as they must take into consideration the rates of the land-grant railroads involved. This means there are millions of dollars tied up waiting for definite rates to be determined; and I am reliably informed that the Government bureau which handles this subject is at least 2 years behind in its work.

This bill, H. R. 4184, is recommended by practically all organizations that have to do with shipping. May I, Mr. Chairman, just cite some of those who appeared before the committee and recommended this bill be passed.

Charles D. Mahaffie, a member of the Interstate Commerce Commission—and I quote:

> We feel sure that the relations between the administrative officials of the Government and transportation agencies of the country would be greatly improved by the immediate abolition of the land-grant rates in toto. It may be argued, as it has been in the past, that the Government would suffer financially and some railroads might be unjustly enriched through such action. The income taxes now in effect and those which seem likely in the future furnish an answer to this argument. The Interstate Commerce Commission has long been in favor of the discontinuance of the land-grant rates, and in our judgment the recent developments before mentioned make this more desirable than ever. We, therefore, recommend that H. R. 4184 be passed.

Mr. Robert E. Webb, chairman, Board of Investigation and Research, summarized the Board's reason for recommending repeal of extending land-grant provisions:

> The primary reason is that the grants of some 130,000,000 acres of land by the Federal Government in the period of 1850 to 1871 have long since served their intended purpose of promoting the development of the unsettled parts of the country. Railroads which did not receive grants of land, have had to equalize with land-grant rates in order to complete with land-grant roads for Government traffic. By means of land-grant deductions from traffic rates, the railroads collectively have made adequate compensation for the benefits they have received from the grants. The total rate deductions to date substantially exceed the net amounts of productive capital realized by the railroads from these grants. The elimination of land grants would put the Government on an equal footing with its own private citizens in bearing charges for the support of the Nation's railroad system * * * preferential rates on Government traffic tend to shift a burden to private users of railroad service.

D. B. Robertson, president, Brotherhood of Locomotive Firemen and Engineers:

> The railroad industry has privately paid for that Government land twice a year, four times in all, since the attack on Pearl Harbor. The land grants had already been paid for in full, and more, before 1938.

L. G. Luhrsen, executive secretary-treasurer, Railway Labor Executives Association:

> We feel that justice requires that the railroads now be relieved of the land-grant obligation and of this huge contribution which their competitors are not called upon to make.

A. F. Whitney, president, Brotherhood of Railroad Trainmen:

> Our transportation system is one of the greatest weapons in the winning of the war, and it should not be hampered by a con-

dition growing out of land grants at a time when a present emergency could not be anticipated; therefore, the Brotherhood of Railroad Trainmen joins with others in favor of immediate enactment of H. R. 4184.

John T. Corbett, assistant grand chief, Brotherhood of Locomotive Engineers:

As their representative, I respectfully request your support for this legislation, which we believe should be adopted.

George M. Harrison, president, Brotherhood of Railway and Steamship Clerks, in a letter of March 15, 1944, to the gentleman from Oklahoma, Representative BOREN:

We favor the enactment of this legislation. We feel, since railroad transportation charges are generally fixed by the Interstate Commerce Commission, and are presumed to be reasonable and lawful, the Government should be agreeable to pay the same charges for transportation services paid by all other users. When the Federal Government is privileged to use these transportation services at less than rates fixed for all the people, the people must make up the amounts involved in the rates they pay, or the industry must carry the burden.

The late Joseph B. Eastman, Director, Office of Defense Transportation, and for 25 years a member of the Interstate Commerce Commission:

Ever since 1938 I have favored the elimination of the land-grant reductions. The Government had a direct financial benefit through the increase in the value of the large amount of public lands which it retained. Furthermore, it seems to me that the Government ought to pay the same rates for carriage of traffic as are paid by its own citizens who really made up the country. If you analyze this down far enough, the land-grant reductions, to my mind, are really a burden upon the citizens of the country generally, because there is an obligation on their part to provide adequate earnings for the railroads.

Mr. Chairman, I feel the above statements of individuals who are internationally known for their fairness and who are all recognized for their ability, substantiates my previous statement that H. R. 4184 should be immediately passed.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield to the gentleman from West Virginia [Mr. ELLIS] such time as he may desire.

Mr. ELLIS. Mr. Chairman, 20 or 30 years ago it was a popular thing to make the railroads a sort of "whipping boy." It was a safe place for the demagogs to lay the blame for all the ills that befell our country and our people. But now our viewpoint has changed. We find that the men at the head of our great railroad systems are human beings and that railroad labor is the best managed in this country. Railroad employees are a patriotic group and they have done a magnificent wartime job.

The land grants served their purpose well at the time of early railway construction. It is estimated that land valued at $126,000,000 was granted the railroads as a subsidy for construction across the country 70 or 80 years ago, and they have thus far paid back something like $550,000,000 to $575,000,000 in reduced rates to the Government. It seems like a pretty fair deal for the Government, but it must be remembered that this reduced rate allowance to the Government has come out of the pocket of all the shippers; hence, the consumer.

In the early days Government shipping did not amount to much, but today wartime Government shipping is enormous and has thrown the whole rate structure out of balance and has caused great hardship to railroads and shippers alike. Land-grant rates for transportation should be discontinued. Therefore, I support this measure. It is virtually a shipper-consumer bill and not a railroad bill.

It will interest my colleagues to know that the measure has the support of the late Joseph B. Eastman, former Director, Office of Defense Transportation; R. V. Fletcher, vice president, Association of American Railroads; Martin H. Miller, national legislative representative, Brotherhood of Railroad Trainmen; D. B. Robertson, president, Brotherhood of Locomotive Firemen and Enginemen; J. G. Luhrsen, executive secretary-treasurer, Railway Labor Executives' Association; and Alvin B. Barber, manager, transportation and communication department of United States Chamber of Commerce; and many others representing the railroad, labor, railroad management, shippers, and the consuming public.

It is interesting to know that on September 20, 1938, the President appointed a committee of 6, 3 from railroad management and 3 from the railroad labor organizations, to consider and to recommend, on a broad scope, legislation covering all of the general transportation problems, so as to insure a fair field for all and special favors for none of the various modes of transportation.

The members of the committee were: For the railroads—M. W. Clement, president, Pennsylvania Railroad; Carl R. Gray, president, Union Pacific Railroad; Ernest E. Norris, president, Southern Railway. For the railroad labor organizations—D. B. Robertson, president, Brotherhood Locomotive Firemen and Enginemen; George M. Harrison, president, Brotherhood of Railway Clerks; Bert M. Jewell, president, Railway Employees' Department, A. F. of L.

This committee submitted its report to the President under date of December 23, 1938, and, in its summary of recommendations, the following language appears:

Land-grant rates: Repeal of the reduced rates provisions of the so-called land-grant statutes.

This measure will rectify an injustice which has existed for too many years.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield to the gentleman from California [Mr. GEARHART] such time as he may desire.

Mr. GEARHART. Mr. Chairman, one of the reasons given by the committee for its favorable report on this bill is that its enactment will remove a source of unending controversy and litigation between the Government and the railroads, with all of the expense and annoyance incident thereto. That finding of the committee relates to a situation with respect to these land-grant deductions that cannot be adequately described as other than intolerable.

Under existing law, the Government is not entitled to claim the land-grant deductions on a shipment unless it meets certain requirements specifically laid down in the act. One of those requirements is that title to the shipment must be in the United States at the time it is being transported. Another is that the shipment must consist of military or naval property. Still another is that the property must be moving for military or naval and not for civil use. If any one of those three conditions is not met, the railroads are lawfully entitled to collect their regular commercial rates for the transportation service involved, unless they voluntarily agree, under section 22 of the act, to handle it for less.

It takes but a brief consideration of the varied character of shipments which are being made by the Government these days and the varying circumstances under which they are made to realize the difficulties involved in determining whether particular shipments meet all three of those requirements. For example, in the case of shipments purchased by contractors performing work for the Government under cost-plus-fixed-fee contracts, the question inevitably arises as to whether title to the shipments at the time of their movement actually rests in the United States or in the contractor. In the case of commodities purchased by a contractor who is operating one of the Government ordnance plants, such as coal to be used for fuel and raw materials to be used in the manufacture of explosives, there is presented not merely the question of where title to the shipments rests at the time of their movement, but there is also serious question in many instances as to whether the shipments can properly be said to consist of military or naval property.

Again, under its lend-lease program, the Government is purchasing and shipping to various of our allies commodities of all descriptions, ranging all the way from fertilizer materials, farm equipment, and food supplies to guns, tanks, airplanes, and armament of all descriptions. In the case of such shipments, there is usually no question that title thereto is in the United States at the time of their movement. There is serious question, however, as to many of such shipments, whether they can be said to consist of military or naval property. Even where they admittedly consist of property of that description, there is still a question under the law whether their contemplated use for military purposes by some other nation is the military use referred to in the statute.

Although the lend-lease program was initiated long before the entry of this country into the war and at a time when our Government was professing to maintain a policy of strict neutrality as between the warring nations, the Lend-Lease Administration insists that the over-all purpose of the lend-lease program is essentially military and gives

that character and purpose to all shipments made thereunder, thus entitling them to the land-grant deductions regardless of what they consist of or the actual use that is to be made of them. The Comptroller General has indicated that he will accept such administrative determination as binding.

Many other Government shipments consist of materials intended for use in the construction of some facility which, while admittedly for some military purpose, is also admittedly intended for civilian use. That is the situation with respect to shipments made in connection with the construction of numerous airfields in this country prior to and since our entry into the war. It is also the situation with respect to shipments made by the Maritime Commission in connection with the construction of numerous cargo vessels. It is likewise the situation with respect to shipments of pipe made by the Government for the construction of a pipe line into Key West to provide a water supply for the naval base located there, and at the same time to supply water for the municipality.

In the case of certain of these airfields the Comptroller General has ruled that the contemplated civilian use of the facilities was such as to deprive the Government of the right to the land-grant deductions on shipments of materials used in their construction. In the case of the Key West pipe line, however, the General Accounting Office has reached the opposite conclusion. In the case of the cargo vessels which have been and are still being constructed by the Maritime Commission, that Commission has adopted a formal resolution to the effect that such vessels are being built for military purposes, and that, consequently, the land-grant deductions are properly applicable on all materials used in their construction. The Comptroller General has indicated that he will accept that conclusion as binding. Yet we are being greeted almost daily with statements by Admiral Land and other members of the Maritime Commission as to the important part these cargo vessels will play in providing this country with an adequate merchant marine when the war is over.

There are numerous other classes of shipments that present similar difficulties. However, I think those which I have mentioned are sufficient to indicate why the present law relating to land-grant deductions can be expected to be such a fruitful source of litigation if it is permitted to continue in effect. In fact, it would be difficult to imagine a more ideal set-up for continuous litigation. First, you have a statute which leaves the door wide open for honest differences of opinion as to its proper interpretation and application. Then, in connection with each Government shipment you have on the one hand a railroad accounting officer charged with the responsibility, usually not only to his own company but to other railroads that have participated in the transportation, of making collection from the Government of all the freight charges to which the railroads are properly entitled for the services rendered. On the other hand, you have a Government accounting officer charged with the responsibility of seeing that the Government pays no more for transportation services rendered it than it is lawfully required to pay. Obviously, it could be only through dereliction of duty, either on the part of responsible railroad officers or on the part of responsible Government officers, that a situation of that sort could fail to result in continuous litigation.

Certainly this Congress will be failing in its duty if it permits such a situation to continue.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. SCOTT] such time as he may desire.

Mr. SCOTT. Mr. Chairman, I would like to contribute this thought to the many substantial reasons which have been advanced in favor of this legislation. I understand that governmental agencies often require weeks in which to figure out what particular manufacturer has submitted the low bids on a Government contract after taking into consideration land-grants rates. I believe that it is also true that this rate system has tended to favor some manufacturers more than others.

The land-grant rates have been the cause of routing of shipments by the Government in some cases so as to require two or three or more times the minimum rail miles from point to point. This is particularly unfortunate under a war economy.

The committee has given careful consideration to this legislation and I believe its adoption to be in the best interest of the public generally.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield myself such time as may remain.

Mr. Chairman, it is not my intention to make any extended explanation of this measure for the reason that those who have already spoken in favor of the bill have demonstrated, I think, the right and justice of this bill.

This bill was given very careful consideration by the Committee on Interstate and Foreign Commerce. It was reported to the House without a dissenting voice. If the members of the House will take the time to examine the hearings held by the committee and if they will particularly examine the list of witnesses who appeared before the committee, it will be realized that no legislation has ever come before this House with a finer array of witnesses to support it. The witnesses were men who have been actively engaged in every kind of transportation and who are thoroughly familiar with the entire subject as it affects the railroads, motor carriers, and other forms of transportation. They likewise were qualified to speak for shippers and consumers. Every name is one that is outstanding in his particular field of activity.

I hold in my hand a file which represents communications received from chambers of commerce, trade associations, and shippers associations extending from the Atlantic to the Pacific, and from the north to the Gulf of Mexico. They are all in favor of the passage of this legislation. I also call the attention of the House to the testimony given by one in behalf of this bill for whom every Member of this House had great respect, and who only a few weeks ago passed from his Government activities with the highest praise that has ever been given to any individual in Government service. No one in this House will deny a single word that was spoken in praise of Joseph Eastman. I am certain you all agree with the compliments that were paid to him on the floor of this House and elsewhere and the appraisals that were made of his ability and of his integrity in the Government service. One individual, well qualified to speak, has spoken of him as the most outstanding in his field. I think all will agree that whatever position Joseph Eastman took on any subject of transportation, it was certain to have real reason and logic to sustain it. I mention Joseph Eastman for the reason that in his testimony before the Committee on Interstate and Foreign Commerce he demonstrated that he applied to this subject of land-grant repeal the same careful consideration that he gave to every subject that required his consideration. In reference to land-grant repeal legislation, he said:

> It happens that ever since 1938, as a member of the Interstate Commerce Commission, I have favored the elimination of the land-grant reductions. I appeared before a subcommittee of this committee on that matter as early as May 31, 1938.
>
> Now, as you know, these land grants were given to the railroads by the Government for the construction of new lines of railroad, particularly in the West and in the South—in the West particularly—to open up that territory. They were granted in the period roughly between 1850 and 1870 and in the neighborhood of 134,000,000 acres of Government lands were so granted.
>
> As Federal Coordinator of Transportation I made a complete investigation of this subject and all of the facts in regard to it appear in volume II of the Report on Public Aids to Transportation.

All the available facts in regard to land grants are in that report.

He goes on in a long statement to give his reasons in detail as to why he favors the legislation that is now before the House:

> It seemed to me entirely fair that such relief should be given, because the real quid pro quo for these land grants, in my judgment, was the opening up of the country. That is why they were given, to enable the railroads to be built, to open up the western territory, particularly, and they accomplished that result, and the Government, and everybody else, profited and benefited very largely from the construction of the railroads for that purpose.
>
> The Government had a direct financial benefit through the increase in the value of the large amounts of public land which it retained.
>
> Now, that is the principal reason why, to my mind, it is fair that these land-grant rates should be eliminated, because the Government and the whole country have already got very substantial compensation for the land grants. They accomplished their purpose of getting the railroads constructed and opening up the country.
>
> Another is that while these land grants apply only over a comparatively few railroads, for competitive reasons they have been equalized by the other railroads to a very great extent, so that many of the reductions are now suffered by railroads which got no land grants at all.

In the third place, because since the time when the land grants were received, many of the railroads have changed hands—often because of bankruptcies and insolvencies which wiped out the original stockholders, so that the present owners of the properties have received them for value and have had no direct benefit from the land grants.

Furthermore, it seems to me that the Government ought to pay the same rates for carriage of traffic as are paid by its own citizens, who really made up the country. If you analyze this down far enough the land-grant reductions, to my mind, are really a burden upon the citizens of the country generally, because there is an obligation on their part to provide adequate earnings for the railroads.

When a man of the integrity, ability, and wide knowledge of Joseph Eastman, as member of the Interstate Commerce Commission, Coordinator of Transportation, and Director of Defense Transportation, recommended the passage of this legislation, there is no sound reason to justify anyone with less knowledge in opposing this bill. His testimony justifies without further argument its passage by this House.

The CHAIRMAN. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That subsection (a) of section 321 of title III, part II, of the Transportation Act of 1940, be, and the same is hereby, amended by striking out the following: "except that the foregoing provision shall not apply to the transportation of military or naval property of the United States moving for military or naval and not for civil use or to the transportation of members of the military or naval forces of the United States (or property of such members) when such members are traveling on official duty;", so that said subsection, as so amended, shall read as follows:

"SEC. 321. (a) Notwithstanding any other provision of law, but subject to the provisions of section 1 (7) and 22 of the Interstate Commerce Act, as amended, the full applicable commercial rates, fares, or charges shall be paid for transportation by any common carrier subject to such act of any persons or property for the United States, or on its behalf, and the rate determined by the Interstate Commerce Commission as reasonable therefor shall be paid for the transportation by railroad of the United States mail: *Provided, however*, That any carrier by railroad and the United States may enter into contracts for the transportation of the United States mail for less than such rate: *Provided further*, That section 3709, Revised Statutes (U. S. C., 1934 ed., title 41, sec. 5), shall not hereafter be construed as requiring advertising for bids in connection with the procurement of transportation services when the service required can be procured from any common carrier lawfully operating in the territory where such services are to be performed."

Mr. MAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I expect to vote for the pending bill on the simple ground of common justice and a square deal for all the railroads of this country, the shippers, and the workers.

That is all I care to say about the legislation at this time. I ask unanimous consent that for the remainder of my 5 minutes I may speak out of order, Mr. Chairman.

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

There was no objection.

Mr. MAY. Mr. Chairman, I am sure this information furnished me by Col. C. J. Hauck, of the War Department, will be of interest to the Members of the House.

Beginning May 22, in West Potomac Park, the Army Service Forces and the Treasury Department will present the first comprehensive public display of captured enemy weapons, equipment, and supplies with our own counterparts for purpose of comparison.

Members of the House have been invited to private showings Wednesday and Friday mornings. The War Department will provide cars which will leave the House Office Building at 10:10 o'clock on those 2 days and will return Members to the Capitol by noon.

Technical officers, familiar with both the American and captured equipment, will be on hand to answer questions and to explain the uses of the weapons and supplies. There also will be a team of enlisted men to operate the guns and vehicles.

I am sure that Members of the House will find this display not only of great interest but of real value, and as chairman of the Military Affairs Committee, I want to add my own invitation to that of the Army which you already have received.

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

Mr. MAY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Has the gentleman seen this exhibit?

Mr. MAY. No; I have not.

Mr. CRAWFORD. The reason I ask the question is this: When they had the big show down here near the Washington Monument, three or four pieces of Japanese and German war equipment were displayed. I looked at them with a great deal of interest. What was displayed was so flimsy and so out of line with the equipment we have that I think we did our boys in the service an injustice by displaying it, because thousands of people got the idea that our men in uniform do not have much of a job to perform in using our fine equipment against that which was there displayed. I do not think the equipment which was there displayed was representative of what the boys have to fight against. I hope that in this exhibit they will have some of the real equipment to show what our boys have to fight against.

Mr. MAY. At that time we had not captured a great deal of their major equipment. I understand that now they have some of it. I may say to the gentleman, however, that if he will go over to the Aberdeen Proving Ground he will find some real equipment of the type the German Army has in use that is equal to ours. Of course, no one will admit that our fighting men are not superior to either the Germans or the Japs.

Mr. CRAWFORD. I have been there and have seen some of it. That is the reason I protested against what was displayed to the public down here at the Washington Monument.

Mr. MAY. I do not know what is on display at this place. I have not been there. I hope those who go to see it will find it interesting.

