George E. Culver, Mountain Creek.
Thomas B. Thompson, Piper.
Lizzie H. Barton, Sipsey.
Walter W. Blackidge, Spruce Pine.
Janie Turner Wheeler, Steele.
Pearl Callahan, Steppville.
Beula V. White, Sterrett.

ILLINOIS

Samuel J. Hicks, Bonnie.
Clarence V. Compton, Browns.
John Hoelting, Carlinville.
Gertrude Tippy, Carterville.
Marilla Clover, Cisco.
John H. Leathers, Claremont.
Nellie Blohm, Coal Valley.
Raleigh Miller, Colp.
Oscar L. Dean, Cooksville.
Grace A. Morrison, Dalton City.
Eugene R. Ditzler, Davis.
Mabel E. Conroy, Emington.
Mary C. Schosser, Essex.
Edith Wieman, German Valley.
Marion W. Payne, Golf.
June T. Snider, Gorham.
William Jesse Ribble, Hettick.
Mary E. Donahue, Kenilworth.
Fannie L. Prater, Kilbourne.
Samuel V. Simpson, Mill Shoals.
Laura B. Hayes, Monroe Center.
Ada M. Tate, Mount Zion.
William T. Steiner, Niota.
Wales S. Stamper, Olympia Fields.
Clyde Marlow, Opdyke.
Julius C. Gouy, Panama.
Francis W. Walters, Roberts.
Victor M. Wallace, Roscoe.
Lena C. Kirts, Ste. Marie.
Henrietta Hinds, Secor.
Stella Bossong, Serena.
Fred E. Donaldson, Shobonier.
Carney V. Kerley, Simpson.
Bathews A. Jones, Sims.
Lona L. Manuel, Smithfield.
Jeff Mitchell, Ursa.
John G. Finch, Verona.
Raymond E. Browning, Waggoner.
Sarah B. Gordon, West Point.
Dewey Coomes, Wolf Lake.

LOUISIANA

Ernest L. Robichaux, Montegut.

MARYLAND

Norman J. Hutchison, Cordova.
Minnie L. Wilson, Eden.
Alice L. Eaton, Edgewater.
Richard G. Williams, Funkstown.
Joseph H. R. Talbott, Hanover.
Dorothy G. Hayden, Hollywood.
Travis D. Knode, Keedysville.
Nathan W. Childs, Millersville.
Herbert O. Trott, Owings.
B. Gorman Swann, Piney Point.
Beulah E. Powell, Powellsville.
Mabel B. Disharoon, Quantico.
Marion L. Clark, Queen Anne.
Alma M. Yeatman, Ridge.
Genevieve H. Johnston, Timonium.

MISSOURI

Ola K. Pumphrey, Broseley.
Helen R. Land, Leasburg.
Oden W. Craighead, New Bloomfield.
Bernard Francis Dickmann, St. Louis.

NEW YORK

John A. Briars, Cold Water.
Sidney G. Potter, Eaton.
Paul J. Perrault, Johnson City.
John M. Paul, White Plains.

NORTH CAROLINA

Margaret Vinson, Autryville.
Eugenia W. Walters, Blanch.
Thomas O. Minton, Champion.
Elsie B. Godley, Chocowinity.
Lucy Kelly, Coats.
Lucile McI. Hemingway, Godwin.
Benjamin F. Gough, Hamptonville.
Allan C. Haley, Hanes.
Walter J. Wynne, Havelock.
Hettie M. Baum, Kitty Hawk.
Jacob C. Nye, Orrum.
Paul V. Fitzgerald, Pelham.
Fannie B. Duval, Polloksville.
Thomas A. Gentry, State Road.

OKLAHOMA

Woodrow Wilson Moody, Calera.
Ira Earl McCann, Calumet.
Edna M. Smith, Deer Creek.
Millard B. Means, Dewey.
Robert A. Shepherd, Tecumseh.

OREGON

Charles P. Hunter, Colton.
Lynn A. Wheeler, Mapleton.
Lenora Hunter, Mosier.
Stella A. Howard, Mulino.
Valera McDonald, Shedd.
Chester F. See, Warm Springs.

TENNESSEE

Allye Jane Jones, Bartlett.
John F. Hall, Birchwood.
Tressa Connell, Eads.
Lizzie Roney, Fountain Head.
Ethelyne M. Peacher, Indian Mound.
Mabel B. Reasoner, Joelton.
Guy R. Huffaker, Kodak.
Jessie P. Bledsoe, Minor Hill.
Sarah E. Dickey, Mulberry.
Ashton B. Wood, Normandy.
Berbin Ellis, Robbins.
Evelyn B. Young, Shell Creek.
Martha Thomas Sykes, Stewart.
Virgil Banks, Summitville.
John T. Malone, Taft.
Robert C. Mobley, Tennessee Ridge.
Mary Lou Cannon, Thompsons Station.
Nelson B. Rucker, Washburn.
Loulie Turner, Westpoint.