Mr. WRIGHT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I just want to add one more observation to the valuable contributions which have already been made by the proponents of this bill. I would like the Committee to reflect upon the tremendous problem of reemployment which we are going to have after the war. Undoubtedly, the railroads are going to have to assume a portion of this job. But that is not the whole story. We have increased our furnace capacity so that we now produce more steel in this country than all other nations of the world put together. Our coal mines are operating at greatly increased capacity. That steel and coal are being poured into war equipment, and after the war is over we are going to have to find some market for steel and coal that will bring employment to the people in our steel mills and in our coal mines. Traditionally, the railroads have been one of the greatest users of heavy steel and consumers of coal, but during the depression years they allowed their equipment to go down because of the fact they were not getting the revenue to provide for replacements. I think we should take a great interest as a Nation in assuring, to the best of our ability, the financial stability and prosperity of the railroads, because it not only affects the railroad industry and their reemployment problem, but it affects almost every other industry in the country, and it will be of inestimable advantage to our soldiers when they come back looking for jobs.

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

DISCONTINUANCE OF LAND-GRANT RATES

The House is once more considering the somewhat complicated question of land-grant rates, and whether or not these concessions should be ended. There has been some confusion, some misrepresentation, and some misunderstanding about this entire subject matter. A substantial portion of our membership feels that it is a grab by special interests that are seeking to get something for nothing out of the Government. However, a careful perusal of the material that has been presented to me, as well as to other Members, makes it a well-established fact that, not only the railroads, but also the shippers, are interested in discontinuing these land-grant rates, and last but not least, the railroad brotherhoods are also in favor of putting an end to these concessions. If the railroads alone were asking for this particular bill, a charge of special interest might be made, but when you have such uniformity by all classes interested, it would seem that such a contention cannot be maintained.

WHAT ARE LAND GRANTS?

When railroads were being built, mostly in the West and a few in the South, 75 to 100 years ago, the Government, in order to develop these areas of our country and to provide a connecting link with

the far West, granted alternate sections of land in a strip extending back for 10 miles on each side of these particular railroads.

According to the report made by the late Joseph B. Eastman, as Federal Coordinator of Transportation, the average value of all granted lands at the time of the grants was about 97 cents per acre. Of course, those land grants could not possibly pay for the construction of the railroads but aided by giving the railroads the opportunity to sell the lands to settlers whose products had to be shipped. The total value of these land grants amounted to approximately $125,000,000. Up to June 30, 1942, the concessions granted the Government in return for these grants amounted to $340,783,000. Since June 30, 1942, it is estimated that the monthly rate of concessions to the Government has been $20,000,000, or approximately $400,000,000 since June 30, 1942, making a total of $740,783,000. In the face of the fact that the railroads for years have been staggering under a huge debt load, which is Government money to a great extent, it would seem inconsistent to still maintain these concessions, for it is evident that the Government has been repaid many times over for everything that was given the railroads under the early land-grant contracts.

DISCRIMINATION AMONG SHIPPERS

Many illustrations are offered to show the discriminations that result from these land-grant deductions in rates. The shipper located on a land-grant line has a decided advantage over his competitor not so geographically located. The reasons are obvious. The Government makes its purchases under competitive bidding and on a delivery basis. Therefore, the shipper who has an advantage of anywhere from 5 to 15 cents a hundredweight can underbid his competitor.

I take just one example from the committee report. This example is with respect to the rates on lumber from Klamath Falls, Oreg., and Westwood, Calif., to Chicago. The latter distance is 2,118 miles and the commercial rate is 72 cents. The former distance is 2,263 miles and the commercial rate is 75½ cents. In other words, the California mill has an advantage over the Oregon line of 3½ cents per hundredweight. Now, in the case of lumber bought by the Army and moving for military and naval and not for civil use, the net cash charge from Klamath Falls to Chicago would be 42.913 cents per hundredweight, whereas on a similar shipment from Westwood, the net charge would be 58.913 cents. Hence, the charge from Westwood, instead of being 3½ cents less than from Klamath Falls, becomes 16 cents higher after the deduction of the land grant. Any number of similar instances could be quoted, but time does not permit.

TAXATION

Another source of irritation and confusion results from equalization agreements. Motor carriers, as well as other railroads operating in land-grant territory in order to handle Government traffic, have entered into agreements with the Government under which they agree to apply to Government shipments moving over their lines the lowest net land-grant charges available to the Government via any route between the same points.

As a result, the Government makes use of circuitous and utterly impractical routes in computing the charges claimed by it under the equalization agreements. I take one case in point from the committee report.

Sheffield, Ala., is 54 miles from Corinth, Miss. Nevertheless, the Government insisted upon land-grant deductions based on a very roundabout route—484 miles in length and involving a number of different lines of railroads. Because of such distorted methods of working out the rates on these shipments, the railroads cannot definitely determine what their taxes should be because there is no accounting until the amount has been agreed upon with the General Accounting Office or it has come to a final determination in the case. As a result, we have differences about freight rates pending for 5 to 7 years. Income taxes are taking as much as 83½ cents of each additional dollar of income. In the case of railroads which are in the excess-profits class, 86 percent of the gross revenues of all class I roads will probably be in the excess-profits class for the present calendar year, so it can readily be seen what a confusing problem it is for anyone to estimate the taxes.

A case in point: The trustee of one of the large railroads now in bankruptcy stated that in 1943 the revenues of his road had been reduced $10,000,000 as a result of applying land-grant deductions, and that, in addition to that, his road had set up a reserve of $3,500,000 to cover possible subsequent deductions on traffic because of disputes between the railroads and the General Accounting Office as to how the shipments were to be classified.

In an article by D. B. Robertson appearing in the magazine of the Locomotive Firemen and Enginemen for May 1944 a comprehensive review is made of this entire subject matter. Time does not permit that I should go into it here, but I should like to present an excerpt or two from Mr. Robertson's article:

> Only 18,000 miles of railroad out of the 240,000 miles in the United States were actually constructed with the aid of land grants from the Government. Land-grant aid was thus supplied on only 7.5 percent of the mileage of American railways, and its total value was less than one-half of 1 percent of the investment in their construction.

In the early days when these agreements were entered into with the Government, the shipments made by the Federal Government were only a trickle, but as Mr. Robertson points out:

> What was then thought would be only a trickle, has grown into a flood that is now the main current of railway business. Transportation of military and naval supplies and personnel is the major job of American railways today.

I quote again:

> During the years when the land grants were being made to aid in the construction of American railways the Federal Government was compelled to fight and finance 4 years of Civil War. Those 4 years of war cost the Government $3,065,000,000—about $750,000,000 per year. That was the scale of Government expenditures when the land-grant rate reductions were originated.
>
> During the first 2 years of this war we spent $153,000,000,000; during the month of November, 1943, the Federal Government paid out in cash $7,800,000,000 for war purposes. In 1 month we spend 10 times the annual rate of Civil War expenditure, and twice as much as the 4 years of Civil War altogether. A governmental railway policy, devised in the days when a war involving our whole national existence was costing $2,000,000 a day is being applied now when our war cost is $250,000,000 a day. The value of the war materials being transported must be roughly 125 times what it was when this rate-reduction policy was laid down—and the railways are being required to reduce transportation rates on that tremendously multiplied volume of military traffic.

ROAD EQUIPMENT

It occurs to me that the tremendous burden now loaded upon the railroads in the shipment of both material and personnel is bound to result in a rapid deterioration not only of rolling stock but also of the roadbed, rails, and so forth. Some provision will have to be made by the railroads to rebuild all this worn-out equipment when the emergency is over, or else the Government will have to do it. The railroads requested the Interstate Commerce Commission to permit them to set up a fund free from taxation to take care of deferred maintenance when the war is over. The Interstate Commerce Commission directed them to set aside such an amount. However, the tax department refused to consider this fund nontaxable and considered it as excess profits and taxed it as such. Consequently when the war is over and the rolling stock and other equipment are worn out, the railroads will have no such fund with which to replace it. If the railroads cannot do it, then the Government will have to do it.

I prefer that this should be done by those who are trained in the business, whose lives have been spent in railroading, and who understand the subject thoroughly. It would seem to me good business to discontinue these land-grant concessions so that reserves may be set up to properly rebuild and reequip and replace run-down and worn-out railroad property.

I, therefore, feel that while I have touched only a few of the high spots in this discussion, nevertheless that the equities of this matter are all on the side of the passage of this bill, and I trust the membership of the House will support the committee in its conclusions in regard to this measure and vote for the bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GEARHART. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, if I understand the purpose of the Interstate Commerce Commission, one of their purposes at least is to authorize rates to be charged by the transportation companies which will, after all costs and charges have been taken into consideration, yield to the railroad companies a reasonable return on their investment. Now, it is a mani-

fest truism that, in the fixing of rates, one class of shippers are granted preferences—that is, rates that are lower than those which would afford the railroad company a fair return on its investment; the remaining shippers will necessarily have to be subjected to higher rates, this in order to bring the two rate standards to an average, one which will insure the fair return to which the transportation company is entitled.

But a moment's reflection will convince anyone that that which I have just said is an indisputable fact. So when we impose upon the railroads under a sacred contract which is now more than 90 years old an obligation to carry Government-owned materials at half a fair rate, we necessarily have to impose on all of the other shippers a corresponding obligation of making up that which we forgave the Government in that contract.

Some of those who have addressed you today have said that this is not a railroad bill; that it is a shippers' bill. Well, that is correct so far as it goes. It is quite true that in the first instance the shippers are the ones who are "stuck" for that which we forgive the Government from paying. If you will just think a moment, you will see how clear that is. And upon further reflection, I think it will become equally apparent that when we say "shipper" we really mean "consumer," for, indeed, transportation charges become merged in the "price" which the ultimate consumer will have to pay for the article which has been shipped.

It is my contention that Uncle Sam's bills, including his hauling charges should be paid for by all of the taxpayers; not by just a part of the people who happen to be consumers of shipped goods. Simple fairness requires us to protect the consumers of shipped goods against this gouge which a contract made 90 years ago has imposed upon them.

The people I represent ship oranges to the people of the East, and because of this special privilege which an ancient contract has granted the Government of the United States, the consumers of oranges throughout the United States pay more for those oranges. That excessive freight charge, imposed upon private shippers as a consequence of knocking down the rate on Government shipments, must necessarily be figured in the price the consumer must pay. I represent shippers who send to the East grapes and raisins. The consumers of grapes and raisins in the United States are paying more for their grapes and raisins simply because 90 years ago we extended this special privilege to the Government of the United States of shipping Government property at one-half of that which a fair rate would be.

So, Mr. Chairman, I am quite sure that everyone will see the point if they but reflect upon the highly complicated situation which this badly out-of-date land-grant contract has created. It saves the Government a part of its freight bill, true, but it, as an unavoidable consequence, imposes that bill upon a small group that does not deserve such unfair treatment—the consumers of goods and chattels that had been privately shipped to them. It would not be so bad if the Government saving were made up by all of the people but, unfortunately, the saving is unloaded on but a small part of our people.

There is only one fair way, and, that is, let all the taxpayers pay their Government's transportation bill as they do every other obligation of their country and let all of our private citizens pay the transportation companies in accordance with the services they received and at rates that are nondiscriminatory, fair in respect to all shippers, public and private alike.

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

Mr. POAGE. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. POAGE: On page 2, after line 20, strike out the period and insert the following: "*Provided, however,* This act shall not become effective as to any common carrier which, on May 23, 1944, held any lands originally granted by the United States as a bonus or inducement to secure the construction of any railroad until all such lands except those that are now in use for right-of-way and carrier use shall have been reconveyed to the United States."

Mr. POAGE. Mr. Chairman, as is well known, the railroads of the United States now hold something in excess of 15,000,000 acres that was granted them as bonus land on a consideration which involved the carrying of the property and troops of the United States at a reduced rate. We are now called upon to wipe out that portion of the obligation as it relates to the benefits that the United States Government will receive.

I never did claim to be a great student of the ancient law or of equity, but I did learn a long time ago that there was an old saying that seemed to be sound and semed to me to be proper, "He who seeks equity must do equity." And, "He who would come into equity must come with clean hands."

There is some kind of a maxim in the law books which says that if one comes seeking rescission of a contract, that no matter what the circumstances, he must come into court and turn back that portion of the proceeds which he still has which he received under the terms of the contract.

That is all I am asking. I am simply asking that the unspent portion of that great legacy that the United States bestowed upon these railroads in consideration for their obligation to perpetually move the troops and properties of the United States at a reduced rate, be returned to the United States before the railroad in question be relieved of the obligation which it voluntarily—no, not voluntarily—which it itself sought to assume back in the days when these contracts were made.

Do not forget, these contracts were sought by the railroads. They then had a lobby before this Congress seeking these contracts, even as today they have a lobby seeking rescission of the same contracts. They are not the same men but they represent the same interests. At that time they wanted the Government to enter into a contract. Now, they want the Government to relieve them of the obligations of that contract.

I think it is well to consider the high respect we have for Government bonds. One of the speakers who preceded me emphasized this point. But he did not mention the fact that the obligation of the Government to pay can never be secure unless the obligations of those who bind themselves to pay the Government are also inviolate. The Government must enforce obligations that are made in favor of the Government just as truly as it must pay the obligation that the Government assumes.

You, as representatives of the people and of the United States Government have the same duty to see that the Government is dealt with fairly as you have to see that the Government deals fairly with individuals and corporations. No one wants to take from these railroads anything to which they are justly entitled. But they made a trade, a fair trade, with their eyes open. There is no charge that there was any fraud on the part of the Government in forcing them into it. They voluntarily came and sought it.

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

Mr. POAGE. I yield.

Mr. MOTT. Many of these land-grant railroads sold their land. Some of them kept a part of it. If you are going to require those railroads who kept a part of the land to return it to the Government, why not require those who have sold their land to return to the Government the proceeds of the sale? If one is fair, why is not the other?

Mr. POAGE. Simply because it is a great deal easier to get things that are here today, that are visible and tangible than it is to try to engage in a lot of lawsuits to set aside a lot of titles that have been issued. Simply applying the same rule that is applied in every district court in the United States, that when one comes in seeking to rescind a contract, that portion of the property that is still available, that portion of the property that is still there, shall be returned. If the railroads as a whole are so interested in the passage of this bill they can if they want to share the cost of returning this land but this portion of the property is still here. What has become of some of it I do not know. I think it would be fair to go back and require every railroad to compensate the Government for the land it got before the contract was rescinded, but this is one practical step that we can take right now. Do not set it aside by saying you ought to take more. Let us do this and then talk about more. If the gentleman wants to offer an amendment to require payment from all the roads that got land, I will gladly support it.

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

Mr. ANDERSON of New Mexico. Mr. Chairman, I rise in opposition to the amendment. I support the Boren bill, and I cannot cripple it by this amendment by the gentleman from Texas [Mr. POAGE].

Mr. Chairman, I think it is a strange theory under which the gentleman suggests that we should take from one person and not take from those who have already turned back their property. I think it is a strange thing to suggest that one group of people, having received lands under a land-grant contract and having sold that land, should be left absolutely alone, but those who have husbanded those resources and stayed with them over a long period of years, should suddenly find the United States Government reaching out and taking that land away. That does not strike me as justice.

May I suggest to the gentleman that in the particular State I represent, we do not want this land to revert to the Government of the United States, and we have a strong reason for it. More than 70 percent of the public domain in Arizona and more than half the public domain in my State of New Mexico now belongs to the State or Federal Government. We are trying to get land on the tax rolls of our State. A short time ago, some of it went back to the Federal Government. The Department of the Interior took it over and gave it to needy Indians that it felt were entitled to it. But they removed cattlemen who had operated there for a long time. Most responsible citizens in my State opposed it. but there was nothing we could do about it. If returned to the Government, this land passes off the tax rolls of our State and we suffer thereby. I say it is not a good idea to take this land belonging to the railroads and turn it back to the public domain.

It has been my distinct pleasure and privilege for a good many years to be a book collector. That is a bad habit to get into; but in the time I have been delving into the history of the American frontier I have made a long and careful study of the early days, of the times in which the railroads of this country were constructed. I say to you that in all of the reading I have devoted to that subject I have yet to find a claim that these land grants were given in exchange for a preferential freight rate. There is not a word in the story of the Santa Fe Railroad, which runs through my State, that suggests that there was any chief consideration to the contract except that we wanted spans of steel to reach across this continent, that we wanted to link together the eastern seaboard with the western seaboard, that we wanted to open highways toward Asia, and we wanted rail strands to stretch from one end of the country to the other. That was the appeal made in every meeting in which promoters were trying to raise money for these railroads. It was on that basis of spanning the continent and on that basis alone the grants were made to the railroads. True, later, other features relating to freight rates were put into the contracts, but the one fact that runs through it over and over again, the one red thread that runs through the whole fabric, was that this country wanted transcontinental systems. That contract to cross the country with steel rails was fulfilled.

If you want to go back into the story, you will find how delegations of citizens from the States represented by the gentlemen from Arizona [Mr. MURDOCK and Mr. HARLESS] and myself went back to the Eastern States and pleaded with those people to build the railroads. They told them what the States themselves would do. The States themselves gave money, yet the States did not ask or claim nor did they receive any preferential freight rates. There was only one real contract, and that contract was to span the continent; and that contract has been fulfilled; and having been fulfilled, we contend that the contract should now be terminated when it results to the disadvantage of the shippers of the country.

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

Mr. ANDERSON of New Mexico. I yield.

Mr. GRANGER. The gentleman heard me say I was for this bill; I assume he is.

Mr. ANDERSON of New Mexico. Yes.

Mr. GRANGER. But if we adopt the amendment offered by the gentleman from Texas it would change my idea entirely and I could not vote for the bill.

Mr. ANDERSON of New Mexico. Neither could I. The gentleman as a practical raiser of livestock in his State realizes the possibilities that may come from it. He is correct in his stand for the protection of the best interests of his State.

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

Mr. ANDERSON of New Mexico. I yield.

Mr. POAGE. I wonder if the gentleman from New Mexico would be just as anxious to support this private ownership if it meant giving back to the Government the mortgages and indentures, that are out against it, if they went along as part of the trade?

Mr. ANDERSON of New Mexico. I am not going into that because I am sure the gentleman from Texas when he stops to think about it will not do injustice to one particular group at the expense of another.

The CHAIRMAN. The time of the gentleman from New Mexico has expired.

Mr. JENNINGS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the questions involved in this measure and in the proposed amendment are not questions with respect to the rescission or violation of a contract; we are acting under our powers as the representatives of the people under the commerce clause of the Constitution which gives us the power to regulate interstate commerce. I am looking at this measure in the light of the facts as they exist in 1944, and I do not propose to journey back through the corridors of time for 71 or 90 years to a time which has long since passed into the limbo of things that are gone. We are looking at this in the light of conditions and facts as they exist today. The people affected were not parties to any agreement made at that time; the people affected are the present owners of the railroads and the present management of the railroads, the employees of the railroads, and the shippers of the country, and all of the people. What would production be worth to us as a people if we had no means of transportation? And what is the universally—I may say almost universally—used instrumentality of transportation in this country today? The railroad systems; they constitute the circulating systems through which the trade and commerce, which is the lifeblood of the economic existence of this country, flow, and without which we could not function as a people; we could not fight this war; we could not prosper.

It is beyond controversy that as a result of the artificial rates now in existence under the law as it now is shippers who live two, three, four, or five hundred miles from the point to which they wish to ship their products are penalized and must pay a higher rate than people who live five hundred to a thousand miles farther from the same point to which they also wish to ship similar goods.

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

Mr. JENNINGS. No; I cannot yield; I am sorry, but I cannot.

Mr. WHITE. Is the gentleman afraid to?

Mr. JENNINGS. No; I am not afraid to, but I just do not want to waste the time of this House.