VIRGINIA

Samuel T. Ish, Aldie.
Ethel C. Cooksey, Amissville.
Elizabeth E. Epperson, Ararat.
William C. Crowe, Atkins.
William H. Sproles, Benhams.
Mae Z. Reynolds, Blue Ridge.
Rena R. Carter, Burke.
Grayson M. Sandy, Callao.
Allie J. Renick, Callaway.
Francis S. Shockey, Copper Hill.
Frank E. Pope, Drewryville.
Irvin T. Arthur, Driver.
James J. Orr, Dryden.
Charles H. Jones, Dry Fork.
Elizabeth P. Tompkins, Duffield.
Vivian H. Hale, Elk Creek.
Sidney B. Henson, Elliston.
Alvis T. Davidson, Faber.
Elma R. Flippo, Fairfield.
Adelia L. Humphries, Fentress.
Charles E. Black, Fordwick.
Edgar B. Shumate, Glen Lyn.
James S. McCauley, Goodes.
Lloyd B. Williams, Hayes Store.
Thomas R. Looney, Keen Mountain.
Verda E. Thompson, Keokee.
Dorothy D. Turner, Lyndhurst.
Ada C. Hilbish, Piney River.
Mercer E. Thomas, Pounding Mill.
George J. Akers, Riner.
Ruben L. Ford, Roda.
Oswald M. Hall, St. Charles.
Mary V. Owen, Sedley.
Alice T. Coleman, Spotsylvania.
Janie A. Boyd, Stonega.
Ellis M. Calhoun, Sugar Grove.
John A. Vernon, Sutherlin.
Frances I. Brown, Swoope.
Annie E. Gallimore, Sylvatus.
Julia E. West, Tasley.
M. Frances McManaway, Thaxton.
Ruby T. W. Parr, Tye River.
Sidney D. Mangus, Vesuvius.
Roland S. Sheppard, Walkerton.
Jennings J. James, Waterford.
Imogen E. Daniel, Weems.
William C. Carter, Whitetop.

VIRGIN ISLANDS

Alvaro de Lugo, Charlotte Amalie.

WASHINGTON

George W. Adams, Lebam.
Ernest E. Cain, Malden.
Margaret Ellen Randall, Manchester.

WEST VIRGINIA

John E. Greene, Adrian.
Russell M. Yeager, Carbon.
Albert E. Adams, Cassville.
Louise Brown, Chelyan.
Pearl Varney, Crum.
Claude Handley, Culloden.
Donald C. Shonk, Dawes.
John O. P. Johnson, Delislow.
Charlotte Mitchell, Diamond.
Elizabeth M. Tabor, East Lynn.
Maggie DeMary, Enterprise.
Paul E. Thomas, French Creek.
Arch C. Moore, Glasgow.
Everett B. Wray, Glen White.
Guy R. Avey, Great Cacapon.
William H. Ryan, Hendricks.
Ray E. Craddock, Henlawson.
Van B. Stith, Highcoal.
Frank O. Trump, Kearneysville.
Buster G. Bowling, Lester.
Grace V. Crow, Letart.
Louise W. Davis, Lookout.
Lacy P. Wallace, McAlpin.
Virgil L. Mathias, Mathias.
Estrue K. Harrah, Meadow Bridge.
Gusta Gall, Moatsville.
Veda M. Dunham, Proctor.
Lora E. Ambler, Red House.
Amer W. Loughry, St. George.
Orion G. Callison, Slab Fork.
Robert E. Wilson, Stanaford.
Sada S. Goode, Stirrat.
Emmett W. Williams, Stotesbury.
Edmund C. Berkeley, Van.
Edith Mead, Wilsonburg.
James N. Flanigan, Wolf Summit.

SENATE

THURSDAY, AUGUST 24, 1944

(Legislative day of Tuesday, August 15, 1944)

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

Rev. John R. Edwards, D. D., associate minister, Foundry Methodist Church, Washington, D. C., offered the following prayer:

God of the ages! God of this age! We turn our thoughts to Thee. We come in reverence and humility at remembrance of Thy greatness and Thy holiness. Grant us Thy grace in our struggle toward right understanding, world reconstruction, and permanent peace. Thy part in all of this is constant; ours only is the variable. We this day remember our allies. We pray for them as brothers in the great world struggle. We remember our enemies as brothers alienated by misunderstandings and false aims. As we pray for them in terms of changed world conditions and of heart, we pray Thee purge our motives from bias, bigotry, and malice.

Give courage and guidance to all our armed forces. Be near to our sons and brothers who fall in battle. Hold them in Thy embrace and grant them life eternal through the merits of the Saviour. Remember their loved ones in Thy compassion.

Direct Thy servants of this body in all their work this day. To Thee shall be the praise and the glory. Amen.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The Secretary, Edwin A. Halsey, read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., August 24, 1944.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. MILLARD E. TYDINGS, a Senator from the State of Maryland, to perform the duties of the Chair during my absence.

CARTER GLASS,
President pro tempore.

Mr. TYDINGS thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, August 23, 1944, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

CALL OF THE ROLL

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

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

Aiken	Guffey	Pepper
Andrews	Gurney	Radcliffe
Austin	Hatch	Revercomb
Bankhead	Hawkes	Scrugham
Bridges	Hayden	Shipstead
Buck	Hill	Stewart
Burton	Johnson, Calif.	Taft
Byrd	Johnson, Colo.	Thomas, Okla.
Capper	Kilgore	Thomas, Utah
Caraway	La Follette	Tobey
Chandler	Larger	Tunnell
Connally	McClellan	Tydings
Cordon	McFarland	Vandenberg
Danaher	McKellar	Wagner
Davis	Maloney	Walsh, N. J.
Downey	Mead	Weeks
Eastland	Millikin	Wherry
Ellender	Moore	White
Ferguson	O'Daniel	Wiley
George	O'Mahoney	
Green	Overton	

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

The Senator from Kentucky [Mr. BARKLEY] is absent because of illness in his family.