Getting right down now to brass tacks, we want to keep the railroads solvent. Everyone who gives this matter attention must realize that the equipment, the rolling stock of the railroads, is in bad condition. This must be replaced by new equipment just as soon as we can cease making the implements of warfare. This will cost money. Everyone knows we have increased the wages of railroad workers, and justly so.

Mr. HOFFMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. If there is not enough order on the floor so that from the debate a Member can learn what the bill is about, is it permissible to ask for a reading of the engrossed copy before the vote is taken.

The CHAIRMAN. A Member may ask for the reading of an engrossed copy of the bill but not in the Committee.

Mr. HOFFMAN. That is what I mean, in the House just before the vote is taken.

The CHAIRMAN. In the House; yes.

The gentleman from Tennessee will proceed.

Mr. JENNINGS. One of my reasons for supporting this bill, Mr. Chairman, is to keep the railroads solvent so that when they return to a peacetime basis of operation they can buy new equipment, new rolling stock, and keep their employees on the pay roll. The reasons I have given are enough to induce me to support this measure.

I keep in close touch with the people whom I represent in this body under our form of representative government. I believe that these, the shippers, the railroad people, the employees of the railroads, the owners of the railroads have a

right to be heard and to speak through me as their representative in this body. I register the will of my people in expressing my conviction on this measure. I shall support it as a just and equitable measure that is absolutely necessary. The railroads have performed miracles of transportation and have made an indispensable contribution toward the winning of the war. The bill should and will pass. It will put an end to the unjust and unjustifiable discrimination in rates that now exist. And it will keep our great transportation systems solvent for the benefit of all the people—the owners, the employees, and the thousands of railroad employees who are now fighting on battlefields all over the world.

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

Mr. BOREN. Mr. Chairman, I wish to see if we can reach an agreement as to closing debate on this particular amendment.

I ask unanimous consent that all debate on this amendment close in 20 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. RUSSELL. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, I have heard some very peculiar logic here this afternoon, and some very peculiar rules of equity and of law. I thought I had a fair understanding of those rules, but from what has been stated here in the well for the last 30 minutes, I do not have any understanding at all.

The gentleman from New Mexico [Mr. ANDERSON] said that he knew nothing about a contract between the Government and the railroads except a contract to get the rails to the Pacific coast. Undoubtedly the gentleman has not read the bill nor the record of the hearings nor heard anyone speak, if that is his idea about it. He also said it was a peculiar thing to him that my colleague from Texas would want to rob only a part of the people who received this land under that contract which he did not seem to know anything about. Oh, consistency, thou art a jewel. How could there not be a contract and yet they received that land?

The rule of equity has certain demands. It is a lot different from what my colleague said. In order to rescind a contract you have got to make the other party whole, when you come into court, and if you are unable to do that you have got to make him whole insofar as you are able to do so at the time you ask rescission of the contract. The amendment in this case only asks for those that have the land yet in their hands to return it, deed it back to the Government, so that the Government can hold it for the many settlers, or hold it as a vast post-war area for the returning soldiers so that they can live on it when they return.

Mr. DONDERO. Will the gentleman yield?

Mr. RUSSELL. I yield to the gentleman from Michigan.

Mr. DONDERO. I assume we are both lawyers.

Mr. RUSSELL. I was vaccinated and I hope it took.

Mr. DONDERO. The amendment offered by the gentleman from Texas while it is a strong appeal presents a legal question. How could the railroads in justice return the land that they have if the land is mortgaged to other people?

Mr. RUSSELL. Of course, the Government would have to take it subject to the mortgage or it could relieve the land of the mortgage. They have plenty of finances, according to the Government, because not long ago, I may say to the gentleman, the Government stated that the railroads were receiving plenty of compensation, enough to raise the wages of all of their employees. Therefore, they must be doing fairly well at this time.

Mr. Chairman, I want to talk just a little bit about this contract. The contract entered into between the Government and these railroads was, of course, for a right-of-way free of toll. The railroads did not understand it and they went into court themselves and asked for an interpretation of the ambiguity of that contract. The court then defining it decided that it only gave the Government the right to use the roadbed. They could furnish their own trains and their own equipment, which the Government was getting ready to do. But that did not satisfy the railroads. The railroads went into court again—mind you it is the railroads every time—and asked the court to interpret it a different way.

Mr. WHITTINGTON. Will the gentleman yield?

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

Mr. WHITTINGTON. If the argument that these lands are mortgaged or obligated prevents their being reconveyed to the Government, by the same token they could never be disposed of by the railroads in any respect?

Mr. RUSSELL. Certainly. That is known by everyone.

The court then held that it would not be proper for the Government to put a train of their own, with their cars and their locomotives and their hands, on the roadbed but set up a compromise for the benefit of the railroads, stating "That the Government should pay 50 percent of the tariff that railroads charged to every other shipper for the service of carrying freight over the Government's road," which it had a right to do. Now, as I said, in 1940 that was curtailed again. The rates they are paying, it is stated, are 50 percent. On the average the reduction in rates that the Government is getting now on the whole, taking into consideration the over-all picture, is between 10 and 17 percent, not a 50-percent reduction.

The CHAIRMAN. The time of the gentleman has expired.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, I want to try to get some information. I wish that some member of the committee would explain to me what the difference is between the amendment offered by the gentleman from Texas and section 321 (b) of the Transportation Act of 1940. Section 321 (b) of the Transportation Act of 1940 requires the roads as a condition of suspension of the land-grant rates to everybody except the Army and Navy to return certain lands to the Government. I am informed that some 8,000,000 acres of such land have been returned. What is the difference between this land and the land that would be affected by the amendment offered by the gentleman from Texas?

Mr. HALLECK. Will the gentleman yield?

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

Mr. HALLECK. I am a member of the committee. My memory may not serve me correctly, but I think it does. That reference was only to land about which there was litigation pending, and it was put in there in order that the litigation might be terminated and end those questions that were still in litigation by removing those lands from the controversy. The chairman of the committee is here, but I am quite sure my recollection about that is correct. It is an entirely different situation from the one covered by this amendment.

Mr. LEA. That is true.

Mr. VOORHIS of California. I would like to know what the explanation is of the material in the hearings before the committee where there are many pages devoted to reports from the Interior Department telling about the number of acres of land that have been returned to the Government by the Northern Pacific, the Santa Fe, Southern Pacific, and other railroads. Where did that come from?

Mr. BOREN. Will the gentleman yield?

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

Mr. BOREN. It was returned through the process of taxation, just as you return your city property or farm property to your State or county government.

Mr. VOORHIS of California. I do not if I can help it.

Mr. BOREN. Well, that happens sometimes.

Mr. VOORHIS of California. In my opinion, there are some good arguments in favor of this bill, but I am concerned about this land question, and I hope my information is correct, because if it is correct I can more readily support the bill. As a matter of fact, the Transportation Act of 1940 did require the roads to return lands which were not yet patented by them to the Government, according to my understanding. I would like to know whether that is true.

Mr. BOREN. Which are not patented?

Mr. VOORHIS of California. That is right. Let me read that section. It says:

> Nothing in this section shall be construed as requiring any such carrier to reconvey to the United States lands which have been heretofore patented or certified to it, or to prevent the issuance of patent confirming the title to such lands as the Secretary of the Interior shall find have been heretofore sold by any such carrier to an innocent purchaser for value.

If that is a limitation on the matter why is not the requirement then the return of unpatented land?

Mr. BOREN. I thought when the gentleman first raised the question he was talking about land that had already been patented. In some instances there have been releases of that type of land. If the gentleman had read the paragraph before that, there is a definite requirement that they do return the land.

Mr. VOORHIS of California. Return what?

Mr. BOREN. The lands that are unpatented.

Mr. VOORHIS of California. In other words, the unpatented lands, according to the Transportation Act of 1940, are to be returned to the Government; is that correct?

Mr. BOREN. Yes.

Mr. VOORHIS of California. Thank you very much. That is what I wanted to find out.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I am informed that the railroads of this country have an invested capital of $26,800,000,000 in their plants now in operation, with an accrued depreciation of $3,600,000,000, leaving a net investment of about $23,000,000,000, in round figures. Their employees total about 1,500,000, or an investment per employee of about $16,000. Some of the basic industries in the country have an investment as high as $25,000 per employee on the pay roll. A great many industries have to invest as much as $6,000 per employee before they can open up shop and start business in this great industrial machine of ours.

In the post-war period we will expect our railroads to further wither the space between point of origin and point of destination to the end that our people may travel more comfortably and reach their destinations more quickly. Somebody will have to put up a great sum of money to meet the public demand when hostilities cease and we go back into business here in the United States.

I want to go on record in opposition to the amendment and in favor of the bill as presented by the committee. I do not believe that the Congress at the present time is giving the right kind of consideration and treatment to American industries from a taxing and profit standpoint, with reference to the post-war period. There will come a day when millions of workers will want jobs. And at that time Congress will expect industry to do the necessary. But now is the time for us to prepare the way for industry to go forward and be ready for that day of full employment. It requires the investment of dollars, the making of profit, the building of vast plants. Certainly we want industry and individuals to do this instead of depending upon the Federal Government in peacetime. Somebody will have to put up the money to make jobs for at least 8,000,000 new workers that will come in looking for jobs in the post-war period as new employees. We can figure that a minimum requirement will be $40,000,000,000 of new capital or $5,000 per new employee. I know that the railroads will do the necessary thing if they are given the chance. I think this is a step in the right direction. I do not believe our people will ever criticize the Congress for doing this particular job. For the reasons stated I shall favor the bill.

Mr. Chairman, if I may divert the thought just a moment, but still speak to communication and transportation, I should like to point out that tomorrow morning in this great Capitol we will commemorate the one-hundredth anniversary of the formal inauguration of telegraphic communication between cities. To me the telegraph business has always been associated with the railroad business.

It was 100 years ago tomorrow that Samuel Finley Breese Morse sat at an instrument in this Capitol and clicked off the Biblical quotation "What hath God wrought." The message was received in the form of dots and dashes on an instrument in Baltimore by Morse's collaborator, Alfred Vail.

That great event resulted in the withering of the world, insofar as communications are concerned.

I do not for one moment want to detract from the glories of the event we are about to celebrate or rob the memory of Morse of the honor due him, but I feel it is fitting that on this occasion we should also pay tribute to an unidentified, alert newspaper editor, who, true to his profession and ever watchful for the traditional newspaper scoop, ordered the first telegraphic press dispatch within a few minutes of the opening of this telegraphic service.

In recognition of the vigilance of the American press and its constant striving to render public service through prompt dissemination of the news of the hour, I have today introduced a resolution calling upon the Rules Committee of the House, which has the jurisdiction of the press gallery, to provide a suitable tablet there indicating that the first telegraphic press dispatch in the world was sent from this Capitol on May 24, 1844, and that an unidentified editor of a Baltimore newspaper originated the telegraphic press dispatch system.

Like most newspapermen, the editor of the Baltimore Patriot was on his toes looking for the very latest news. No sooner had the preliminaries marking the opening of the world's first intercity telegraph line been completed than he flashed instructions to his reporter in Washington to "send a dispatch at 2 p. m." His complete message, sent at 12:30 p. m., May 24, 1844, was: "Ask a reporter in Congress to send a dispatch to the Baltimore Patriot at 2 p. m."

History records that in about a minute the answer came back thus: "It will be attended to."

The first telegraphic press dispatch to be published was as follows:

Two o'clock p. m.: The dispatch has arrived and is as follows:

"One o'clock: There has just been made a motion in the House to go into Committee of the Whole on the Oregon question. Rejected—ayes 79, nays 86.

"Half past one: The House is now engaged on private bills.

"Quarter to two: Mr Atherton is now speaking in the Senate."

So that we are thus enabled to give to our readers information from Washington up to 2 o'clock. This is indeed annihilation of space.

Thus we see that the first telegraphic press dispatch in the history of the press was not only sent from the United States Capitol but the first dispatch was entirely concerning the activities of the United States Congress.

Therefore, I believe it is appropriate that we should provide some form of a memorial tablet in the press gallery recognizing the alertness of this Baltimore Patriot editor, who originated the system of telegraphic press dispatches which now spans the world, truly annihilating space, and considered the business of Congress as of vital interest to the people.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Chairman, I intended to take the entire 5 minutes' time on the discussion of this bill, and particularly the Poage amendment now before us, but the remarks of the gentleman from Michigan reminded me of the great celebration we are to have here at the Capitol tomorrow morning celebrating the one hundredth anniversary of the first official opening of electric telegraphic communication.

I take many of my friends around the Capitol every chance I get. I always take them down in front of the original Capitol Building to that middle window right opposite the Chamber of the Supreme Court over which John Marshall presided, and usually point out to them that the third or middle window was formerly a door. It was through that door 100 years ago a telegraphic message was sent and received. That first telegraphic message, consisting of the four words which the gentleman from Michigan has quoted, was received over the first telegraphic instrument to be officially used.

It is a mighty interesting story and I never fail to point it out to my young friends who are interested in every significant phase of American history. I took great pride a few weeks ago in watching the efforts of my good friend, the gentleman from North Carolina, Major BULWINKLE, as he put through a measure which will bring about this appropriate celebration tomorrow.

Mr. Chairman, in regard to this bill I favor it, but I am in opposition to the amendment. The gentleman from California brought out the fact that certain railroads, under the Transportation Act of 1940, have already turned back their lands. I think that is true in Arizona.

Out of 8,000,000 acres of land the railroads have turned back to the Government to date, 1,400,000 acres lie within the State of Arizona.

There are certain northern counties of Arizona which are greatly handicapped now in their local revenues because of that fact. For instance in Coconino County, Ariz., the second largest county in all America, only 8 per-

cent of the land area of that county is in private ownership. Those people are handicapped in regard to their school districts and their local governments generally, because the land which was formerly on the tax roll has now been turned back to the public domain. Incidentally, that has had an adverse effect upon the livestock industry, and in many other respects.

I think we should not do as a bill, H. R. 838, now contemplates, turn that land back to Indian reservations, national forests, parks, monuments, and other governmental reservations. Once that land has been turned back to the Government, if turned back at all, it should go into the public domain and be put into grazing districts, where it can be used by the livestock people and the other inhabitants of those counties, so that it may produce revenue, which it formerly did produce when owned by the railroads.

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

Mr. MURDOCK. I yield to the gentleman from California.

Mr. LEA. May I ask the gentleman if he will not agree to this proposition. The purpose of this bill is not to require the railroads to disgorge something they have no right to; on the contrary, the basis of this bill is the fact that the railroads have paid to the Government the obligation they owe.

Mr. MURDOCK. I think that is true. They built their lines across the wilderness from ocean to ocean. That was what we tried to get them to do. They have done that now and fulfilled their obligation. The prosperity of my part of the country, Arizona, depends upon those railroads. I feel that they have performed their obligation well and wholesome results would flow from this legislation.

Mr. Chairman, I favor this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. POAGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POAGE: On page 2, line 20, strike out the period and insert the following: "*Provided, however,* This act shall not become effective until the Interstate Commerce Commission shall have given due consideration to the increased revenues which carriers will receive as a result of the enactment of this act, and shall have prescribed just and reasonable rates, fares, and charges reflecting such increased revenues, and shall have made such just and reasonable rates, fares, and charges effective as of the date the increased revenues provided by this section become effective."

Mr. HINSHAW. Mr. Chairman, I reserve a point of order against the amendment.

Mr. POAGE. Mr. Chairman, this amendment attempts to accomplish the same thing that is hoped for, in section 3, which is the second committee amendment. I am in full accord with the suggestion of making sure that if we give the railroads an additional income of a quarter of a billion dollars a year they in turn shall be required, not simply asked, to give the people of the United States a reduction in rates.

The committee amendment known as section 3 is as follows:

The Interstate Commerce Commission, in the exercise of its power to prescribe just and reasonable rates, fares, and charges, shall give due consideration to the increased revenue which carriers will receive as a result of the enactment of this act.

That is in the law now. The Interstate Commerce Commission is supposed to give due consideration to anything that comes along. I do not doubt that the Interstate Commerce Commission will consider it but I do not know how long the Commission may consider it. They sometimes consider things a long time.

I hope I can make the members of this committee understand what this amendment does. It simply states that instead of hoping the Interstate Commerce Commission will take some action and pass on some of this tremendous amount of money to the people of the United States, the Commission shall take some action, and that until it does the railroads cannot get the advantage of the additional income this bill otherwise gives them.

It is just a question of whether you want to be sure that you will get a rate reduction passed on to the people or whether you prefer to live on hope.

Those of us down in the Southwest have been hoping for equalization at the hands of the Interstate Commerce Commission for a good many years, but we are still looking, and we are still wishing. It is like trying to find the foot of the rainbow, because that is all we have ever gotten out of those expressions of pious hope that the Interstate Commerce Commission would do something for us. We want to know that this money is going to be passed on to the public. I think that if the Government gives up $250,000,000 a year the people should get something out of it.

The bill as now written amounts to this: The railroads will get the money, but we hope they will pass it on. If you adopt this amendment, it will say that before the railroads can get the money the Interstate Commerce Commission must take some action and pass on to the people what it thinks is fair. I cannot see how anyone who actually wants the people to get the benefits of this quarter of a billion of Government money could oppose this amendment.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. I still do not understand how we can consistently vote the O. P. A. bill, holding the line on every industry in the United States regardless of whether their costs exceed their profits, and make a pet of the railroad industry, which is making money.

Mr. POAGE. I wonder if the gentlewoman expects me to explain that. That is beyond me. I cannot understand it either. As I understand the theory of holding the line, it is that we are not going to raise our costs, we are not going to spend more money for something than we spent before. As I understand, the O. P. A. theory is that we are going to keep prices down, we are not going to let prices be brought up unless it is absolutely essential.

As to the railroads, it is admitted they are making more money than they ever made in their history. It is admitted they do not have to have this increase. Yet, we say, "Let us spend a quarter of a billion dollars a year of extra money, tax money, on the railroads." Why is it not inflationary? Why is it not inflationary to put a quarter of a billion dollars of tax money into the hands of the railroads? How does it happen to be inflationary if you raise the price of cotton, if you raise the price of hogs, or if you raise the price of corn? Why is it inflationary if you let the farmer get a little bit of increase in money income, and not inflationary to give the money to the railroads, who are now making more money than they ever made?

No; I cannot understand it either. The gentlewoman from Illinois will just have to ask some of the proponents of this bill. I am not one of them. I am not trying to reconcile this with any policies of the Government. I do not think it can be done.

Two years ago we had a report up here saying this bill was not in accord with the policies of the President. Today we do not have any report. We do not have a report, whether it is in accord with other governmental policies or whether it is not. There is no report anywhere showing that this bill is approved by the Budget, but 2 years ago we had a report that it was not in accord with the policies of the President. I do not think that it is today. We know all the departments that have reported on it have opposed it.

Mr. HINSHAW. Mr. Chairman, I withdraw my reservation of a point of order against the pending amendment, and rise in opposition to the amendment.

Mr. BOREN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

Mr. RUSSELL. I object, Mr. Chairman.

Mr. BOREN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes.

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

There was no objection.

Mr. BOREN. If the gentleman will yield further, I want to make it quite clear that there is no disposition on my part to shut off debate, but I want to save as much time as possible so that we can finish the bill today.

Mr. HINSHAW. Mr. Chairman, as I understand the pending amendment, it calls upon the Interstate Commerce Commission to perform a certain act in connection with the equalization of freight rates all over the United States before this pending measure, which has nothing to do with that, can take effect. I think we all have sympathy with the gentleman from Texas in the matter of freight rates in that area. I hope that some day his State may develop enough traffic to more adequately support the railroads so that they can eventually reduce the rates. In the meantime, however, I am sure that he does not want to

entangle that proposition, which is now under study by the Interstate Commerce Commission and also by the committee appointed by the President of the United States under the Transportation Act of 1940.