The Senators from North Carolina [Mr. BAILEY and Mr. REYNOLDS], the Senator from Idaho [Mr. CLARK], the Senator from Missouri [Mr. CLARK], the Senator from Iowa [Mr. GILLETTE], the Senator from Georgia [Mr. RUSSELL], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], and the Senator from Montana [Mr. WHEELER] are necessarily absent.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Indiana [Mr. JACKSON], the Senator from Illinois [Mr. LUCAS], the Senator from South Carolina [Mr. MAYBANK], the Senator from Nevada [Mr. MCCARRAN], the Senator from Utah [Mr. MURDOCK], the Senator from Montana [Mr. MURRAY], the Senator from Washington [Mr. WALLGREN], and the Senator from Massachusetts [Mr. WALSH] are detained on public business.

Mr. WHERRY. The following Senators are necessarily absent:

The Senator from Minnesota [Mr. BALL], the Senator from Maine [Mr. BREWSTER], the Senator from Illinois [Mr. BROOKS], the Senator from South Dakota [Mr. BUSHFIELD], the Senator from Nebraska [Mr. BUTLER], the Senator from Oregon [Mr. HOLMAN], the Senator from North Dakota [Mr. NYE], the Senator from Kansas [Mr. REED], the Senator from Wyoming [Mr. ROBERTSON], the Senator from Idaho [Mr. THOMAS], the Senator from Indiana [Mr. WILLIS], and the Senator from Iowa [Mr. WILSON].

The ACTING PRESIDENT pro tempore. Sixty-one Senators have answered to their names. A quorum is present.

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 the facts and pertinent provisions of law in the cases of 175 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.

LEGISLATION ENACTED BY MUNICIPAL COUNCILS IN THE VIRGIN ISLANDS

Letters from the Acting Secretary of the Interior, transmitting, pursuant to law, copies of legislation passed by the Municipal Councils of St. Croix, St. Thomas, and St. John, V. I. (with accompanying papers); to the Committee on Territories and Insular Affairs.

LIQUIDATION OF FEDERAL RURAL REHABILITATION PROJECTS

A letter from the War Food Administrator, transmitting, pursuant to law, three statements constituting a report with respect to the progress of the liquidation of Federal rural rehabilitation projects (with an accompanying report); 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 (3), Post Office, Navy, and Agriculture; United States Employees' Compensation Commission (2), and the National Housing Agency (2) 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.

REPORTS OF THE CLAIMS COMMITTEE

The following reports of the Committee on Claims were submitted:

By Mr. WHERRY:

S. 2069. A bill for the relief of Irma S. Sheridan, postmaster at Rockville, Oreg.; without amendment (Rept. No. 1066).

By Mr. ELLENDER:

S. 1557. A bill for the relief of Joel A. Hart; with amendments (Rept. No. 1067);

S. 1897. A bill for the relief of Mrs. Sophia Tannenbaum; with an amendment (Rept. No. 1068);

S. 1922. A bill for the relief of W. A. Smoot, Inc.; with an amendment (Rept. No. 1069); and

H. R. 2390. A bill for the relief of Joseph Scarpella and Dorothy Scarpella; without amendment (Rept. No. 1070).

BILL INTRODUCED

Mr. RADCLIFFE (for himself and Mr. BAILEY), by unanimous consent, introduced a bill (S. 2106) to provide for the sale of certain Government-owned merchant vessels, and for other purposes, which was read twice by its title and referred to the Committee on Commerce.

LUM JACOBS—AMENDMENT

Mr. O'DANIEL submitted an amendment intended to be proposed by him to the bill (S. 2007) for the relief of Lum Jacobs, which was ordered to lie on the table and to be printed.

DISPOSAL OF SURPLUS GOVERNMENT PROPERTY—AMENDMENTS

Mr. DOWNEY, Mr. HAYDEN, Mr. TAFT, and Mr. WEEKS each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 2065) to establish a Surplus War Property Administration; to provide for the proper disposal of surplus war property; and for other purposes, which were severally ordered to lie on the table and to be printed.

HAVENS IN PALESTINE FOR EUROPEAN JEWS

Mr. THOMAS of Utah (for himself, Mr. MURRAY, Mr. FERGUSON, and Mr. TAFT) submitted the following resolution (S. Res. 325), which was referred to the Committee on Foreign Relations:

Whereas the Government of Hungary has specifically expressed its readiness to release those Jews who could enter Palestine, which is easily accessible from Balkan countries by land route and calls for little or no shipping space, and whose 600,000 Hebrews are clamoring for an opportunity to shelter and feed their tormented kin; and

Whereas the Governments of the United Kingdom and the United States have accepted the proposal of the Hungarian Government made on July 17, 1944, to the International Committee of the Red Cross for the release of Jews, and have officially and publicly stated that they "will find temporary havens of rescue where such people may live in safety": Now, therefore, be it

Resolved, That the Senate of the United States recommends and urges the President and the Secretary of State to use their good offices to put into effect immediately this solemn obligation by the immediate establishment of mass emergency rescue shelters in the mandated territory of Palestine, similar to the emergency shelter at Oswego, N. Y., so that the Hebrews of Europe may find there haven from the ordeals of persecution.

THE WORKINGMAN: YESTERDAY, TODAY, AND TOMORROW—ARTICLE BY SENATOR THOMAS OF UTAH

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD an article entitled "The Working Man: Yesterday, Today,

and Tomorrow," written by Senator THOMAS of Utah, and published in the June-July issue of the Democratic Digest, which appears in the Appendix.]

RECONVERSION AND EMPLOYMENT IN THE POST-WAR PERIOD—EDITORIAL AND ARTICLE FROM "AMERICA"

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an editorial entitled "No Pea Shooter Wanted" and an article by Joseph P. McMurray entitled "Full Employment: The Post-war Scene," both published in the August 19, 1944, issue of America, which appear in the Appendix.]

EDITORIAL COMMENT ON THE PROPOSED MISSOURI VALLEY AUTHORITY

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD two editorials dealing with the proposed Missouri Valley Authority, one published in the Chicago Sun of August 21, 1944, and the other published in the St. Louis Post-Dispatch of August 11, 1944, which appear in the Appendix.]

STRIKES IN WAR INDUSTRIES—ARTICLE BY FRANK C. WALDROP

[Mr. O'DANIEL asked and obtained leave to have printed in the RECORD an article entitled "Why They Struck," by Frank C. Waldrop, published in the Washington Times-Herald of August 23, 1944, which appears in the Appendix.]

DISCHARGED WAR VETERANS—EDITORIAL FROM THE LOS ANGELES EXAMINER

[Mr. LANGER asked and obtained leave to have printed in the RECORD an editorial entitled "The Unwanted Battalion" dealing with discharged war veterans, published in the Los Angeles Examiner of December 1, 1943, which appears in the Appendix.]

KIMMEL CASE NEEDS HEARING—ARTICLE BY BILL CUNNINGHAM

[Mr. WEEKS asked and obtained leave to have printed in the RECORD an article entitled "Kimmel Case Needs Hearing," by Bill Cunningham, published in the Boston Herald of August 22, 1944, which appears in the Appendix.]

DISMISSAL OF WAR VETERANS FROM NORTH AMERICAN AVIATION CO. PLANT

Mr. O'DANIEL. Mr. President, considerable anxiety has been expressed by the people of this Nation regarding jobs for our soldier boys when they are discharged. We need no longer wonder about this matter because we are now finding out exactly how they are being mistreated. Down in Texas 100 returned soldiers have already been kicked out of their jobs at the North American Aviation plant by the C. I. O. with the approval of the National Labor Relations Board. The company's hands are tied in the matter.

This disgraceful procedure is being condemned by the American Legion and the Veterans of Foreign Wars, according to a news item which appeared in the Dallas Times-Herald of Sunday, August 20, 1944. I ask unanimous consent to have this news article printed in the RECORD at this point.

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

LEGION BLASTS U. A. W.-C. I. O. FOR VET DISMISSAL—100 RETURNED SOLDIERS LOSE JOBS AT PLANT—VETERANS OF FOREIGN WARS JOIN IN PROTEST OF SENIORITY CLAUSE

The American Legion and the Veterans of Foreign Wars Saturday blasted the U. A. W.-C. I. O. for its stand on a union contract seniority clause which has resulted in the dismissal of veterans of World War No. 2 at North American Aviation since the announcement of a cut-back in bomber production a week ago.

Approximately 100 veterans of this war had been released from N. A. A. duties by Saturday. The company's hands are tied in the matter. It must abide by the contract as approved by the N. L. R. B.

"This is a disgrace," L. A. Stewart, commander of the fifth district of the American Legion, said. "Plenty of these boys have seniority, from places like Bougainville and Salerno, even if they don't have it at North American. They have been working for $50 a month, not at war-plant salaries."

C. I. O. IS POWERFUL

"The C. I. O. is a very powerful organization, but so is the American Legion. We have already gone on record at Fort Worth as opposing the union on this stand. If this is to prevail, the entire Nation will hang its head in shame in future years."

"If they know what is good for them, they will change their attitude, because these veterans are not going to be kicked around," J. C. Kemp, past commander and present quartermaster of the Dallas post of the Veterans of Foreign Wars, said Saturday.

"Our national organization is trying to keep the same thing that happened after World War No. 1 from happening again," he added. "We have already had to call the hands of some people. All World War No. 2 veterans who are released from the plant should personally contact our offices at 2024 Commerce," he urged. "We would like very much to hear their stories and to try to help them."

At Fort Worth Saturday one draft board reported the story of Frank Meyners, a machinist's mate, second class, in the Navy. After 3 years duty in the Navy he received a medical discharge last December and was employed at N. A. A. 2½ months ago.

Meyners was dismissed last week. His wife is expecting a baby in November, and he, a lathe operator, is without a job.

O. H. Britt, president of Local 645 of U. A. W.-C. I. O., at Grand Prairie, refused to comment on the union's position Saturday. He said there were no other local union officials who would venture comment.

The company, it has been reported, is ready to arbitrate with the union on the matter at any time.

SHORTAGE OF FARM MACHINERY IN NORTH DAKOTA

Mr. LANGER. Mr. President, I have today received a telegram from Norman G. Jensen, of Portal, N. Dak., dealing with the subject of farm machinery. The telegram is as follows:

Twelve combines exported at Portal today.

DISPOSAL OF SURPLUS GOVERNMENT PROPERTY

The Senate resumed the consideration of the bill (S. 2065) to establish a Surplus War Property Administration, to provide for the proper disposal of surplus war property, and for other purposes.