I trust that the amendment will receive the unfavorable consideration of the Committee, even though I greatly respect the purpose for which it was offered.

Mr. RUSSELL. Mr. Chairman, I rise in support of the amendment. If my friends in support of this bill are serious and earnest in their display of interest for the shipper, how in the name of high heaven could you be opposed to this amendment? If one of the things the railroads say is that they want the Government to pay them full tariff so that they can reduce the tariffs to the shippers, this amendment just requires them to do it. I do not see how you can oppose it at all if you are in line with the railroads and their argument. As I said a while ago, and the continuation of my remarks will be in line, in support of the amendment at this time, I said that it was not a 50-percent reduction in rates that the Government was receiving, but only a reduction of from 10 to 17 cents on the over-all picture.

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

Mr. RUSSELL. I yield.

Mr. HINSHAW. I trust the gentleman has read section 3 of the bill which calls upon the Interstate Commerce Commission to give due consideration to the increased revenues in making the new rates. That is provided for in the bill.

Mr. RUSSELL. This says they shall do it. This amendment says they must do it. It makes it mandatory on them. Then why do you object to it? If you force them to do what you say you want them to do, then that is all there is to it. The Government turned over to the railroads under this contract—some men say there was no contract—132,000,000 acres of land at the agreed value at that time of $192,000,000. In November 1937, at that time figuring the interest on the amount the Government had given the railroads, it was $806,000,000 at 6-percent interest, which was the customary rate of interest at that time. At that time, taking into consideration the reduced rates that they had given to the Government on the freight up until 1937, it only amounted to $159,000,000.

Of course, since then, and especially since 1941, these rates have been much lower. But I give you that to show you the Government has not robbed the railroads. On the other hand they have given them this volume of business at an over-all reduction of from 10 to 17 percent, when the northeastern or industrial areas of this country set up as a reason for the discriminatory rates against the west and the southwest, your land also, I will say to the gentleman from Minnesota, and your land also, I will say to the gentleman from Nebraska, where they discriminated against us, they said the reason they could do it up here was because of the volume, the increased volume of business. I am here to tell you, Mr. Chairman, that there is not a railroad in the United States if offered the volume of business that they have been getting from the Government the last 2 years but what would run over themselves in order to get to it to get it. They would take it from any private citizen or any private shipper at a reduced rate at that price. So I say to you now they come and say, "Well, now, yes, we made a contract with you but it occurs to us now, that you got the best of the contract so we will keep what you gave us and cancel that part of it. That is beneficial to you."

I met my friend, the gentleman from Michigan [Mr. CRAWFORD] in the little town of Dublin, close to where he and I both grew up. We traded horses. I wonder what my friend the gentleman from Michigan [Mr. CRAWFORD] would say if I said, "Fred, I want to trade back. You got the best of this trade. I want you to give me back my horse." The first thing Fred would say, "Sam, where is the horse I traded you?" "Oh, I sold him to another fellow, or I went and mortgaged him for a buggy. I have got him mortgaged. But I want my horse back."

Now, that is the proposition. That is what you have here. If you vote for the amendment offered by my colleague from Texas you will be making the Interstate Commerce Commission do what you say the railroads want to do. Then vote for this amendment and they will have to do it.

The CHAIRMAN. The time of the gentleman from Texas [Mr. RUSSELL] has expired.

Mr. O'HARA. Mr. Chairman, I appreciate there is a great deal of enthusiasm for the bill as it has been written by the committee, but I do want to say to the gentleman from Texas [Mr. POAGE] the author of this amendment, that I think he has offered two very good amendments to this bill. Nevertheless, whether the temper of the House is in agreement with the gentleman from Texas, or not, at least he has done his share to try to get justice in the consideration of this bill.

Mr. Chairman, I am reminded of a little story that one of my friends tells about being out playing golf. He made a shot off the tee, which went into the rough. In fact, it was in the woods. He said to his friend, "That will make an interesting second shot." What I am thinking about is that 3 or 4 years from now some of us may think this was a very interesting vote, when we start to analyze it.

We are confronted with a situation today wherein I believe that for the consideration that is due this subject, the gentleman from Texas [Mr. POAGE] has not had the full consideration of some of the membership of the House which the importance of his amendments entitled him to have. I would like to call attention if I may to the fact that at a time when practically all transportation had to be hauled by the railroads, the Interstate Commerce Commission increased, on its own motion, the freight rates 10 percent. That applied to the passenger rates as well. Subsequent to that time, the 10-percent increase has been taken off the freight rates. The passenger rates continue at the increase of 10 percent, at a time when nearly all travel is done by railroad. So that I do not think the railroads have lost any money by virtue of the Interstate Commerce Commission. I think further it is true that in the last tax bill we have added a considerable burden to the taxpayers.

Mr. BRADLEY of Pennsylvania. Will the gentleman yield?

Mr. O'HARA. I yield.

Mr. BRADLEY of Pennsylvania. Does not the gentleman think that with the rising national debt, due to the war, it would be foolish for us to vote another $250,000,000 expense on the taxpayers?

Mr. O'HARA. I think that $250,000,000 is a lot of money for the taxpayers or for any individual, as far as that is concerned.

I am opposed to this bill, as I announced at the start of the debate. I think we are doing a very serious thing without serious consideration of the results. This House will be presented with an appropriation bill for the War Department, and if you pass this bill they will have to ask for increased appropriations for the purpose of carrying the necessary commodities and personnel of the War Department.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. O'HARA. I yield.

Miss SUMNER of Illinois. The gentleman says $250,000,000, and others have used that same figure. As I recall it, Mr. Fletcher said it might amount to $300,000,000 and that is the way they computed it rather than the Government.

Mr. O'HARA. That is true. There was some conflict as to the amount this would cost. This is not the end altogether. This is just for the last year, 1943. Can anyone tell me how long the war is going to last and how much money we are going to pay out? There are many things that enter into the determination of what this cost will be.

The CHAIRMAN. The time of the gentleman has expired.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. POAGE].

The amendment was rejected.

Mr. POAGE. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. POAGE: On page 2, after line 20, strike out the period and insert the following: "*Provided, however,* This act shall not become effective until the Interstate Commerce Commission shall have entered its order requiring all rail carriers in the United States to establish and maintain uniform class freight rates throughout the United States without regard to any regional or territorial differences."

Mr. BOREN. Mr. Chairman, I must raise a point of order against the amendment as not being germane to the bill. This amendment encompasses legislation affecting the entire transportation system, rate making in a general way, that goes beyond the scope and compass of this bill. While I have always felt that the principle which the gentleman states

in this amendment is sound and should be eventually a part of the transportation policy of this country, it has no place in this bill.

The CHAIRMAN. Does the gentleman from Texas [Mr. POAGE] desire to be heard on the point of order?

Mr. POAGE. Yes; I desire to be heard briefly, Mr. Chairman.

I would like to suggest that this amendment simply carries the policy stated to be the policy of the bill. They state the policy is equalization of freight rates, and this carries it out. This carries out exactly what the committee report says the bill contemplates. I respectfully refer the Chair to the report, as to what the purpose of the bill is. One of the purposes is to equalize freight rates. I propose to equalize them. I submit the amendment is in order.

The CHAIRMAN (Mr. MILLS). The Chair is ready to rule.

In the opinion of the Chair, the language offered in the amendment by the gentleman from Texas [Mr. POAGE], is subject to a point of order, not being germane to the purposes of the bill.

Therefore, the point of order is sustained.

Mr. ANDERSON of New Mexico. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. ANDERSON of New Mexico. Mr. Chairman, I shall discuss only a single feature of this bill, but that is a feature of paramount importance—one which, in my opinion, is sufficient, standing alone, to guide our action and determine our judgment.

I refer to the effect of the bill upon private shippers—all shippers except the Federal Government—located in every State and every county of this country.

So far as private shippers are concerned, an intolerable situation of injustice and discrimination has grown up and is being kept alive as a result of land-grant rates. It can be eliminated only by eliminating all such rates, and that is what this bill would do.

Before land-grant rates were understood as well as they are today, it was the general impression that such rates were a matter of concern only to the railroads and the Government. It was thought that there was involved no question of public interest, except insofar as the public interest requires the Government to deal fairly with all its citizens, including those who operate the railroads and those who are employed by the railroads.

But it has now become clear that this view of the problem presented by land-grant rates was much too narrow. It overlooked completely fundamental principles which must govern a sound national transportation policy. It has become clear that our entire philosophy and scheme of railroad-rate regulation, designed chiefly for the purpose of protecting shippers, is endangered and impaired by rates of this character.

Shippers from every section of the United States, without important exception so far as I can learn, are urging the enactment of the measure we have under consideration. The record of hearings leaves no doubt about the position of these shippers, or about their deep dissatisfaction with existing conditions. This is a significant fact which should challenge and arrest our contention.

And we are confronted with another and related fact which is equally significant. The Interstate Commerce Commission and the State commissions throughout the country are unanimous in their support of the bill. These commissions are the duly authorized governmental agencies charged with the responsibility of prescribing and maintaining a reasonable and nondiscriminatory railroad rate structure—a rate structure which provides fair opportunities for all shippers and special favors for none.

It would seem to be reasonably obvious that the private shippers and the Federal and State regulatory bodies would not be concerned, as they are concerned about this bill, if the only question involved were one between the railroads and the Federal Government. It is plain enough that private shippers, and Government authorities having control over railroad rates, would not be deeply interested in doing away with land-grant rates—and the record of hearings shows how deeply interested they are—unless rates of this character resulted in conditions directly and immediately injurious to shippers and widespread and far reaching in their adverse effects.

Since land-grant rates are available only to the Federal Government, and since the Government is ordinarily not in competition with private enterprise, it might appear at first glance that these rates could have no impact upon private shippers or upon competitive relationships between private shippers.

But nothing could be further from the truth. After examination and analysis of the practical conditions brought about by rates of this kind, there is no difficulty in readily understanding why "land-grant rates are practically friendless among the shippers" or in understanding why, I quote again, "land-grant rates have been a matter of grave concern to shippers for many years," and that ends the second quotation. The language I have just quoted is that of a witness who appeared at the hearings, Mr. John B. Keeler, president, National Industrial Traffic League, who spoke for great numbers of shippers in every part of the United States.

At the outset, let me summarize in a few words the objections of private shippers to land-grant rates. Later I shall seek to illustrate these objections by actual concrete cases, so far as time permits.

In the first place, land-grant rates deprive shippers of fair and equal opportunities to bid on Government contracts for materials.

In the second place, land-grant rates result in the payment by the Federal Government, as a shipper, of less than its fair share of the cost of providing and maintaining railroad transportation, and, therefore, place the burden upon the general shipping public, including all farmers and all commercial shippers, of contributing more than its just share. In short, private shippers are forced to pay a part of the cost of transportation for the Federal Government.

Coming back to the first objection of the private shippers—that is, the injustice caused by land-grant rates to producers who bid or desire to bid for Government contracts. A purchaser of goods, whether it be a private interest or the Government, determines from whom it will buy on the basis of the delivered cost of the goods, other things being equal. One of the factors entering into the delivered cost is, of course, the cost of transportation.

When competing producers located at different points wish to bid on goods to be bought by a private interest, the transportation cost is calculated upon the basis of just and nondiscriminatory rates for the services performed—rates fixed or subject to being fixed by the Interstate Commerce Commission or a State commission. Moreover, the transportation rate which each competitor for private business must pay is known to him and to every other competitor—in fact, it is openly published and known to the general public. For more than half a century this has been fundamental in our system of railroad regulation.

Under the conditions I have described with respect to sales to private concerns, every producer, in making his bid, takes into account a transportation cost for his product which properly reflects the transportation service he will receive and takes into account a transportation cost for his competitor's product which properly reflects the transportation service it will receive. As I have said, each bidder knows exactly what his transportation cost will be and what his competitor's costs will be. Accordingly, he is able to bid intelligently, and the natural advantage or disadvantage of his location is reflected in the amount of his bid.

Contrast this situation involving sales to private interests with that which prevails, because of land-grant rates, when the Federal Government is the purchaser. The Government accepts or rejects bids, generally speaking, as do private interests, on the basis of delivered cost. In determining the delivered cost, it takes into account the transportation rate from point of shipment to point of delivery, which means the lowest land-grant rate, if land-grant rates are available.

The bidder does not know—he can only estimate or guess—what land-grant rate will be used in evaluating his bid. Furthermore, he is almost completely in the dark with respect to the land-grant rates which will be used in evaluating the bids of his competitors located at other producing points. The difficulties of his position need no elaboration.

At this time perhaps I should point out briefly why land-grant rates are, in large degree, secret rates, so far as the bidders on Government contacts are concerned.

The land-grant rate applicable to a railroad route made up wholly of land-grant mileage is 50 percent of the commercial rate. If a railroad route is made

up of both land-grant mileage and mileage in connection with which there was no land grant, then the through land-grant rate represents 50 percent of that part of the commercial rate applicable to the land-grant mileage and 100 percent of that part of the commercial rate applicable to the non-land-grant mileage.

Thus, the greater the proportion of land-grant mileage contained in a railroad route, the lower the land-grant rate in comparison with the commercial rate. Between any point of shipment and any point of destination, there are generally innumerable routes, running in many cases into the hundreds. It is necessary to check every possible route, no matter how long or fantastic it may be, and to determine the proportion of land-grant mileage contained therein, before the applicable land-grant rate can be ascertained. The record of committee hearings contains reference to a shipment from Corinth, Miss., to Sheffield, Ala. The route of actual movement was 54 miles in length, including no land-grant mileage, but the land-grant rate was calculated on the basis of a theoretically possible route, 485 miles in length, which included a large amount of land-grant mileage.

After the land-grant rate has been ascertained, in the manner described, it becomes applicable over all routes between origin and destination, as a result of equalization agreements. The determination of land-grant rates is a strange and wonderful process which, as a rule, is far beyond the powers or possibilities of private shippers or producers.

The result, as has already been stated, is that the bidder on Government contracts must, to a very large extent, bid blindly in those cases where land-grant rates are involved.

But blind bidding is by no means the only evil which a bidder for Government business must face because of land-grant rates. This brings me again to the unwarranted discrimination between bidders for Government business which is an unavoidable result of land-grant rates. Such discrimination is entirely without economic justification. I arises from the purely adventitious circumstance that the land-grant mileage available from one producing point to a given market is greater than that available from a competing producing point. It gives one producer an artificial advantage and deprives another of a natural advantage.

For the purpose of ready understanding, I shall consider an actual, concrete example, arising in my own neighborhood and included in the record of the hearings along with a great many similar examples.

Iron and steel is produced at Chicago, Ill., and also at Minnequa, Colo., just outside of Pueblo. Portland, Oreg., is a market for these products. From Chicago to Portland, the distance is 2,169 miles, while from Minnequa or Pueblo, in the district adjoining mine and so ably represented here by the gentleman from Colorado [Mr. CHENOWETH], to Portland, the distance is only 1,306 miles. Quite naturally, the commercial rate from Chicago to Portland is considerably higher than from Minnequa to Portland—$1.10 as compared with 85 cents. It follows that, as to ordinary commercial business, the Minnequa producer has, due to his location, an advantage of 25 cents in transportation costs in the Portland market.

But what is the situation on iron and steel purchased by the Government for delivery at Portland? The land-grant rate from Chicago is only 56 cents, while the land-grant rate from Minnequa is 62.8 cents, or about 7 cents higher. Therefore, on Government business, the Colorado Fuel & Iron Co., at Minnequa, loses its natural advantage of 25 cents and becomes subject to an artificial disadvantange of 7 cents merely because there is more land-grant railroad mileage between Chicago and Portland than between Minnequa and Portland.

I regret I have no time for additional examples—the record is full of them. But the one I have given will serve, I hope, to demonstrate the crippling handicap which land-grant rates impose upon an unfortunate bidder for Government business, whose plight is due not to any fault of his or to any economic consideration, but solely to an artificial rate condition for which he has no responsibility and over which he has no control.

Before leaving the Chicago-Minnequa-Portland situation, I should call attention to an extremely interesting fact—one of serious import during wartime when the volume of traffic is swollen and the capacity of the railroads necessarily strained. In that situation, the land-grant rates aid the distant-producing point as against the nearby producing point and thus encourage wasteful and uneconomical transportation service.

So much for the unjustifiable discrimination between producers caused by land-grant rates. I shall now revert for a few moments to the other objection to those rates which has been emphasized by the private shippers. This objection may be stated as follows: Subnormal rates for the Government result in a higher level of rates for private shippers than would otherwise be necessary.

Manifestly, the railroads must receive as freight and passenger revenues a sufficient amount of money to keep themselves in financial and physical condition to serve the public efficiently. If a substantial part of the total traffic—and I have in mind that part of the traffic which is transported for the Government—pays less than its just share of the necessary revenues, as a result of land-grant rates, then the remainder of the traffic—that part which is transported for private shippers—must pay more than its just share of the revenues required to support the railroad system.

I see no reason, and I have never heard any advanced, why the Government should cast upon the general shipping public a part of the cost of transportation performed for the Government. It will not be forgotten that this bill expressly directs the Interstate Commerce Commission, in fixing the level of rates and fares for private shippers, to give consideration to the increased revenues which the railroads will receive as a result of the elimination of subnormal land-grant rates. This provision in the bill serves to preclude any possible doubt that the general shipping public will benefit in the long run as a result of the abolition of land-grant rates and the payment by the Government of its fair share of transportation costs.

For reasons I have attempted to explain the interests of the shippers of this country demand that all vestige of land-grant rates be removed as promptly as possible from the rate structure. When such rates are done away with, at the same time and by the same token we shall also do away with the economic crazy quilt, or perhaps I should say the "uneconomic crazy quilt," which has developed in connection with Government purchases. And in addition, we shall remove from the back of private shippers the burden of paying a part of the cost of Government transportation. After all, the transportation charges which the Government escapes because of subnormal land-grant rates are paid instead by the private shippers of this country and must continue to be paid by them so long as such preferential rates are permitted to exist.

We have settled the famous Northern Pacific case. We have arranged to have unpatented lands received in grants returned to the Government. We should now complete the cycle and pass this bill not only to insure the continued solvency of our railroads in the years following the war but to do justice to the shippers of the Nation who now suffer from the jumbled pattern of freight tariffs brought into existence by land-grant rates.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 21, insert the following:

"SEC. 2. The amendment made by this act shall take effect 90 days after the date of enactment of this act."

Mr. COCHRAN. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN: Page 2, line 22, after the word "effect", strike out the remainder of the line and insert "1 year after the termination of the present war as officially declared by Congress."

Mr. COCHRAN. Mr. Chairman, during the debate, time and again, Members have referred to the amount involved in this bill as $200,000,000 or $250,000,000. I invite attention to the hearings, starting at the bottom of page 248: Mr. NEWSOME, Mr. PRIEST, and Mr. HARRIS, all members of this subcommittee, questioned Colonel Lasher of the War Department in reference to the additional cost. Colonel Lasher made it plain that it would be $250,000,000 additional for the War Department alone. The Navy Department says it will need $90,000,000 additional. Other branches of the armed services are affected by this bill the same as the War and Navy Departments, and so is lend-lease. As I stated earlier in the day, when the transportation division of the Army went before the Subcommittee on Appropriations

and asked for their appropriation for next year for transportation they put in a reservation that if the House passed this bill they would want at least $200,000,000 more. I have named the figure as from $400,000,000 to $500,000,000 a year based upon what we spent in the calendar year 1943 for transportation.

This is a bill solely for the relief, not of the employees, not of those who have made the efficient management of the roads possible by keeping the trains going, not for the relief of the poorest paid class of skilled workers in the country, the white-collar employees of the railroads; it is a bill for the relief of the capitalists who run the financial end of the railroads. I come from one of the biggest railroad centers in the United States. Over 30 trunk lines enter my city and not a train ever goes through the city. It either stops there or is made up there. I know something about what they are paying their men and women in the offices. The railroads have never been generous to anybody. Everything the railroad employees have received they had to fight for and fight hard.