The ACTING PRESIDENT pro tempore. The Chair will state the pending question. The question is on agreeing to the amendment proposed to the committee amendment by the Senator from Tennessee [Mr. MCKELLAR] on behalf of himself, the Senator from Mississippi [Mr. EASTLAND], and the Senator from Arizona [Mr. MCFARLAND], inserting on page 52, after line 25, a new subsection.

Mr. VANDENBERG. Mr. President, if I may have the attention of the Senator from Colorado [Mr. JOHNSON], I wish to invite his attention to page 48 of the bill, line 13, section 13 (a), under the heading "Disposition by owning agency." This section seems to say that a war contractor can be authorized to retain or dispose of any of his contract inventories for the purpose of aiding in the prosecution of the war and for the common defense, provided that no part of such inventories shall be retained or disposed of by such contractor or subcontractor for any other purpose.

Mr. President, I submit to the Senator that in practice the operation of that section would directly collide with the entire purpose we are undertaking to serve, namely, the purpose of facilitating conversion into peacetime operations, because under this language a contractor with a terminated contract and with a substantial inventory on hand would be allowed to part with his inventory for war purposes at a time when probably there would be no war purposes, but he would be precluded from retaining his own inventory for his own purposes of reconversion. In other words, if the manufacturer who was producing war materials had a substantial contract inventory on hand when the contract was terminated, if he could immediately use half of that inventory in reconversion into peace activity, under this language he would be required, nevertheless, to part with the inventory and go into the open market and start all over again to build up his inventory. In the meantime the Government itself would have to store his inventory. I cannot believe that it is intended to retard the process of reconversion in any such fashion, and I am asking the able Senator from Colorado what the purpose of the section really is.

Mr. JOHNSON of Colorado. It is not the intention to retard the process of reconversion in any way. The Senator will note that the heading of this section is "Disposition by owning agency." A distinction must be made between the owning agency and a disposal agency. The Senator will recall that the Termination of Contracts Act permitted the Government to make settlement with contractors and subcontractors with respect to their inventories. We did not want the owning agency to turn over some of the surplus property to a contractor or subcontractor, and then have the contractor or subcontractor become, in his own right, a disposal agency, and peddle his inventory to whomsoever would buy.

Mr. VANDENBERG. I should like to interrupt the Senator to say that I totally agree with that purpose, but I think the Senator has overshot the mark.

Mr. JOHNSON of Colorado. Perhaps so. I should like very much to have some assistance from two very able lawyers who assisted in this matter, namely, the Senator from Vermont [Mr. AUSTIN] and the Senator from Wyoming [Mr. O'MAHONEY]. This is very much of a legal matter, as well as a policy matter, and I should like to have their assistance in giving the Senator from Michigan information.

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

Mr. JOHNSON of Colorado. I yield.

Mr. O'MAHONEY. Let me say first that the Senator from Colorado needs very little assistance.

Mr. VANDENBERG. He needs some assistance in answering this question, so far as his answer up to this point is concerned.

Before we call in the lawyers, let me add that my suggestion was that we protect this section against any such possible foreclosure of its use in appropriate ways, by adding at the end of the proviso the words "except under policies established by the board." The proviso would then read:

Provided, That no part of such inventories shall be retained or disposed of by such contractor or subcontractor for any other purpose, except under policies established by the board.

Mr. O'MAHONEY. Mr. President, if the Senator will yield to me, I invite the Senator from Michigan to look on page 76, line 24. There he will find the term "contractor inventory" defined. So the meaning of the section which has aroused the Senator's interest, section 13 (a), cannot be clear without an understanding of just what we mean by "contractor inventory." The term is defined as meaning "any property allocable to the terminated portion of a contract of any type with a Government agency or to a subcontract thereunder."

Mr. VANDENBERG. Let me interrupt the Senator to say that I am familiar with that definition. One of the next questions I wish to ask is why this definition has been so substantially narrowed from the definition contained in the original language of the bill. It is very substantially narrowed.

Mr. O'MAHONEY. As the Senator from Colorado has stated, in the first place, the purpose of the bill was not in any way to deal with inventories which, in connection with the termination of a contract under an existing act, should be assigned to the contractor. Such inventories are his property. They are not surplus property. They are not affected by this bill. The belief of the committee was that we were dealing solely with such inventories as did not become the property of the contractor, and were only the property of the Government. So the effect of the section is to enable the agency concerned to allow a contractor to continue to use Government property for purposes of the war, and that is the only effect it has. If the contractor should need property on hand when his contract was terminated, it was the supposition that he would acquire the property in the course of the termination of the contract.

Mr. VANDENBERG. Of course, that process would be entirely reasonable and practicable; but it seems to me that the language of section 13 collides with that net result.

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

Mr. VANDENBERG. I yield.

Mr. GEORGE. The proviso on page 48, line 20, absolutely prohibits the very thing which the Senator from Wyoming now says was the intention.

Mr. O'MAHONEY. Not if we regard an inventory as such an inventory as is defined in the bill. This provision does not deal with inventories which are the property of the contractor. In other words, what we are dealing with in this bill is solely surplus property belonging to the Government.

Mr. GEORGE. The Senator is mistaken if he thinks that that is what would be accomplished by the bill. This would be the result: There are innumerable textile mills in the South which are doing work exclusively for the Government. They are making a peacetime product, but it is all taken by the Government. It is all Government owned. Under the terms of the bill the textile mill would have to close down its machines, although if it could retain the property of the Government under contract it could continue, without even slowing down operations or throwing anyone out of employment. However, under the terms of this proviso, which I may say in passing was not the situation in the original bill, that would not be possible.