If you want to grant any relief to the railroads it might be that when this war is over the railroads can present a case showing that they have repaid the Government for the 130,000,000 acres of land they have received, so my amendment provides that this act shall not go into effect until 1 year after the termination of the war as declared by the Congress. That is fair to the railroads.

Our members of the armed forces will be back then and our supplies will be back then. The prosperity that is now visited upon the railroads of this country, the like of which they have never experienced before, will continue for at least a year after the termination of the war. I say this is a fair amendment.

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

Mr. COCHRAN. In just a second.

I say the Government is entitled to this protection during a period when it is engaged in the greatest war the world has ever known.

If I recall correctly 2 or 3 years ago in debating a bill, either the Transportation Act of 1940 or a bill similar to this, it was pointed out on the floor of the House that the railroads have received over $500,000,000 in cash for part of the 130,000,000 acres of land they received from the Government. They have ground today on which oil has been discovered, where coal has been discovered, where minerals have been found, yet some people will say that ground was worth only $1 an acre. I think it is up to the Congress of the United States to protect the Treasury as much as we can at a period such as this. We should go along as we are going now and instead of saddling the additional cost upon the taxpayers we should use that money for planes, tanks, vessels, and munitions of war to hasten the end of this conflict.

I hope my amendment will be adopted.

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

Mr. BOREN rose.

Mr. PACE. Mr. Chairman, I rise in support of the amendment and ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is the gentleman from Oklahoma seeking recognition?

Mr. BOREN. Mr. Chairman, I wish to seek recognition to reply to the gentleman from Missouri, but I am willing to wait until the gentleman from Georgia completes his statement. Did I understand the gentleman from Georgia to ask unanimous consent to proceed for 3 additional minutes?

Mr. PACE. Yes.

Mr. HOFFMAN. Mr. Chairman, reserving the right to object, are we pretty near the end of the debate? Just a little while ago I noticed when an amendment was offered there were shouts all over the House for a vote. Some of us have been sitting around here all day wanting to speak on this bill.

Mr. BOREN. There has been a lot of solicitation on the part of the people here waiting to vote on this bill to get to the stage of voting on this measure, but that is a matter within the control of the House.

Mr. HOFFMAN. I just give the gentleman notice that I am withdrawing now.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to proceed for 3 additional minutes.

Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Georgia [Mr. PACE] is recognized for 8 minutes.

Mr. PACE. Mr. Chairman, I hope very much that I may have the close attention of the Members. I believe every Member of the House wants to understand what he is doing when he votes to make this bill effective within 90 days.

Mr. Chairman, I do not like to challenge any Member of the House or any committee of the House, but the statement has been repeated here that this bill will cost the Government only $240,000,000. As the hearings will show, on page 33 I believe, that estimate was made in June 1942, about 6 months after war was declared. But what is the situation today? The chairman of the Appropriations Subcommittee for the War Department the gentleman from Pennsylvania [Mr. SNYDER] stated to me that it was testified before his committee last week that if this bill is passed, the War Department will be required to ask for an additional $200,000,000 each year for increased transportation costs. Put that down, $200,000,000. I have just talked with the Lend-Lease officials. They state that for the first 3 months of 1944 in excess of $4,000,000,000 of material was shipped under lend-lease. If there is a traffic man on the floor, I should like to have an estimate from him as to how much of that is railroad transportation and truck transportation. Am I right in saying that 10 percent is a low estimate? All right; that is $200,000,000 for lend-lease transportation cost.

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

Mr. PACE. I yield.

Mr. HINSHAW. The gentleman ought to take 7 percent of that as being the amount affected by these land-grant rates.

Mr. PACE. The hearings do not sustain that.

Mr. HINSHAW. Oh, yes; they do, begging the gentleman's pardon. The entire amount, of course, is not being discussed here.

Mr. PACE. The hearings show, if you will refer to them, pages 248 and 249, that the Government saves between 10 and 17 percent on its cost of transportation by reason of these land-grant rates. Let us be conservative and say it averages 12 percent. Then, if lend-lease shipped over four billion in goods the first 3 months of this year, they might ship sixteen billion before the end of the year. But let us say it will total only $10,000,000,000. Ten percent of that for transportation cost would be $1,000,000,000; then 12 percent of that, or $120,000,000, is the amount the Government saves by reason of the land-grant rates and is the additional amount the Government will have to pay for transportation of lend-lease materials if this bill is passed.

Then take the Maritime Commission and the Navy Department. Hardly a day passes that my friend the gentleman from Georgia [Mr. VINSON] does not ask us for a billion dollars more for landing craft, for this, for that, and for the other. Every piece of the lumber has to be hauled by the railroads to the construction centers. Every piece of steel has to be moved to the navy yards. How much do you want to put down for the Navy? Is a hundred million dollars too much for the Navy Department and the Maritime Commission if the War Department has $200,000,000?

Mr. Chairman, on the check I have made in my position as a Member of this House, I believe a conservative estimate is that this bill will cost the United States Treasury at least $500,000,000 each year while the war goes on at its present rate. Now, let me say to my distinguished friends on the left. They seem to be especially concerned about the passage of this bill and I can understand their interest. If this additional burden of $500,000,000 each year is placed on the Treasury of the United States and on the taxpayers of this Nation they certainly cannot continue to get up here and complain about the national debt. I took occasion to study the respective financial condition of the railroads and the United States Treasury in considering this bill and I found, Mr. Chairman, that on a comparative basis the railroads of this Nation are in a much better condition than the United States Treasury. Our national debt is increasing by millions every day, by billions every month, and will soon total as much as our entire national wealth.

I therefore appeal to you, I beg you, to at least defer the effective date of this bill until after the war. If the day does come after this conflict when the railroads are in financial difficulties, then the bill can become operative, but if you make it effective in 90 days from its passage you will be adding $500,000,000 a year to the taxpayers of this Nation and to the national debt of this Nation.

The record shows that between 65 and 70 percent of all freight carried by the railroads today is for the Government—that is, for the War Department, the Navy Department, the Maritime Commission, and for lend-lease. Our Government is the greatest shipper the world has ever known. The only real problem the railroads have is to get the men and rolling stock necessary to move this enormous amount of freight. I submit that, aside from all other considerations, our Government is entitled to special rates on a quantity basis alone.

The record also shows that last year the gross income of the railroads was $9,000,000,000, the greatest ever known. While they enjoy such prosperity and while the burden of the taxpayers is mounting higher and higher every hour, we should not seek to increase the profits of one, and at the same time increase the burden of the other.

For these reasons, and because these same railroads continue to impose discriminatory freight rates against the people of my State, I am unable to give my approval to this bill.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have no disposition to delay this matter. Various Members have stated they wanted to vote tonight to get away to do this, that, or the other thing. I have noticed within the last week, particularly when the so-called veterans' bill was before the House, that as we got along toward the latter part of the day, every amendment, no matter how meritorious it may have been, was shouted down. Too often, every time someone proposes an amendment, or every time someone wants to speak who has not had an opportunity to speak on the bill, even though the debate has run along for 2 or 3 days, the cry goes up, "Vote!"

I am telling you right now, if you keep on shutting off debate when it comes along to a situation of this kind, I am going to demand the reading of an engrossed copy of the bill. That will be one way of shutting off the drive to rush legislation; one way of slowing it up so that some of those who stay around for 2 or 3 days can be heard.

Mr. Chairman, getting down to this bill, with very few exceptions, I have noticed those who make the greatest plea for economy have been voting during the last 8 years for appropriations covering practically everything, while some of the rest of us have been voting for economy, voting against appropriations. Unless I am mistaken, the gentleman who has had as much to say this afternoon as any one, the gentleman from Missouri [Mr. COCHRAN] has voted time and time again for billions of dollars to be appropriated for this, and that, and the other thing, boondoggling, and everything else.

The railroad systems of this country are not in the best of condition, as everyone knows. Their equipment is poor, out of repair, and insufficient. The gentleman from Pennsylvania [Mr. BRADLEY] awhile ago signified that he was opposed to this bill. I notice, though, that every time a bill comes up to increase the wages of railroad employees he is for it. How are you going to take away from them their revenue and still keep them going, and paying increases in wages?

I may say to the gentleman from Missouri, too, unless I am mistaken he and many others who oppose this bill on the ground of economy voted for U. N. R. R. A. to the extent of $1,350,000,000, a part of which, no doubt, more than $500,000,000, will be used to build railroads in other countries and to pay the employees who work on those railroads.

Why not just now and then—a part of the time, at least, take care of some of our home folks, some of our home industries? You can vote to give U. N. R. R. A. a billion or more dollars; you can vote to give these other agencies of the administration billions of dollars to spend across the seas and every place else, but when it comes to aiding those who will give employment here at home, those who carry on the transportation systems of this country, on the efficient operation of which the success of the war depends, they want to economize. I am for giving something to the home industries. The A. F. of L., the railway workers, the shippers want this legislation—the railways need it. I shall vote for it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BOREN. Mr. Chairman, the issue before us is familiar to everyone. I pointed out in my general statement on the bill the situation so far as the General Accounting Office is concerned that they are 4 years behind in their work and what it means in the general volume of the railroad business when in normal times it is about 3 percent and raised during wartime, in the case of the Union Pacific, 65 percent. It is clear in the mind of everyone the effect such an amendment as is now pending would have. The issue is clear, I think we all understand it, and I would suggest a vote.

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I would like to begin by paying a very brief but most sincere tribute to the gentleman from Missouri [Mr. COCHRAN] who offered the pending amendment. Many times Members do not quite value the gentleman from Missouri and what he really stands for in this House as much as we ought to. I would like to pay him that tribute.

I have tried to discuss this amendment with some of the members of the committee and I am told that there are serious complications involved in the matter so far as accounting is concerned. I am not convinced, however, that those complications cannot be overcome or that they are half as important as the principle that seems to me to be involved in the amendment. Now it is true that heretofore I have not supported this legislation as a whole, but I have become convinced of the importance of certain arguments, for instance the one advanced by my colleague from California [Mr. GEARHART] a while ago in which he pointed out that if the Government rates on freight are reduced then the rates on other shippers' freight are going to have to be higher than would otherwise be the case. It is also true that railroad rates are fixed by the Interstate Commerce Commission, and also that the fact that these land-grant rates apply to some roads and not to others presents a very complex situation with a lot of ramifications. Some day the whole business is going to have to be changed. I agree to that. The question this amendment presents to us is when we are going to do that.

The gentleman from Missouri proposes that instead of in the midst of the war adding to the cost of the war, as the gentleman from Georgia explained we would do, we wait until after the war shall have been finally won.

He proposes that we pass this bill now to inform and serve notice upon everybody, railroads and everybody else, that once the war is finally won the land-grant-rate situation is going to be ended.

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

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

Mr. HALLECK. If in principle it is right to repeal this land-grant provision, to be effective after the war, why is it not right in principle to repeal the provision now?

Mr. VOORHIS of California. That is what I am coming to; precisely for the reason advanced over and over again in this House that during the war we should ask of everybody the maximum possible service to this Nation; that we should do nothing which could possibly, even by misunderstanding, to a certain degree, be interpreted as doing anything to place any sort of private interest ahead of the full consideration of the national interest as long as the war lasts. Once the war is finally over, then a different situation confronts us.

Mr. REECE of Tennessee. Mr. Chairman, will the gentleman yield?

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

Mr. REECE of Tennessee. Commissioner Eastman, who was in charge of the Office of Defense Transportation, had a different view and thought that the enactment of this legislation would in nowise interfere with the war effort but, on the contrary, would assist it.

Mr. VOORHIS of California. I did not say it would interfere with the war effort. I think, as other Members have expressed themselves, that the railroads and railroad labor have done a magnificent job during this war, and I think they will continue to do it, no matter what we do about this bill. But at the same time my point is that if we make this provision applicable to the war period it is, I think, an undisputed fact that a very considerable amount is going to be added to the cost of the war to the American taxpayer.

I just feel that it would make this bill something I think almost every man in the House could support if the amendment of the gentleman from Missouri were adopted. I believe it is more im-

portant to observe these considerations than it is to be scared by the complications of the accounting.

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

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

Mr. LEA. Does the gentleman make that statement in view of the fact that Congress may not declare peace until a few years after the war is over?

Mr. VOORHIS of California. I will say to the gentleman, I hope that that would not happen. If it did we could certainly pass a special provision covering this particular matter.

Mr. LEA. Does the gentleman think that this is not the right time to do it?

Mr. VOORHIS of California. I have tried to explain that during the period of the war we are in a different situation. We are asking our men to go and fight and maybe die for their country. We are making exactions on every line of business in this Nation, and I would hate to be in a position of our not providing all that can be done by every group.

Mr. HARLESS of Arizona. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to the amendment. It appears to me that you are overlooking something here. The argument has been made that this will cost the Nation from $250,000,000 to $500,000,000, and yet every day we depend upon the integrity and the honesty of the Interstate Commerce Commission to fix our rates.

There is a provision in the committee amendment that the law shall take effect 90 days after its passage. We are all aware that in fixing the rates the Interstate Commerce Commission has a very complex job. There is no possible way that you can fix rates in advance without knowing what the situation will be. The bill itself provides that these increases shall be taken into consideration. In that 90-day period the Interstate Commerce Commission can work out a system whereby there will not be any $250,000,000 or $500,000,000 increase to the railroads.

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

Mr. HARLESS of Arizona. I yield to the gentleman from California.

Mr. HINSHAW. I think some of the Members have failed to take into consideration that the present law makes provision as follows:

Nothing in this chapter shall prevent the carriage, storage, or handling of property free or at reduced rates for the United States, State, or municipal governments.

It is perfectly possible to negotiate an over-all net discount for the Government, if they see fit, without following this land-grant set-up.

Mr. HARLESS of Arizona. That is true. In addition, if you are going off on the assumption that there will be no adjustment of rates, you are going off on a fallacious assumption. The law presumes that the Interstate Commerce Commission will adjust the rates.

Mr. Chairman, I contend that the average shipper in those adjustments will be given equality. Is it not fair that the shippers and all those who are benefiting from the shipments, or obligated to pay for the shipments over the railroads, shall receive equality, and that the taxpayers of this country shall bear their share of the burden in carrying on the expenses of the railroads when they are using the facilities? Is it not fair to assume, when it costs more than the Government is now paying to carry those shipments, that the Government itself should lift the rates it is paying so that the other shippers in the country can also benefit?

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

Mr. HARLESS of Arizona. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. The real question here is whether the private shippers and private business of the country shall pay half of the cost of shipping war materials or whether the Government shall pay the full cost. Is that not the question?

Mr. HARLESS of Arizona. That is right. It means a great deal to the people in my State, who ship out hundreds of carloads of vegetables every winter and several thousand carloads of cattle, to see that their share of the expense of shipping over the railroads of this country is not paying the Government's share. Therefore I contend that to assume there will be no adjustment is not a fair argument.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. HARLESS of Arizona. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. I do not see how anybody could argue that the shippers are going to get any cheaper rates from the increased income of the railroads when we already know that for the past 2 years their income has increased something like 30 percent, and the shippers have received no lower rates in spite of that.

Mr. BROWN of Ohio. The answer is that most of the increased business in the last 2 years has not been at a profit.

Mr. HARLESS of Arizona. That is true. In addition to that you are not giving full justification to the provision of this bill which requires that adjustments shall be made in the rates.

Miss SUMNER of Illinois. That provision is not mandatory.

The CHAIRMAN. The time of the gentleman from Arizona has expired. All time has expired.

The question is on the amendment offered by the gentleman from Missouri to the committee amendment.

The question was taken; and on a division (demanded by Mr. COCHRAN) there were—ayes 45, noes 115.

So the amendment to the committee amendment was rejected.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: At the end of the bill insert the following:

"SEC. 3. The Interstate Commerce Commission, in the exercise of its power to prescribe just and reasonable rates, fares, and charges, shall give due consideration to the increased revenues which carriers will receive as a result of the enactment of this act."

Mr. PACE. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. PACE to the committee amendment: On page 3, line 1, after "charges", strike out "shall give due consideration to" and insert "shall prescribe and order a general reduction in prevailing rates, fares, and charges comparable with the amount of."

Mr. HARRIS of Arkansas. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hope the members of the committee will give serious consideration to the amendment offered by the gentleman from Georgia.

As a member of the subcommittee, I had something to do with promulgating and including the committee amendment known as section 3. If the amendment offered by the gentleman from Georgia were to be accepted, it would destroy completely the effect of the committee amendment.

Mr. Chairman, the purpose of this bill, H. R. 4184 as has been stated, is to require the Government to pay on traffic which it transports the same rates that are paid by the general public, subject to the special rates that may be made under section 22 of the Interstate Commerce Act. The question of land grants is not a new one. It has been a highly controversial question before the American people for many years. During the tragic and terrible war, the problems have reached such tremendous proportions to full realization as to what the procedure and practice can and is doing in this country and the tremendous effect it has on various and sundry interests in the field of business and industry.

I think in order to fully understand and properly consider fairly and impartially the repeal of land-grant provisions it would be helpful to briefly get a historical picture of land grants, which under present law requires the transportation of Army and Navy traffic at 50 percent of the rates paid by all other shippers.

There was a vast amount of land, probably 1,500,000,000 acres owned by the Government, which could neither be sold nor settled because of the lack of transportation. In 1850, after the Government had tried for years to dispose of the land with little success, Congress decided to dispose of some of this land to encourage and assist the building of railroads, which would give an opportunity for its settlement and thereby become useful to the Nation.

Prior to that time Congress had used the land-grant arrangement to encourage and assist in building roads and improving waterways and building canals. Originally the lands granted thus gave the Government the privilege of using turnpikes or canals for its vehicles or vessels without payment of tolls

paid by others, the real purpose of the grants being to get sufficient transportation facilities constructed.

In 1850, the first of such grants was made to the railroad. By 1871, when the last grant was made, the Government had granted 130,000,000 acres of land to railroad companies to provide transportation that would develop the western part of the United States.

It has been estimated that the value of those lands at that time was approximately 97 cents per acre. This estimate was made by the late Joseph B. Eastman, who was Chairman of the Interstate Commerce Commission and was one of the greatest public servants and perhaps the greatest authority on the transportation problems in the United States.

With the granting of these lands there was builded through the unsettled sections a little more than 17,000 miles of railroad. It is well to remember that the building of these roads was not merely to add value to the 130,000,000 acres granted to the railroads, but to the 1,300,000,000 acres retained by the Government, much of which was sold by the Government or granted to homesteaders. The railroads likewise put much of their lands on the market at prices low enough to attract the settlers and to build up that part of the country. Needless to say, it has worked successfully toward the building of the greatest nation in the world.

As I have said, in the early granting of lands for turnpikes and canals, there was a secondary consideration, a requirement that Government vessels might use them free of toll. When land grants began to be made to the railroads 30 or 40 years later, the same provision was inserted in the law. It was soon discovered that it was not practical to carry out this arrangement in our railroad operations. It was generally recognized that the Government was entitled to some consideration in its transportation charges, representing as nearly as possible the value of the toll-free privilege. Through years of negotiation and litigation, a formula was finally worked out by the United States Court of Claims in 1879 and applied by an act of Congress whereby roads that had received land-grant aid should transport troops, supplies, and other freight at 50 percent of the commercial rate and mail at 80 percent.

This formula continued without change until the Transportation Act of 1940, when Congress declared that thereafter the deduction in transportation charges should be made only on military personnel and on military and naval property of the United States being transported for military or naval purposes.

Having had this historical picture of land grants, the question may well be asked, Why should this formula now be discontinued? There are many reasons in my opinion why this bill should be passed, repealing the land-grant provisions of the law. In the first place, it has long since served its original purpose in the building up of those unsettled areas.

Someone might well say: Have not the railroads by this procedure been builded into perhaps the greatest industry in all the land? No one would deny this fact. The railroad industry is one of the greatest. It has made and is making a tremendous contribution to the welfare of this great country. Its real worth has again been shown during this war. We cannot do without them.

As has been stated there were approximately 17,600 miles of land-grant railroads. There are approximately 230,000 miles of railroads in the United States. Not only is the 17,600 miles of land-grant railroads affected by this formula but most all of the entire system of 230,000 miles. Because of competitive conditions surrounding transportation the railroads entered into what is known as equalization agreements with the Government by which the roads which include in their routes between two points some of the land-grant mileage or even none, agree to haul Government traffic at the same rates as those routes which received the lands.

This agreement worked both ways, for both the Government and the railroad. The Government is enabled to use practically all the railroad system at the reduced rate and the railroads would have the opportunity of getting a portion of the business. In other words because of competition approximately 222,400 miles of railroad that never received any of the grants are compelled to give the same rates as the 17,600 miles of railroad, which received the grants. Obviously this is wrong and wholly unjust.

It might be asked: Why do the railroads continue with the agreement in this war? It is estimated 65 to 70 percent of the total traffic is Government property. All of our railroad facilities must be used—not only would it be an unpatriotic act for the railroads to take advantage of this tragic circumstance but it throws the whole problem of transportation open to such confusion that would make it almost impossible to have an understanding between the General Accounting Office, who figures out these land-gran records, and the railroads in transporting the Government property.

Also, up to June 1942 it is estimated the savings to the Government from land-grant deductions on troops and property movement and mail and express is approximately $340,000,000. It is much more than that now because the travel and transportation activities of the armed forces are much greater than it was at that time. The value of the original grant was approximately $126,000,000. The Government has therefore, already benefited from this single transaction in dollars and cents several million dollars.

It has been said that if this bill is passed and land-grant rates repealed, it would mean approximately $240,000,000 annually to the railroads; that the railroads are earning more money than ever before in their history. Since during this tragic war 65 or 70 percent of the traffic moved is for the Army and Navy, the testimony before the committee is that it would mean approximately $20,000,000 per month or a total of approximately $240,000,000 per year. However, much of the money being paid to the railroads does not represent real earnings. The majority of the money to the railroads by the repeal of land grants would not be to the benefit of the railroads but would go to the Government in taxes.

While it is true that in 1943 the railroads collected an unprecedented amount of revenue, their tax bill and operating expenses were also far beyond any precedent. In fact, after the payment of taxes and expenses, and the payment of their fixed charges, they had substantially less with the increased movement in 1943 than they had in 1942. The major railroad companies are in the excess-profits brackets of income tax, which would mean that 70 to 80 percent of the $240,000,000 the railroads might get by the repeal of land grants would go into the Treasury of the United States. This would mean that more than $175,000,000 would be recaptured by the Government in taxes which would mean an actual increase to the total railroad system of less than $65,000,000 per year.

I do not advocate this purely from the standpoint of the railroad interest but due to equity to the shippers and in the public interest of all the people of the United States.

May I call to the attention of this Congress another significant and very important fact as with every other industry in business in this country that there is a serious post-war problem involved with the railroad industry. It is important to consider the amount of deferred maintenance, which is accumulating on the railroads of this country. From the best information the committee could obtain, there is accumulating annually as much as $200,000,000 of deferred maintenance on roadbed and equipment. It will probably reach much more than that when all the information and facts are obtained after the war. This will necessarily have to be made up in the post-war period when men and materials are available and the railroads will necessarily have to be in a position to put their facilities back into condition and serve the public interest. If not, the Government will have to step in again and be required to expend vast sums of money as they did a few years ago. In fact, the railroads last year put out in dividends to their stockholders only about one-fourth of the net income available for that purpose. The balance was held in reserves to be used largely for correcting maintenance conditions.

The shippers are most seriously affected as has been stated and due to these land-grant rates discriminations exist throughout the country that even excels as between the shippers the discrimination that exists on class rates between the official zone and the southern and western zones. These discriminations in the interest of the public should not be permitted to continue.

In 1941, the General Land Office said:

> In return for an empire of land, the Government got a transportation system that won the West and established a Nation stretching from the Atlantic to the Pacific Ocean.

On a report issued March 9, 1944 by the Board of Investigation and Research, it is stated:

On the basis of data given in the report which is enclosed and for the reasons stated therein the Board believes that it is in a position to express an informed and considered opinion that all existing land-grant rate provisions (which since 1940 have been intended to be applicable only to military and naval property and military or naval personnel when traveling on official duties) should be repealed.

The Board further says:

Apart from the practical difficulties which have arisen in attempting to distinguish clearly between military and civil property of the Government, there are other more fundamental reasons for the conclusion that it would be in the public interes to eliminate these land-grant rate provisions.

The Board goes on then and gives and explains eight of these more fundamental reasons which cannot be denied. No one can say that the members of this Board of Investigation and Research are in any way controlled or influenced by the railroads. They are highly technical and experienced men in the field of transportation and the reports of their various studies show their interest to be for the general public throughout the land.

The late Mr. Joseph B. Eastman, on February 19, 1942, told this Congress, that since 1938 as a member of the Interstate Commerce Commission, he favored the elimination of land-grant reductions. On pages 3, 4, and 5 of the hearings you will find a full explanation of his reasons why land-grant rates should be repealed. I invite your attention to the sound reasons given by this great public servant who has now gone to the Redeemer.

Labor strongly advocates this legislation. In fact, there is a unanimity of opinion among all those interested in the industry, the railway companies, the shippers, the Interstate Commerce Commission, employees of the railroads, and even the Congress itself expresses the desirability of eliminating this unstable and unequitable provision. I say this because it is the thought of some that Congress intended in 1940 to remove all but a negligible element of the land-grant rate reductions.

Only the unexpected expression of our military and naval establishments raised this minor remaining factor to a dominant position in railway finance. This was the position of Mr. D. B. Robertson, president of the Brotherhood of Locomotive Firemen and Engineers before the committee.

Now, let me call your attention to what I think is the crux of this proposed legislation. To those who would indicate that this legislation is not in the interest of the people, I wish to call to the special attention the committee amendment beginning on page 2, section 3, which says:

The Interstate Commerce Commission in the exercise of its power to prescribe just and reasonable rates, fares, and charges shall give due consideration to the increased revenue which carriers will receive as a result of the amendment of this act.

What does this mean and how will it affect the general shipping public? It may be said by the opponents of this legislation to wait until rates are adjusted to give the full benefit of any increased revenues to the public and then repeal the land-grant rates.

This is important now because on December 13, 1941, a petition was filed for an increase in the rates, fares, and charges of the railroads due to an increase in operating expenses as a result of wage increase, which resulted from mediation agreements of some $311,711,000 and which the carriers deemed would result in an inadequacy of revenue. The petition sought an increase of 10 percent on passenger fares and freight rates and charges, with the exception that on coal and ore specific increases were requested in cents per ton, so as to preserve original relationships.

After a hearing the Commission granted an increase of 10 percent in passenger fares. They allowed an increase of 6 percent generally as to freight rates and charges, with certain exceptions on farm products, and so forth.

The passenger increases took effect February 10, 1942, and the freight increase March 18, 1942. The original decision authorized these increases to continue until 6 months after the termination of the war. In December 1942 the O. P. A. and others filed a petition with the Commission asking for a reopening of the case and the elimination of the increase. Hearings were held and the Commission concluded that the increased passenger fares should be continued but that all other increases should be suspended from May 15, 1943, to January 1, 1944.

The Interstate Commerce Commission, under date of October 7, 1943, ordered that the railroads and all other parties to the proceedings show cause, if any, why the Commission should not modify its previous orders extending the period of these increases for the further period of 6 months. Under date of November 8, 1943, the Commission required the advanced freight rates to be further extended until July 1, 1944.

Now what would likely be the effect of the cancelation of land-grant rates at this time. No one can deny that it would have considerable bearing on this pending question of increase in general freight rates of 6 percent. The Commission would not grant any increase unless the railroads could show from their actual operations the necessity therefor and it is obvious that with land grants eliminated, there would be much likelihood of ability to demonstrate the necessity for further revenues. If this 6 percent increase goes back into effect, it will mean an increase of freight rates and charges to the general public of this country of much more than $240,000,000 annually. I therefore, submit for your especial consideration this amendment which gives a mandate to the Interstate Commerce Commission to reflect any increased revenues to the general public.

Finally, I wish to call to your attention the other committee amendment making the act effective 90 days after its enactment. This was done in order to give time for the adjustment of contracts before the Government and the carriers and to avoid further confusion that would result from the immediate taking effect of the legislation. The Treasury Department suggested 6 months but after consideration it was decided that 3 months would be sufficient time to make necessary adjustments, and the completing of many contracts.

Let us remove this existing discrimination. Let us give to all shippers, agricultural and industrial, a fair opportunity to compete for sales to the Government and let us relieve both the Government and the railroads the confusion and large expense by removing this source of unending controversy and litigation between them. Let us get rid of the uncertainties existing in this field in order that we can plan more intelligently to meet the inevitable uncertainties.

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

Mr. HARRIS of Arkansas. I yield to the gentleman from California.

Mr. LEA. If I understood properly the reading of this amendment, it would do two things. In the first place, it would deprive the Commission of its discretionary power in fixing rates, and in the second place it would require the Commission to deprive the railroads of all the raises that otherwise would exist under this bill.

Mr. HARRIS of Arkansas. The gentleman is obviously correct. I hope the House votes down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

Mr. CROSSER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it has been well said that transportation is the circulatory system of commerce. I might even be more emphatic than that by saying that we would have practically no commerce without a sound system of transportation.

More than 50 years ago the Government assumed very definite control of the railroads of the United States in an attempt to bring some order out of the chaos that had previously existed. An effort was made to establish a sound rate system, a rate system which would enable the railroads of the country to operate as nearly as possible as a unit, so that all persons in the United States would enjoy, as nearly as possible, equal benefits of the transportation system.

The establishment of a just system of rates entails a great deal of work. The rate structure which applies to the railroads is, because of the great amount of time required for its thorough study, not generally understood. Let us consider the problem involved in the pending bill with particular reference to the maladjustment it causes in the rate structure. A few of the railroads are subject to the terms of old contracts providing that the Government shall have transportation service in most cases at half the rate

established for the general public. Anyone who believes that that helps the public does not understand the subject. That not only denies a fair return to the railroads subject to such terms, for the services they render, but it forces other railroads to do exactly the same thing. Other railroads, in order to secure a reasonable share of the traffic, go out of their way to compete on the same basis as that on which the land-grant railroads are required to render service. The result is that no very sound rate structure has yet been devised.

Nevertheless, the very people who complain most about unfair rates are those who oppose the correction of the trouble by the repeal of the land-grant rate provisions. The only way in which we shall ever be sure of having a sound system of transportation is by establishing a rate structure for commodities and passengers which will as nearly as possible assure even-handed justice for every part of the country, so that every citizen will, without discrimination, enjoy the benefits and advantages of the Nation's transportation system.

It is interesting to note that one resident of the United States utilizes annually about the same amount of transportation service as other residents utilize. Regardless of how much the original shipper pays for transportation, the ultimate consumer finally pays the freight. Since, as has been noted, all persons utilize about the same amount of transportation service per annum, the amount they pay annually should be about equal. That ideal cannot be realized if a large part of the traffic is carried at half its cost. Xeno it was who said "Ex nihilo nihil fit." In other words, you cannot make something out of nothing. Who pays the cost of the transportation system? Who is it who supplies the revenue? Obviously the people of the United States. Would we be benefiting the people of the United States, for example, if you were to require that the United States Government and all of the State governments should all have their commodities and their personnel carried free of charge by our transportation system? Would that be good sense? Who would pay the cost of such free service? How would we secure the revenue to operate the railroads? After all, the railroads must pay their expenses. They are also entitled to a reasonable return on their prudently invested capital. If we were to provide such free transportation service it would be necessary to practically double the charge for transportation service to the private shippers of the United States. I know that no one who gives the subject a little thought desires to subject the people of the United States to such an injustice. I might say, too, that the men who do the work on these railroads have, through their labor organizations, unanimously approved this bill.

I trust that the measure will receive an overwhelming majority.

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

Mr. HOBBS. Mr. Chairman, I offer an amendment in the form of a substitute for the committee amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. HOBBS: On page 2, beginning at line 23, insert:

"SEC. 3. The Interstate Commerce Commission, in the exercise of its powers to prescribe just and reasonable rates, fares, and charges shall give due consideration to the increased revenues which carriers will receive as a result of the enactment of this act, so that such increased revenues will be reflected in corresponding reductions in rates, fares, and charges to shippers."

Mr. BOREN. Mr. Chairman, if the gentleman will yield, if the gentleman will consider substituting for the words "corresponding reductions" the words "appropriate readjustments," I feel that the committee could agree on this amendment, because this seeks to do the same thing that the committee has sought to do in the language presented in the bill. The reason I find fault with the two words I mentioned to the gentleman here is, for example, before the Commission at the present time there is a 10-percent over-all increase in the rates that have been granted to railroads. That was suspended until July 1, 1942. My colleague informs me that it was a 6-percent over-all increase. But at any rate the point the gentleman has in mind is in exact accord with the committee viewpoint. But if the Commission had, on the one hand, to make a finding of dollar-and-cent decreases and, on the other hand, grant the raise, we will say, there would be nothing gained except a burden on the Commission. While, if it effected an offset of the 6 percent, we will say, readjustment so that that 6 percent would be suspended, plus a 1-percent reduction or 2-percent reduction, instead of a reduction on the one hand but granted it on the other, it would make it less burdensome on the Commission. Does the gentleman find any fault with the suggestion as to the substitution for the two words in his proposal? It really rests on whether or not you have confidence in the Commission judging a question on the one hand against a separate special study on the other.

Mr. HOBBS. Mr. Chairman, I have no objection to the substitution of the two words, with the explanation which clarifies their meaning as given by the author of the bill. I will be glad to accept those two words in lieu of the words pointed out in the substitute offered by me, with the understanding that we are all driving at the same thing, which is the equitable reduction of the rates because of this consideration, which, in aid of removing the discrimination between railroads and shippers, should be granted for the interest of all the people.

Mr. BOREN. I want to make the statement it is the purpose of this committee with exactly the same detachment here to see to it that any benefits which accrue to the railroads reflect to the benefit of the general shipping public.

Mr. HOBBS. I would like to say further, Mr. Chairman, that as I understand it, this Committee amendment, No. 3, was a sincere desire on the part of the experts composing the Committee of this House on Interstate and Foreign Commerce, to conform to the ideas which I had the temerity to advance before the committee in its hearings and that I know their sincerity is beyond impeachment and, therefore, in their superior wisdom and bowing to it, I am delighted to accept those words with the explanation made on the floor by the author of the bill.

The CHAIRMAN. Does the gentleman from Alabama desire to propound a unanimous consent request that his amendment be modified?

Mr. HOBBS. Mr. Chairman, that is exactly what I wish to do.

The CHAIRMAN. Will the gentleman from Alabama [Mr. HOBBS] state his unanimous-consent request, so that the Chair may understand it?

Mr. HOBBS. Mr. Chairman, I ask unanimous consent that the two words "appropriate readjustments" be substituted for the words "corresponding reductions."

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

There was no objection.

The CHAIRMAN. The Clerk will report the substitute amendment offered by the gentleman from Alabama [Mr. HOBBS] as modified.

The Clerk read as follows:

Substitute amendment offered by Mr. HOBBS: On page 2, beginning at line 23, insert:

"SEC. 3. The Interstate Commerce Commission in the exercise of its power to prescribe just and reasonable rates, fares, and charges, shall give due consideration to the increased revenues which carriers will receive as a result of the enactment of this act, so that such increased revenues will be reflected in appropriate readjustments in rates, fares, and charges to shippers."

The CHAIRMAN. The question occurs on the substitute amendment offered by the gentleman from Alabama.

The substitute amendment was agreed to.

The CHAIRMAN. The question recurs on the committee amendment as amended by the substitute offered by the gentle- from Alabama [Mr. HOBBS].

The committee amendment as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker, having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration, the bill, H. R. 4184, pursuant to House Resolution 543, reported the same back to the House with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. 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. The question is on the passage of the bill.

Mr. O'HARA. Mr. Speaker, I offer a preferential motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. O'HARA. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion of the gentleman from Minnesota.

The Clerk read as follows:

Mr. O'HARA moves to recommit the bill to the Committee on Interstate and Foreign Commerce.

Mr. BOREN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. O'HARA) there were—ayes 236, noes 16.

Mr. BRADLEY of Pennsylvania. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER (after counting). Five Members have arisen; not a sufficient number.

The yeas and nays were refused.

So the bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. BARRY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a speech I made last night on O. P. A. judicial review.

The SPEAKER. Is there objection?

There was no objection.

(By unanimous consent, Mr. MURRAY of Wisconsin and Mr. RABAUT were granted permission to revise and extend their own remarks.)

Mr. JUDD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a resolution.

The SPEAKER. Is there objection?

There was no objection.

Mr. BENNETT of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks and include a letter and a telegram.

The SPEAKER. Is there objection?

There was no objection.

Mr. HANCOCK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a speech made by my colleague the gentleman from New York [Mr. LEONARD W. HALL], at Glens Falls, on May 20.

The SPEAKER. Is there objection?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the Appendix two articles which appeared in the Philadelphia Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include two brief articles.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that on Monday, after the other special orders I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a newspaper article.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOFFMAN. I also ask unanimous consent to extend my own remarks on another subject.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. HOFFMAN] is recognized for 15 minutes.

TRANSFER OF AMERICAN NAVAL VESSELS TO RUSSIA

Mr. HOFFMAN. Mr. Speaker, when the Italian Fleet was surrendered there was a newspaper statement to the effect that part of that fleet was to be given to Russia. Later the press carried considerable adverse comment on that incident and we were then advised through the press that our Government would transfer to the Russian Government, vessels of our own—United States vessels in lieu of Italian ships.

I have no disposition to make any critcism of any transfer of ships or of materials of war, because I assume that those in charge of our war are best qualified to tell where and when our ships and our men should be used. But today the report is circulated that recently some of our ships were transferred to the Russians, and included in that list it was stated there were several cruisers, or at least one cruiser, the *Milwaukee* and another the *Omaha* was named. What I would like to have someone on the majority side tell us if it is compatible with the war effort, is whether or not if that cruiser the *Milwaukee* or others were transferred, the crew went with it. That is, whether our seamen, or any of those who manned any of those ships are being transferred with the ships to the Russian Government so that they would be under command of Russian officers.

Mr. HÉBERT. Will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. HÉBERT. Will the gentleman state what authority he has that these vessels will be turned over to the Russians?

Mr. HOFFMAN. Will be?

Mr. HÉBERT. Yes; or have been.

Mr. HOFFMAN. I understand the report to be that they were turned over. I think I read it in the press but in any event that is not material. The question is whether or not they were.

Mr. HÉBERT. For the gentleman's information, I was in touch with Secretary Forrestal this afternoon and there has been no such transaction, and the Navy knows of no such transaction.

Mr. HOFFMAN. No ships have been transferred?

Mr. HÉBERT. None.

Mr. HOFFMAN. I am glad to have that information, although as far as I am concerned I would not be disposed to criticize any transfer if it had been made, though it does seem that as long as Japan is not being assailed by Russia we could use our ships in the Pacific. In view of other reports that have come to us from time to time—for example, in view of the report that came out after Pearl Harbor—I remember how my colleague the gentleman from Michigan [Mr. WOLCOTT] long after the event said we had lost at that time certain vessels. Within a week his statement was branded by the President as being absolutely untrue. I remember that later, almost a year later, we learned that the statement made by the gentleman from Michigan [Mr. WOLCOTT] had been correct in every detail, that the Commander in Chief was in error, that every vessel the gentleman from Michigan [Mr. WOLCOTT] named as having been put out of commission was put out of commission. Now I am not criticizing, or let me put it this way, I am not questioning the statement of the gentleman from Louisiana [Mr. HÉBERT] at all, but I do not always accept as accurate the statements that come from some of these departments.