If the Senator will turn to pages 13 and 14 of the original text, which was stricken out, he will see that inventory property could be sold to a contractor or subcontractor, because the contractor's inventory includes both that of the prime contractor and that of the subcontractor. This provision is inconsistent with what we did in the Contract Termination Act, and especially the plant-clearance provisions of that act. It would slow down and retard reconversion. That is especially true when we look at section 21 and see what is to be done with scrap metals and minerals. We would simply slow down the process until the manufacturer whose contract was canceled could go into the open market and find some other material which he could buy.

VISIT TO THE SENATE OF DR. H. H. KUNG, MINISTER OF FINANCE OF CHINA

Mr. HILL. Mr. President, will the Senator from Michigan yield to me for a moment?

Mr. VANDENBERG. I yield to the Senator from Alabama.

Mr. HILL. The distinguished Minister of Finance of the Republic of China, Dr. H. H. Kung, is waiting in the Vice President's room to make a visit to the Senate. I ask unanimous consent that the Chair name a committee to escort him to the floor of the Senate, and that then the Senate stand in recess subject to the call of the Chair.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Chair appoints the Senator from Alabama [Mr. HILL], the Senator from Maine [Mr. WHITE], the Senator from Texas [Mr. CONNALLY], and the Senator from Kansas [Mr. CAPPER] as the committee to greet the distinguished visitor and escort him into the Chamber.

Pursuant to the unanimous-consent agreement, the Senate will now stand in recess, subject to the call of the Chair.

The Senate being in recess, at 12 o'clock and 34 minutes p. m., Dr. H. H. Kung, Vice President of the Executive Yuan and Minister of Finance of China, escorted by the committee appointed by the Acting President pro tempore, consisting of Mr. HILL, Mr. WHITE, Mr. CONNALLY, and Mr. CAPPER, preceded by the Secretary, Edwin A. Halsey, and the Sergeant at Arms, Wall Doxey, entered the Chamber and took the place assigned him on the rostrum in front of the Vice President's desk.

The members of the party accompanying Dr. Kung, including Dr. Wei Taoming, Chinese Ambassador, Hoo Chetsai, Vice Minister for Foreign Affairs, and Liu Chieh, Minister of the Chinese Embassy in Washington, entered the Chamber and were escorted to the seats assigned them.

The ACTING PRESIDENT pro tempore. Members of the Senate, I have the honor to present Dr. H. H. Kung, Vice President of the Executive Yuan and Minister of Finance of China.

(Prolonged applause, Senators and occupants of the galleries rising.)

ADDRESS BY DR. KUNG

Dr. KUNG. Mr. President, Members of the Senate, I am grateful for your invitation to address you today. Some time ago you conferred a similar high honor on Madame Chiang Kai-shek. We know this honor is not individual, but an honor to the Chinese Nation. China thanks you.

The United States and China have always maintained cordial relations almost unparalleled in the history of nations. Time and again when China's national interests were in jeopardy the United States came unfailingly to her side in upholding the great principles by which the independence and integrity of nations are preserved.

In the midst of world chaos our traditional friendship has deepened into even more intimate ties of partnership in the common struggle against the forces of tyranny and violence.

Recently Vice President WALLACE visited China. Now your President is sending on an important mission Major General Hurley and Mr. Donald Nelson. The timely visits of these and other distinguished Americans are significant and indicative of your steadfast friendship.

On this occasion I should like to voice again the sense of indebtedness the Chinese people feel for the assistance you of America—the President, the Congress and the people—have given us in credits, loans, and lend-lease goods which have helped us tide over some of our many difficulties. Two congressional actions also call for special recognition. One is the voluntary relinquishment of your extraterritorial rights in China. The other is the revision of your immigration laws insofar as they affect persons of Chinese nationality. These two actions are further demonstrations of your friendliness and of farsighted statesmanship.

I shall try in a few minutes to tell you of the efforts of the Chinese people in the prosecution of the war, and of China's aims for the peace of tomorrow.

When war broke on China—more than 7 years ago—she took up arms against an enemy she knew to be infinitely better equipped, better prepared. Fighting

alone in a world yet to awake to the ways of aggressors, China knew that between slavery and freedom, between living in ignominy and death with honor, there was but one choice. With no small measure of appreciation for the materials she was able to secure at the time from the Soviet Union, Great Britain, and America, China fought on, stubbornly, relentlessly, and regardless of sacrifices. She never believed for one moment that there could be any compromise, where great principles were at stake.

Then in December of 1941 came the infamous attack on Pearl Harbor, followed by the fall of Hong Kong, Malaya, the Netherlands East Indies, Burma, and the Philippines, all in such rapid succession that the entire world was stunned. Nothing seemed capable of checking the onrush of the Japanese war machine. Those were indeed the darkest hours for freedom-loving peoples everywhere, and for the Chinese people in particular, whose strength already had been drained by long years of war, and who were now confronted with a complete blockade and isolation from the friendly world.

It was at this time—and now it can be told—that Japan made repeated offers of peace couched in most tempting terms to induce China to give up what then appeared a hopeless struggle. But we did not falter. We did not give in. We held on, because of the firm belief that right must triumph over might, and justice must prevail. We were more conscious than ever of our responsibility in defending the citadel of freedom in Asia while our allies were locked in mortal combat in other theaters of war. We bogged down a million of Japan's fighting men whom the Japanese war lords would have effectively employed elsewhere. Pause to imagine what could have happened if in the wake of their sweeping conquest of Malaya and Burma the Japanese had been able to withdraw 20 divisions from China to employ against India. Again, what would have been the effect on the course of the war in Europe if Japan had been able to pour a million men across the borders of Siberia at the time when the Nazi hordes were at the gates of Moscow?