Mr. HÉBERT. Mr. Speaker, will the gentleman yield there?

Mr. HOFFMAN. I yield.

Mr. HÉBERT. Does the gentleman accept as true and correct every statement he sees in a newspaper?

Mr. HOFFMAN. Oh, no. But the news printed by the A. P., the U. P., and the I. N. S. is usually accurate. As a rule you can rely upon it.

Mr. HÉBERT. I just wanted to know where the gentleman balanced the scales, where he drew the line.

Mr. HOFFMAN. Where I draw the line? I draw the line very largely by the use of knowledge gained from experience and what little common sense I possess. For example, I recall now very distinctly having read an account about the *Queen Mary* being refitted to carry men, being refitted as a transport. I made that statement myself because of information which I thought was reliable. It was stated at the time that I was completely in error, that there was not a word of truth about it. Later on we found that I was absolutely right, that the *Queen Mary* had been fitted as a transport.

Mr. HÉBERT. In either of those instances did the gentleman have any real authority for the statement?

Mr. HOFFMAN. No; I would not say that I had real authority in the sense of personal knowledge. I do not have personal knowledge that Europe is east of us because I never went.

Mr. HÉBERT. I ask the gentleman what is his authority for the statement he makes today.

Mr. HOFFMAN. Perhaps it might be unfair for me to disclose it and as I am

asking for information can see no need for naming names.

Mr. HÉBERT. I submit that the Secretary of the Navy is my authority. Can the gentleman compete with that authority?

Mr. HOFFMAN. I do not know anything about the Secretary of the Navy's desire to give out information, I am sure; but I can say this, that I have had instances in the past, for example I recall an incident where it was charged certain union men objected to unloading ships in the southwest Pacific. After that had been denied, I think by Vandegrift—he is an admiral is he not?—within a month, yes, within 2 weeks I talked to two lieutenants, one of whom I have known personally and who lived within 23 miles of my home town. He said he witnessed the incident which had been denied.

Mr. HÉBERT. In that connection, if the gentleman will yield further——

Mr. HOFFMAN. Certainly.

Mr. HÉBERT. I am very sorry the gentleman chose that particular incident, because it so happens that I served on the special committee which investigated that incident.

Mr. HOFFMAN. Yes; I know.

Mr. HÉBERT. There was specific proof brought before that committee——

Mr. HOFFMAN. Yes.

Mr. HÉBERT. That there was nothing to substantiate those reports——

Mr. HOFFMAN. Yes.

Mr. HÉBERT. That a reporter reported it in a newspaper, which was one of the most miserable examples of news reporting I have ever seen in my life——

Mr. HOFFMAN. Yes. I hope the gentleman will leave a little of my time for me to use myself.

Mr. HÉBERT. I know it must be very unusual experience for the gentleman to have his time taken this way when he takes so much of others' time.

Mr. HOFFMAN. I have not taken any time that does not belong to me. All the gentleman need to do if he does not want me to take time is to object.

Mr. HÉBERT. I do not object.

Mr. HOFFMAN. Then do not take all my time.

Mr. HÉBERT. The gentleman is afraid if he yields further I will refute his statement still more.

Mr. HOFFMAN. Not at all. The statement you make does not alter my position at all. I respect the gentleman's views. I know he knows that even committees do not always get to the bottom of things. I do not know who his committee heard, but I am telling him that I talked with a lieutenant I know who was out there, who witnessed the incident. I talked with two of them. One I have known for years. They were witnesses to it. I do not know what testimony was taken before the gentleman's committee, whether they heard anybody who witnessed these things or not. But proof that one man or a hundred did not see it does not outweigh the testimony of one man who did.

Mr. HÉBERT. Did not the gentleman know of it at the time my committee was sitting?

Mr. HOFFMAN. I did not know; no.

Mr. HÉBERT. Otherwise the gentleman would have brought it to my attention?

Mr. HOFFMAN. I am not sure of that. The gentleman knows that officers cannot always tell all they know, nor can privates. Too often there is pressure. I have a friend, a doctor, who was down at Williamsburg, whom I have known for 10 years. He wrote to me about some boys down there who were sick, that they could not get the things they should have to eat. I have the letter; I will show it to the gentleman in confidence, but I would not want him to spill it all over creation. He said: "Don't mention my name, because if there was ever a closed shop I am in it." There you are. The gentleman knows how those things come up. I can see the little smile on the gentleman's face; but I will take that out of the RECORD, the reference to the smile.

Mr. HÉBERT. No; I want the gentleman to keep that in the RECORD.

Mr. HOFFMAN. Not the smile.

Mr. HÉBERT. Yes; I want to keep that in the RECORD because it shows exactly my attitude about the gentleman's remarks, that I accept them but accept them with a smile.

Mr. HOFFMAN. The smile might indicate that the gentleman was trying to flimflam me with this information.

Mr. HÉBERT. No; only that I thought the gentleman has been trying to flimflam us with this information and I did not accept it.

Mr. HOFFMAN. Maybe in a couple of years from now we can meet here again if we are both lucky, or unlucky, whichever it may be, and the result will be known, whether I am right about this incident of the ships or not. It was the same story over again in the case of the destroyers. We are just beginning to learn of some of the things President Wilson did in the First World War. We did not know about them then; perhaps it was just as well, perhaps if we had we could not have taken it. Anyway, I want to thank the gentleman for his contribution, his assistance, and his kindness.

And don't forget that we have not yet learned the truth from Short or Kimmel about Pearl Harbor. Someone evidently fears to let them talk.

The SPEAKER. The time of the gentleman from Michigan has expired.

The SPEAKER. Under the previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 20 minutes.

THE TRUTH ABOUT PRICE CONTROL

Mr. HOLIFIELD. Mr. Speaker, within the next month this Congress will consider the extension of the Price Control Act. So much misinformation has been released to the public on this subject that I have asked for this time to present some truths on this important subject.

The people of America are entitled to know the truth about a function of Government which affects the standard of living of 132,000,000 people. Immediately after Pearl Harbor the surge of war activities had started a rapid advance in prices of food, clothing, shelter, wages, and rents. In order to check the rising spiral in the cost of living and prevent the disastrous repetition of the inflation that occurred during and after World War No. 1, Congress, on January 30, 1942, passed the Emergency Price Control Act. This act expires on June 30, 1944.

Congress must decide on the manner of its extension before that date. We have had price control and rationing in the United States for 24 months. That gives us ample time to analyze its worth and benefits. The fact that no responsible individual or group has the temerity to advocate its abolishment speaks eloquently for its success. But because the opponents of price control lack the courage to advocate its abolishment, this does not mean that they will not attempt to emasculate price control by cunning amendments which will prevent its successful operation. This is exactly the strategy they are pursuing. The selfish pressure groups are too shrewd to openly oppose the principle of price control. They know the people are convinced of its value. Instead, they are going to attempt to amend it to death.

Many amendments which appear reasonable will be offered, but they intend by dropping a word here and adding a clever amendment there to cut the heart out of the law. For instance, the Price Control Administration is ordered, under the act, to establish "generally fair" prices. Prices cannot be absolutely fair for everybody; some inequities are inevitable. A price may enable 90 percent of an industry to make a fair profit. The price may be too low for 10 percent of the industry. Eliminate the word "generally" from the act and the price must be raised because of the 10-percent high-cost producer. The 90 percent are then able to make exorbitant profits. The public pays the bill. A second amendment which will be offered and which sounds reasonable, but would be equally deadly in its effect, is the one which provides that any ruling of O. P. A. can be reviewed by any of the 95 Federal district courts instead of the one Emergency Court of Appeals.

By the adoption of this court reviewal amendment, every price frozen by O. P. A. could be set aside by injunction and made inoperative, pending a court trial and decision. A final decision could be delayed months by resorting to legal technicalities, and in the meantime the price-control program would be ruined beyond repair, the speculators and greedy profiteers would make millions and the curse of inflation would descend upon the common people of America.

Before we disclose the opponents of price control, let us analyze the important benefits of the act. War is economic waste. It always causes scarcity. Scarcity usually means high prices and high prices mean inflation. After inflation

comes deflation—the collapse of business which we call depression. This cycle has occurred in every war of history. It was to prevent this vicious cycle that Congress passed the Price Control Act in 1942.

At the close of the Civil War we had a general inflation of 56 percent. At the close of World War No. 1 we had a general inflation of 60 percent. World War No. 2 has been going for 53 months and we have had price control for only 24 months of that time. Yet the rise in the cost of living has been only 25 percent, according to the Bureau of Labor Statistics—less than half of the rise that took place during the last war. Most of this 25-percent rise occurred before price control. Only 6½ percent since the inauguration of the Stabilization Act. According to Mr. Chester Bowles, the O. P. A. Administrator, the rise in the cost of living now not only has been stopped, but there has been an actual decrease of ½ percent during the past 12 months.

Now I want to emphasize certain points. The O. P. A. program is not static. It is constantly fluctuating as conditions change. When a surplus develops in a certain commodity, point values are lowered or eliminated. When a scarcity threatens in certain controlled items, the point requirements are increased. Again the O. P. A. widens its fields of operation and establishes generally fair prices and in some instances, rationing on articles heretofore on the uncontrolled list. Inflationary high prices are not always caused by actual scarcity. They can be created by artificial scarcity caused by speculators cornering the available supply and withholding commodities from the market.

The O. P. A. stops the speculator by freezing the price of the commodity. High prices can also be caused by exorbitant profits on the part of the middle man. A recent example of this occurred in the marketing of oranges in my home State of California. In order to protect the consumer against exorbitant profit of the middle man, the O. P. A. had issued a ruling, limiting the wholesaler's profit on oranges to 32½ percent of the producer's price. Some greedy profiteers saw a chance here to make an exorbitant profit by multiplying the number of wholesalers handling a specific box of oranges, each wholesaler charging the maximum percentage of 32½ percent. When this was called to the attention of O. P. A., they immediately issued a regulation which allowed only one wholesaler's fee of 75 cents per box on each box of oranges. This stopped the profiteer and reduced the price of oranges from 15 to 10 cents per pound for the consumer; it also protected the producer by insuring to him a stable price and market.

Now I want to give you some factual comparisons between the uncontrolled prices of World War No. 1 and the controlled prices of World War No. 2. Clothing increased 107 percent in World War No. 1. It has increased only 34 percent in World War No. 2. House furnishings increased 95 percent in World War No. 1. They have advanced only 27 percent in this war. Food increased 80 percent in World War No. 1. The O. P. A. has stopped it at 47 percent in this war.

And what about rents? This item runs from 18 to 25 percent of most people's budgets. Wherever rent control has been adopted, there have been no increases in rent. Rent control is in effect in 278 emergency defense areas in the United States.

Now let us consider the savings the O. P. A. has made the average consumer or taxpayer on some specific items. Steel plates and petroleum are two of the greatest items in war use. In the last war period steel plates rose from $20 to $180 per ton—a price rise of 696 percent. Petroleum rose from 75 cents a barrel to $3.50 a barrel—a price rise of 500 percent. The steel and oil corporations made millions and the taxpayers paid the bill. What has happened in this war? The O. P. A. froze the price of steel and the price of oil, and the American taxpayer has been saved an additional tax burden on these and other war supplies of over $65,000,000,000. The total war bill of World War No. 1 was $32,000,000,000—one-third of this, thirteen and one-half billion, was inflation. Our war appropriation bill to date has been close to $200,000,000,000. Without the Price Control Act, we would have had to appropriate at least $100,000,000,000 more at the same rate of inflation.

Just think what that would mean in increased debt and taxes.

Now let us consider some of our food and clothing items. In World War No. 1 period sugar rose from 5 cents to 27 cents per pound. Butter went from 30 cents to 78 cents per pound. Eggs went to $1 per dozen. In terms of averages, retail food prices advanced over 126 percent. The rich paid the price and got the food. The poor could not pay these exorbitant prices and they went hungry. Millions of American adults and their children forgot the taste of eggs, butter, and meat. And here is the place I want to emphasize the importance of rationing, which is a vital part of the price control program.

I have pointed out to my listeners that in the last war the wealthy person could afford as much of any scarce article of food or clothing as he wanted because he had the money to buy it, regardless of price. The American family of limited means could not pay exorbitant prices, and, therefore, went hungry or ill-clothed. This was cruel, inhuman, and contrary to the American principle of equal sacrifice during wartime. The theory of rationing or dividing the available supply of scarce articles has been one of the greatest demonstrations of democracy at work that the world has ever known. The poor man is entitled through rationing to the same amount of sugar, butter, meat, shoes, and so forth, as the rich man. And through price control he has the money to pay for it. This is Americanism. This is protecting the poor and helpless dependents of the boys who are fighting the enemies of democracy. Without the O. P. A. this condition would not exist. We would be repeating the history of every previous war in the world's history. This is the first time the common people have been given a break. I do not claim that the O. P. A. has been perfect. They have made mistakes and will make more, but the benefits far outweigh the evils. I believe I have proved that in the undeniable facts I have given you tonight. And if I have been successful in proving the worth of the O. P. A. we might turn now to see who the opponents of the O. P. A. are. Why do they want to emasculate its operation by crippling amendments? What is the motive behind their sinister attack?

In my opinion, the opponents fall into two classes: Those who oppose the act from political reasons, and those who oppose O. P. A. on the behalf of profiteers in order to reap the temporary profits of inflation. First, the political opponents: This is the Presidential and congressional campaign year. The "outs" want to get "in." They hope to magnify the mistakes of O. P. A., enlarge upon the irritations caused by war regulations, and minimize the benefits the people have received from price control and rationing. This is as despicable and dangerous as it is reprehensible. To cause disunity and discontent among our people during this war in order to gain political advantage is a form of treason to the best interests of the Nation. I think this group is very small in comparison to the second group, the profiteers. Who are the profiteers?

Congress has been pressured by certain blocs who stand to make millions out of a rise in the price of commodities. Professional representatives or lobbyists of great farm operators, who want the price of cattle and food to rise uncontrolled; representatives of the great processors of food—canners and meat packers; great distributing firms whose food and clothing inventories would double or treble if price control is broken. All these blocs, producers, processors, and distributors are making more money than ever before. Because the frozen prices as established by O. P. A. were generally fair and equitable and because of the tremendous demand from civilian, military, and lend-lease purchasers, they are operating at a volume never before attained. A study of individual and corporate incomes proves my contention that they are making more profits than they ever made before. Why do they want to destroy price control then? There is only one answer—greed. Pure and unadulterated greed. The war to them does not mean what it means to you and me. We believe that it is a struggle for the liberty of the common man throughout the world. We believe it is the age-old struggle against tyranny and for freedom. We believe the millions of American people on fixed incomes should be protected against the war profiteers. We believe that this war our sons and daughters are winning with their maimed and broken bodies, should not create another

batch of blood millionaires. We believe the dependent families of these boys and girls are entitled to protection against war profiteers, so their meager allowances will cover the cost of the necessities of life. The O. P. A. is their only defense against inflation. It should be strengthened and extended until the emergencies of war are over and the normal function of a peacetime economy is restored.

TO EXPEDITE PAYMENT FOR LAND ACQUIRED DURING WAR PERIOD

Mr. SABATH, from the Committee on Rules, submitted the following report on the bill (S. 919) to expedite the payment for land acquired during the war period (H. Res. 565, Rept. No. 1508), which was referred to the House Calendar and ordered printed.

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 919) to expedite the payment for land acquired during the war period. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALENDAR WEDNESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that Calendar Wednesday business in order on tomorrow, May 24, may be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. ANDERSON of New Mexico. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein a radio address.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD by including a speech by Dr. Luis Manuel Debayle, Director of Public Health of Nicaragua, given at the Washington Chapter of the Pan American Medical Society, Washington, D. C., on Sunday, April 23.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. Under the previous order of the House, the gentleman from South Dakota [Mr. MUNDT] is recognized for 15 minutes.

OLD-AGE ASSISTANCE

Mr. MUNDT. Mr. Speaker, I take this time this afternoon to call the attention of the House to a bill I have just introduced and which may be secured from the document room in the morning. It is H. R. 4862. It has been referred to the Committee on Ways and Means. As it is only one page in length, I ask unanimous consent that I may incorporate it with my remarks at this point.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

(The bill referred to follows:)

H. R. 4862

A bill to provide that individuals receiving old-age assistance may be gainfully employed during the present war and 6 months thereafter

Be it enacted, etc., That notwithstanding provisions of title I of the Social Security Act, as amended (relating to grants to States for old-age assistance), and of appropriations for payments thereunder, in any case in which any State pays old-age assistance to any individual, any failure to take into consideration any income and resources of such individual arising from labor performed by him after the date of enactment of this act and prior to the seventh calendar month occurring after the termination of hostilities in the present war, as proclaimed by the President, shall not be a basis of excluding payments made to such individual in computing payments made to States under section 3 of such title, of refusing to approve a State plan under section 2 of such title, or of withholding certification pursuant to section 4 of such title.

SEC. 2. Section 5 (f) of the joint resolution entitled "Joint resolution making an appropriation to assist in providing a supply and distribution of farm labor for the calendar year 1943," approved April 29, 1943, as amended (U. S. C., 1940 ed., supp. III, title 50, War, Appendix, sec. 1355 (f)), is hereby repealed.

Mr. MUNDT. In brief, Mr. Speaker, this legislation is designed to meet two problems now confronting the country: The first is the manpower problem, and the second is the problem confronting the elder citizens of this country who are finding it exceedingly difficult to get along on the pensions they are receiving through the old-age-assistance checks that come to them, in view of the constantly rising cost of living.

This legislation is modeled after action taken by the House in Public Law 45 of the Seventy-eighth Congress, whereby in section (f) of that bill we permitted people during certain periods who worked on farms to receive the earnings which they procured in that manner without having to undergo a deduction in their social-security and old-age-assistance checks; but as the House remembers, that legislation applied only to agricultural workers. The purpose of my resolution, H. Res. 4862, is to expand that type of arrangement and make it applicable to laborers in any industry in addition to agricultural workers. It would enable such laborers to earn what they can in helping to meet the manpower problem and support themselves, and let them keep that money without having it deducted from the old-age-assistance checks which they secure.

This is definitely emergency wartime legislation and would expire under the terms of my resolution in the seventh month following the termination of hostilities in the present war as proclaimed by the President of the United States.

Mr. Speaker, may I say that the need for this legislation was brought to my attention by the Governor of South Dakota, Mr. M. Q. Sharpe, who in a letter addressed to the members of the South Dakota delegation in Congress under date of May 15 suggested that some such bill as this be passed.

Mr. McCORMACK. Will the gentleman yield?

Mr. MUNDT. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The thought has entered my mind that during this war emergency the Congress might well, at least for the period of the war, consider increasing the Federal contribution for the aged persons who are receiving noncontributory old-age assistance. I was wondering what the gentleman's reaction is to that thought.

Mr. MUNDT. I have been thinking along the same lines, and I will answer the majority leader by saying that there are many valid arguments in support of bringing about that kind of temporary relief during the war. I know I have received many serious letters with a lot of pathos in them, as has the majority leader, I am sure, from old people who find it impossible to get along with the rising living costs on the amount they are getting. I think we should do something to remedy this situation.

Mr. McCORMACK. They are the ones who are affected the most by any increased living costs because they have no normal income of their own, and the amount they receive is at the best very small.

Mr. MUNDT. That is true even in normal times.

Mr. McCORMACK. It is stationary. I have very strong convictions on that matter, and I wanted to get my distinguished friend's reaction.

Mr. MUNDT. I thank the gentleman and I agree with him. This resolution I have introduced will help meet that problem in a number of cases where men and women are able to do some constructive work because they can make that extra money without having it deducted from their old-age checks.

Mr. Speaker, I ask unanimous consent to include in my remarks this letter from Gov. M. Q. Sharpe, also copy of the executive order which he issued in South Dakota showing how the problem was met there from the standpoint of the farmers.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota [Mr. MUNDT]?

There was no objection.

MAY 15, 1944.

The Honorable CHAN GURNEY,
Member of Congress,
Senate Office Building,
Washington, D. C.

The Honorable HARLAN J. BUSHFIELD,
Member of Congress,
Senate Office Building,
Washington, D. C.

The Honorable FRANCIS CASE,
Member of Congress,
House Office Building,
Washington, D. C.

The Honorable KARL MUNDT,
Member of Congress,
House Office Building,
Washington, D. C.

DEAR SIRS: I would like to invite your attention to Public Law 45, Seventy-eighth Congress, chapter 82, first session, House Joint Resolution 96, referring especially to

section 5 (F). You will note that if an individual is receiving more old-age assistance than he received in April 1943, any income he derives from his own labor for agricultural purposes must be taken into account in fixing the grant.

Since that public law was enacted the labor situation has changed much for the worse in South Dakota and probably in the entire Nation. There is more need for augmenting the labor supply than there was at that time. Likewise, since 1943 (April), in South Dakota at least, and no doubt in many other States, there has been an increase in the grants to old-age-assistance individuals, based on the theory that food and clothing prices were increasing in price and that they needed some increase of grant simply to be in the same condition they were originally.

Last year I published an executive order authorizing old-age-assistance people of South Dakota to labor in agricultural pursuits without the necessity for accounting for their income. The order resulted in a lot of them going to work and at least prevented many of them from asking for increased grants. In fact, it encouraged many of them to seek employment and to aid the agricultural labor situation.

I think it would be legislative wisdom to amend that public law again and remove the April 1943 restriction and also to make it applicable to any kind of labor, so that any old-age-assistance client who is willing to work could go ahead and work and have all his income without the necessity of accounting for it in fixing his old-age-assistance grant. I think that encouraging the old-age assistance people to work is a good policy anyway. Otherwise they simply remain static on their grant and are nonproductive and all the grant to them is practically a total expense to the Nation and the State.

I believe that in view of the existing labor shortage all over the country this public law should be amended in all of those particulars so that all old-age-assistance clients would go to work.

I am enclosing in this letter a copy of the order which I made last year and which we know had a very salutary effect in South Dakota. If we get this joint resolution amended as above suggested, I could make one this year which would be still further productive of benefits to the war effort in my opinion.

Yours sincerely,

TED, *Governor.*

I, M. Q. Sharpe, Governor of South Dakota, do hereby certify that the following is a full, true, and correct copy of Civilian Defense Act Order No. 7, dated July 10, 1943, as the original now remains upon file in my office.

M. Q. SHARPE,
Governor of South Dakota.

STATE OF SOUTH DAKOTA,
Office of the Governor.

CIVILIAN DEFENSE ACT OF 1943, ORDER NO. 7

ORDER SUSPENDING EFFECT OF SDC 55.3610 AS AMENDED, AND ALL SIMILAR STATUTES, RULES, AND REGULATIONS CONCERNING THE SAME SUBJECT MATTER, IN CONNECTION WITH INCOME FROM AGRICULTURAL LABOR EARNED BY PERSONS RECEIVING OLD-AGE ASSISTANCE BENEFITS; AND DECLARING AN EMERGENCY

This order is made pursuant to the provisions of subdivisions (b) and (f) of section 3 of chapter 151 of the 1943 Session Laws of the State of South Dakota, and in accordance with the Constitution and other laws of the State of South Dakota.

It is necessary for efficient cooperation with the United States in the war to salvage and prevent waste of strategic materials, and to provide ample supply of labor, to make the following order and to suspend certain provisions of SDC 55.3610, as amended by chapter 310 of the 1941 Session Laws, and to suspend any and all laws, rules, and regulations in any manner inconsistent with the provisions of this order:

Now, therefore, I, M. Q. Sharpe, Governor of the State of South Dakota, do hereby order that during the months of July, August, September, and October of the year 1943, any and all provisions of SDC 55.3610, as amended by chapter 310 of the 1941 Session Laws of South Dakota, and all other laws, rules, and regulations in any manner inconsistent herewith, which in any manner tend to minimize the benefits, reduce the payments, or otherwise injuriously affect the rights of old-age assistance recipients in receiving such assistance, by taking into consideration in determining such benefits, payments, or rights, any income and resources of such recipient or applicant for such assistance, arising from agricultural labor performed by him as an employee, or from labor otherwise performed by him in connection with the raising or harvesting of agricultural commodities, during said months, are hereby suspended. No payments being made to any such recipient shall be reduced in any way because of said income during said months; nor shall any future determination of amounts of his assistance take into consideration any funds or property accumulated by him by such labor during such months; nor shall his rights to continue to receive such assistance be in any manner affected or determined because of such accumulations or income. Such income shall at all times be for the free and unrestricted use and benefit of the person earning or accumulating it and shall not be in any manner considered or inquired into in determining any of his old-age assistance rights, benefits, or payments, now, or in the future.

Whereas this order is necessary for the preservation of public peace, health, and safety, an emergency is hereby declared to exist and this order shall be in full force and effect beginning July 10, 1943.

Done at Pierre, the capital, July 10, 1943.

M. Q. SHARPE,
Governor of South Dakota.

Attest:
[GREAT SEAL] MRS. L. M. LARSEN,
Secretary of State.

Receipt of a duplicate of above Order No. 7 acknowledged this 10th day of July 1943, and same filed in my office on said date.

MRS. L. M. LARSEN,
Secretary of State.

Mr. MUNDT. Mr. Speaker, I want to say just one thing about another bill which I introduced on the 16th of May (H. R. 4809), which has as its purpose making it optional with Government employees who have reached the age of 55 years and who have served for 25 years in the Federal service to get retirement on the proportionate basis as to what they would receive if they had served the full 30 years. Their retirement checks would not be as large, of course, if they retire at 55 as if they retire at 60.

My primary purpose in introducing this legislation is that after the war we are going to have a terrific problem in finding good, honest, honorable positions for the soldiers of this war. Many of them will seek Government employment. They will have veterans' preference and will have an opportunity to enter Federal employment provided jobs are available. I believe if this option proposed in H. R. 4809 were given the present people under the Civil Service many of them would voluntarily retire at the age of 55, thereby vacating positions which could be filled by these returning soldiers. I have been trying to find out from the Civil Service Commission approximately how many jobs it would open and I have a rough estimate that it will open approximately 100,000 jobs. This is subject to correction, however, until the Civil Service Commission can get me the authentic figures.

This will make available positions in the Government; it will at the same time enable the present civil-service employee who so desires to take a smaller retirement check and retire at the age of 55; it will give the veterans opportunity to get into the Government service; it will inject new blood into our bureaucratic offices; and it will above everything else help solve the post-war employment problem which will some day confront our Republic.

WAR AGENCIES APPROPRIATION BILL

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that it may be in order to take up the war agencies bill immediately after disposition of business on the Speaker's table on Thursday next, that points of order on the bill be waived, and that general debate be confined to the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

Mr. TABER. Mr. Speaker, reserving the right to object, the gentleman means points of order on matters contained in the bill?

Mr. CANNON of Missouri. Yes; only points of order on matters reported by the committee, not points of order that may be raised during consideration of any amendment that may be offered to the bill in the Committee of the Whole.

Mr. TABER. Did the gentleman incorporate in his request that debate be confined to the bill?

Mr. CANNON of Missouri. Yes; that debate be confined to the bill.

The SPEAKER. The gentleman's request is that all points of order on matters in the bill be waived; is that correct?

Mr. CANNON of Missouri. That is correct.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

Mr. McCORMACK. Mr. Speaker, reserving the right to object, may I ask the chairman of the Appropriations Committee if any arrangements have been made as to the period of general debate, so that it may be in the RECORD?

Mr. CANNON of Missouri. General debate will not exceed 1 day. We hope to begin reading the bill before the close of the day.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ANDREWS of Alabama, for an indefinite period, on account of illness of his mother.

To Mr. McCORD, for 2 days, on account of official business.

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 28 minutes p. m.) the House adjourned until tomorrow, Wednesday, May 24, 1944, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Wednesday, May 24, 1944.

Business to be considered: To begin hearings on H. R. 4805, entitled "A bill to amend the Railroad Retirement Act of 1937, the Railroad Retirement Act of 1935, and the Railroad Unemployment Insurance Act," by Mr. CROSSER.

SELECT COMMITTEE TO INVESTIGATE SEIZURE OF MONTGOMERY WARD & CO.

The Select Committee to Investigate the Seizure of Montgomery Ward & Co. will hold a public hearing Wednesday, May 24, 1944, at 10 a. m. in the Ways and Means Committee hearing room, New House Office Building. Attorney General Francis Biddle will be the witness.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

The Committee on the Merchant Marine and Fisheries will hold a public hearing Thursday, May 25, 1944, at 10 a. m., on H. R. 4486, to provide for the sale of certain Government-owned merchant vessels, and for other purposes.

Persons desiring copies of the printed hearings, when available, will please notify the clerk by letter.

Witnesses are requested to notify the clerk by letter at least a day in advance of the hearings of their desire to testify in order that a list of witnesses may be prepared. Written statements for the record from persons other than witnesses should be submitted a day in advance. Amendments to be proposed during the hearings should be submitted to the reporter in duplicate.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1570. A letter from the Archivist of the United States, transmitting a report on records proposed for disposal by various Government agencies; to the Committee on the Disposition of Executive Papers.

1571. A letter from the Attorney General, transmitting a report stating all of the facts and pertinent provisions of law in the cases of 190 individuals whose deportation has been suspended for more than 6 months under the authority vested in him, together with a statement of the reason for such suspension; to the Committee on Immigration and Naturalization.

1572. A letter from the Acting Director, Bureau of the Budget, transmitting copies of letters addressed to the heads of the agencies listed below which established limitations on the amounts which may be expended for travel, printing and binding and the purchase of motor-propelled passenger-carrying vehicles from sums set apart in appropriations to these agencies for special projects: Office of Scientific Research and Development, and the War Production Board; to the Committee on Expenditures in the Executive Departments.

1573. A letter from the Secretary of the Interior, transmitting a draft of a proposed bill to provide for the settlement of war veterans, war workers, and others on the Central Valley project, for encouragement of the development of the project in family-size units, for cooperation by Federal, State, and private organizations to these ends, and for other purposes; to the Committee on Irrigation and Reclamation.

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. COFFEE: Committee on Appropriations. H. R. 4861. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1945, and for other purposes; without amendment (Rept. No. 1501). Referred to the Committee of the Whole House on the state of the Union.

Mr. DICKSTEIN: Committee on Claims. H. R. 4606. A bill to provide for reimbursement of certain Navy personnel and former Navy personnel for personal property lost or damaged as the result of a fire in the bachelor officers' quarters, naval operating base, Argentia, Newfoundland, on January 12, 1943; without amendment (Rept. No. 1506). Referred to the Committee of the Whole House on the state of the Union.

Mr. BELL: Committee on Insular Affairs. Senate Joint Resolution 94. Joint resolution establishing the Filipino rehabilitation commission, defining its powers and duties, and for other purposes; with amendment (Rept. No. 1507). Referred to the Committee of the Whole House on the state of the Union.

Mr. SLAUGHTER: Committee on Rules. House Resolution 563. Resolution providing for the consideration of H. R. 4219, a bill to provide for the appointment of female pilots and aviation cadets in the Air Forces of the Army; without amendment (Rept. No. 1502). 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. CHENOWETH: Committee on Claims. H. R. 3281. A bill for the relief of Margaret L. Hawkins; with amendment (Rept. No. 1503). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on Claims. H. R. 4458. A bill for the relief of J. G. Power and L. D. Power; without amendment (Rept. No. 1504). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 4605. A bill for the relief of Lt. (Jr. Gr.) Hugh A. Shiels, United States Naval Reserve; without amendment (Rept. No. 1505). Referred to the Committee of the Whole House.

Mr. SABATH: Committee on Rules. House Resolution 565. Resolution providing for the consideration of S. 919, a bill to expedite the payment for land acquired during the war period; without amendment (Rept. No. 1508). 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. COFFEE:

H. R. 4861. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1945, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. MUNDT:

H. R. 4862. A bill to provide that individuals receiving old-age assistance may be gainfully employed during the present war and 6 months thereafter; to the Committee on Ways and Means.

By Mr. PAGÁN:

H. R. 4863. A bill to provide for the donation of certain property of the United States in Vieques, P. R., to the municipal government of Vieques, P. R.; to the Committee on Naval Affairs.

By Mr. HOLIFIELD:

H. R. 4864. A bill to exclude from income tax the compensation of persons in the military or naval service; to the Committee on Ways and Means.

By Mr. PACE:

H. R. 4865. A bill to provide for the discharge and cancelation of certain loans made by the Secretary of Agriculture for the purchase of capital stock in agricultural credit corporations, and for other purposes; to the Committee on Agriculture.

By Mrs. SMITH of Maine:

H. R. 4866. A bill to provide for the establishment and maintenance of forest products pilot plants, and for other purposes; to the Committee on Agriculture.

By Mr. D'ALESANDRO:

H. R. 4867. A bill to extend the health regulations of the District of Columbia to Government restaurants within the District of Columbia; to the Committe on the District of Columbia.

By Mr. CRAWFORD:

H. R. 564. Resolution authorizing the Rules Committee to consider placing a memorial in the House Press Gallery; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Municipal Assembly of Bayamon, P. R., memorializing the President and the Congress of the United States to endorse Congressman MCGEHEE's resolution demanding the immediate removal of Rexford Guy Tugwell as Governor of Puerto Rico; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANGELL:

H. R. 4868. A bill for the relief of Palmer G. Snedecor; to the Committee on World War Veterans' Legislation.

By Mr. PACE:

H. R. 4869. A bill for the relief of A. P. Scarborough and J. D. Etheridge; to the Committee on Claims.

By Mr. O'BRIEN of Michigan:

H. R. 4870. A bill for the relief of Marion Ruth Strotter; to the Committee on Immigration and Naturalization.

H. R. 4871. A bill for the relief of Julia Peterson Mills; 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:

5723. By Mr. DAY: Petitions signed by 71 residents of Wheatland Township, Will County, and Naperville Township, Du Page County, Ill., registering opposition to House bill 3947 providing for peacetime military conscription; to the Committee on Military Affairs.

5724. By Mr. DOUGLAS: Petition of 91 citizens of Herkimer, N. Y., favoring the passage of House bill 2082, providing for the prohibition of the manufacture of alcoholic beverages for the duration of the war; to the Committee on the Judiciary.

5725. By Mr. JOSEPH M. PRATT: Resolutions of the women's clubs concerning United Nations, adult education, etc.; to the Commiteee on Foreign Affairs.

5726. Also, resolution concerning the Price Control Act; to the Committee on Banking and Currency.

5727. By Mrs. SMITH of Maine: Petition of Richard Astbury and other citizens of Maine, urging that the appropriation for United Nations relief be reduced 50 percent from its present amount believing that the amount of farm machinery to be delivered to various European countries during 1944 and 1945 is excessive in amount and beyond reasonable necessity when our own farmers cannot obtain farm machinery; also, that the appropriation requested by the Office of War Information be reduced 75 percent, being excessive and unnecessary for the best promotion of the war effort; and further petition that the Army and Navy handle war information; to the Committee on Appropriations.

5728. By the SPEAKER: Petition of Ethel White and various citizens of New York City, petitioning consideration of their resolution with reference to urging passage of House bill 2082; to the Committee on the Judiciary.

5729. Also, petition of the city clerk, city of Minneapolis, petitioning consideration of their resolution with reference to a request to amend House bill 4576, and four similar bills identically worded, by protecting the benefits of river transportation of coal; to the Committee on Ways and Means.

5730. Also, petition of the Yugoslav-American Central Council, of San Pedro, Calif., petitioning consideration of their resolution with reference to recognition of the National Anti-Fascist Liberation Council as the sole representative of democratic Yugoslavia; to the Committee on Foreign Affairs.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 24, 1944

The House met at 12 o'clock noon.

Rev. Dallas F. Billington, pastor, Akron Baptist Temple, Akron, Ohio, offered the following prayer:

Our Father who art in heaven, we come to Thee at this hour of war and bloodshed of all nations. We pray that Thou will bless this great body and Members of Congress, collectively and individually. We pray that the Holy Spirit of God will guide their minds and hearts and direct them to rule this Nation in this crucial hour of war, that our Nation may be guided to a more noble and greater destiny for which our forefathers suffered, bled, and died. We pray that Thou will bless the President of the United States and all the leaders of this the greatest country under heaven, that we may always be that great Nation that our fathers established when they left the Old World and came to this the greatest of all nations, seeking a place to worship God in spirit and in truth. May the freedom of speech, of worship, and of thought continue in this country until the Lord Jesus Christ comes in the clouds of heaven to establish a better and holy kingdom upon earth. We ask these blessings in the name of our Lord and Saviour, Jesus Christ. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Gatling, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 4793. An act to provide for emergency flood-control work made necessary by recent floods, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1941. An act to amend the District of Columbia Alley Dwelling Act, approved June 12, 1934, as amended.

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

H. R. 4679. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1945, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HAYDEN, Mr. MCKELLAR, Mr. THOMAS of Oklahoma, Mr. BANKHEAD, Mr. O'MAHONEY, Mr. CHAVEZ, Mr. NYE, Mr. HOLMAN, Mr. GURNEY, and Mr. BURTON to be the conferees on the part of the Senate.

The message also announced that the Acting President pro tempore has appointed Mr. BARKLEY and Mr. BREWSTER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers in the following departments and agencies:

1. Department of Commerce.
2. Department of the Navy.
3. Department of the Treasury.
4. Federal Security Agency.
5. Interstate Commerce Commission.
6. National Housing Agency.
7. United States Coast and Geodetic Survey.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on Monday next, at the conclusion of the legislative program of the day and following any special orders heretofore entered, my colleague the gentleman from Massachusetts [Mr. GIFFORD] be permitted to address the House for 30 minutes.

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

There was no objection.

EXTENSION OF REMARKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Michigan [Mr. WOODRUFF] be permitted to extend his remarks in the RECORD in two instances; in one to include a newspaper article and in the other an editorial.

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

There was no objection.

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from New York [Mr. MERRITT] be permitted to extend his remarks in the RECORD and include therein an article from the New York Herald Tribune.

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

There was no objection.

Mr. BURCHILL of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an article entitled "Price Stabilization Must Continue," which appeared in the New York Packer on May 13, 1944. Since the House will soon be considering legislation having to do with the extension of the Office of Price Administration, I commend this excellent presentation to the reading of all the Members.

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

There was no objection.

THE STEWART PENSION BILL

Mr. STEWART. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks and include therein a short bill I recently introduced.

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

There was no objection.

[Mr. STEWART addressed the House. His remarks appear in the Appendix.]

O. P. A. HAS NO AUTHORITY OVER LUXURIES

Mr. MCKENZIE. 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 Louisiana?

There was no objection.

Mr. MCKENZIE. Mr. Speaker, what is the authority of the O. P. A.? What is its purpose? By these questions I mean what does the O. P. A. purpose and what idea or purpose did this Congress have in mind when it passed the price control act and created the O. P. A. to administer that act? Was the O. P. A. set up to regulate the cost of food and those articles and commodities essential to life and the prosecution of the war? Or was