Fortunately for mankind, victory is now in sight. While the war in Europe speeds to a victorious end, while we are redoubling our effort in bringing about the swift and utter defeat of Japan, as presaged by the distinguished President of the United States on his recent visits to the Pacific bases, the time has arrived for forward-thinking people to plan for the peace that is dawning. In this great task of peace planning the United States again has shown her farsightedness and leadership. In the past few months, in the midst of your preoccupation with the war effort, you have called together a series of international conferences to plan for the production and distribution of food, for the relief and rehabilitation of devastated countries, for the stabilization of currencies, and for economic reconstruction and development of the world. By these conferences you have shown the way to international cooperation which will bring security and prosperity to all mankind.

Above all, we must organize the peace itself. We must put an end to man's inhumanity to man. If civilization is to survive, we must make impossible the recurrence of war with all its horrors and cruelties. At this very moment, in Washington, a conference is sitting to devise a machinery for world security. On this subject, China and her allies are of like mind. We are prepared to back up a properly constituted world organization with all we have, in the enforcement of peace.

For the Chinese Government and people, I am privileged to say here that in all matters of international cooperation we wholeheartedly support the policies of the United States, which we are convinced are founded on the same ideals of justice and decency which the Chinese people have traditionally cherished.

The question has sometimes been asked as to whether China will emerge from this war a democratic nation capable of collaborating with other democracies, and whether the Chinese National Government commands the support of its people. It would be very rash of me were I to tell you that everything is perfection in China. We, like most other nations, have difficulties and weaknesses. Our difficulties and weaknesses have been accentuated by the strain of 7 long years of war, and by China's total mobilization as a contribution to the common war effort. But I assure you that the Chinese Government is irrevocably committed to a democratic program and that China is on the way toward full development as a modern democracy.

China's national policy is based upon what is commonly known as the three principles of Dr. Sun Yat-sen—the principles of national independence, political democracy, and economic welfare of the people. These principles are similar to the immortal pronouncement of your great President Lincoln, namely, "government of the people, by the people, and for the people." In formulating those principles Dr. Sun was inspired by the teachings of China's philosophers as well as by the political thinkers of the West. Those principles embody the ideals and aspirations of all freedom-loving peoples everywhere. It is because the Chinese people are convinced that the National Government is capable of, and definitely committed to, carrying out the democratic program as laid down by Dr. Sun that they have stood solidly behind it and its leader, Generalissimo Chiang Kai-shek, during nearly two decades of national revolution and war against aggression.

Even in the midst of war, when there exists an inevitable tendency to concentrate power in the Central Government, we have introduced and carried out a number of measures with a view to preparing the people for representative government. I refer to the People's Political Council, which is sometimes described as a wartime parliament; the new district system, which promotes local self-government; and the resolution of the Central Executive Committee of the Kuomintang, a national congress, to convene within 1 year after the conclusion of the war, to adopt a permanent constitution and to put into effect a national system of representative government.

Ultimately our hope is for world freedom and security. China has a long democratic tradition, and tradition is strong in our people. If there is any contribution which the Chinese people can make to the world it is our emphasis on the spiritual and moral as well as the political and social foundations of democracy.

The Confucian concept of a great commonwealth was adopted by Dr. Sun Yat-sen who enjoined his people not only to build a republic, but also to strive toward the realization of a world commonwealth in which all nations, great and small, shall live in peace and equality and all peoples shall be protected in their inalienable rights and be assured the enjoyment of the fruits of their labor. The United Nations have now a unique opportunity to work together toward that ideal. They may well learn from the great American experiment in which 48 States, enjoying their own rights but organized as a Union, have in a comparatively short period of time achieved the greatest measure of unity and prosperity. Peace and democracy can only be realized, as our sages taught us long ago, when the big have learned to serve the small, the strong the weak. In the words of Christ, "Whosoever will be great among you let him be your minister; and whosoever will be chief among you let him be your servant."

(Prolonged applause, Senators and occupants of the galleries rising.)

Following his address Dr. Kung and the distinguished visitors accompanying him were escorted from the Chamber.

At 12 o'clock and 58 minutes p. m., the Senate reassembled; when it was called to order by the Acting President pro tempore.

DISPOSAL OF SURPLUS GOVERNMENT PROPERTY

The Senate resumed the consideration of the bill (S. 2065) to establish a Surplus War Property Administration; to provide for the proper disposal of surplus war property; and for other purposes.

The ACTING PRESIDENT pro tempore. The Senator from Michigan [Mr. VANDENBERG] has the floor.

Mr. VANDENBERG. I yield to the Senator from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. The language which the Senator from Michigan has suggested to be inserted at the end of line 22 on page 48 of the bill is entirely acceptable. The bill itself contemplates the very thing which the amendment would imply. The bill would not permit the owning agency to dispose of property. It would immediately become surplus and automatically go to the board. However, the proposed amendment is in complete harmony with the purposes of the bill, and it may as well be spelled out in the manner which the Senator from Michigan has suggested.

Mr. VANDENBERG. Mr. President, in view of the Senator's statement, while I am not at all sure that the

amendment is adequate to reach the point which I am attempting to make, I am sure that it will put the subject into conference in such a manner that it may be further pursued if it is desired to do so. While we are on the subject, even though there is an amendment pending, if there is no controversy about the language which I have suggested, I ask unanimous consent that at the end of line 22 on page 48 of the bill, after the word "purpose" there be added the words "except under policies established by the board."

The ACTING PRESIDENT pro tempore. The Senator from Michigan asks unanimous consent to offer the amendment at this time. Is there objection?

Mr. O'MAHONEY. Mr. President, before consent is granted, in order to complete the RECORD and in response to the inquiry which was made by the Senator from Georgia just before we went into recess to greet the distinguished Chinese visitor, I should like to say that the definition of "contractor inventory" which is adopted in this bill is precisely the definition of termination inventory which was written into the so-called George bill on contract termination; and it was the feeling of the committee that we were doing precisely what the Senator from Georgia desired. I see no objection, however, to granting the unanimous-consent request of the Senator from Michigan.

Mr. GEORGE. Mr. President, I have no objection, of course, to granting the request of the Senator from Michigan, but I should like to have the further condition attached to it that the matter be left open until the proponents of the bill may give some consideration to a suggested amendment by the War Department which very clearly points out the necessity for and probably widening the definition of "contractor inventory." I am willing to have it acted upon with the understanding that we will examine the suggested changes which are intended to effectuate the same purpose as that in the mind of the Senator from Michigan.

Mr. JOHNSON of Colorado. Mr. President, I am sure there will be no desire on the part of any member of the committee not to leave the matter open. However, we are very anxious not to leave an open door through which perhaps two or three or five million dollars' worth of goods may be placed on the market without any control—dumped or sold or dealt with by private individuals—and depriving the board absolutely of any control over those inventories even though they constitute a surplus. We still want to retain control of them. The amendment offered by the Senator from Michigan does just that. So it is in complete harmony with the bill. I do not know what amendment the War Department may offer later, but if their amendment should open the door and allow the War Department to dispose of goods without any restraint on the part of the surplus property control, of course that would be entirely another matter.

Mr. VANDENBERG. As I understand, the Senator from Georgia at the moment, while consenting to this amendment, is simply suggesting that the subject may be reopened for further discussion and further correction if the Senate disagrees later.

Mr. JOHNSON of Colorado. That is agreeable, of course.

Mr. GEORGE. That is all I had in mind.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Michigan? The Chair hears none and the question is on agreeing to the amendment offered by the Senator from Michigan to the committee amendment.

The amendment to the amendment was agreed to.

The ACTING PRESIDENT pro tempore. The question now is on agreeing to the amendment proposed to the committee amendment by the Senator from Tennessee [Mr. MCKELLAR], on behalf of himself, the Senator from Mississippi [Mr. EASTLAND], and the Senator from Arizona [Mr. MCFARLAND], inserting on page 52, after line 25, a new subsection.

Mr. LA FOLLETTE. Mr. President, I note the temporary absence of the senior Senator from Tennessee [Mr. MCKELLAR], who has just stepped off the floor. If there is to be action on this amendment at this time, I hope he can be present, because I have a modification of his amendment to suggest which he advised me privately is acceptable to him, but, of course, I am not in a position to modify his amendment unless he is present on the floor. The language which I have discussed with the Senator from Tennessee and one of the other authors of the amendment is after the word "Corporation" and the comma in line 4 of the printed text of the committee amendment, to insert the words "or at less than current prevailing market prices, whichever may be the higher."

The purpose of this amendment is to give protection to those agricultural commodities which at the present time have a price exceeding parity. Under the language of the amendment offered by the Senator from Tennessee as it stands all commodities which are at parity or below could not be sold in the domestic market at prices less than parity, but there are certain commodities which, while covered by the so-called Steagall amendment assuring a support price of 90 percent of parity, after the war will have no protection for their present price structure under the language of the amendment as offered by the Senator from Tennessee and other Senators. For example, milk and milk products are about 140 percent of parity, and if the amendment I have suggested is not inserted, under existing law those products could be sold at 90 percent of parity, which would mean a price drop so far as these surplus commodities are concerned of 50 percent. Any Senator familiar with the present situation so far as the dairy industry is concerned will appreciate that that would mean utter demoralization of the price structure of dairy products and would mean ruination of those who are concerned in their production.

I have discussed the matter with the very able Senator from Tennessee, who has now appeared on the floor, and it was my understanding that he was willing, with the consent of the other authors of the amendment, to accept my amendment as a modification of his amendment.

Mr. MCKELLAR. Mr. President.

Mr. LA FOLLETTE. I yield to the Senator from Tennessee.

Mr. MCKELLAR. I have no objection to the modification, and, if the Senator will permit, I will at this point ask unanimous consent that the modification may be made.

The ACTING PRESIDENT pro tempore. The amendment of the Senator from Tennessee will be modified in line with the suggestion of the Senator from Wisconsin.

Mr. MCKELLAR. Mr. President, will the Senator yield to me further?

Mr. LA FOLLETTE. I am glad to yield.

Mr. MCKELLAR. The Senator from Alabama [Mr. BANKHEAD] has asked that the word "only" be inserted after the word "act" in line 5 of the amendment and also after the word "export" in line 7. I ask unanimous consent that the amendment be so modified.

The ACTING PRESIDENT pro tempore. The amendment will be modified as requested by the Senator from Tennessee. The question is on agreeing to the amendment as modified.

Mr. BURTON. Mr. President, I ask that the clerk state the modification requested by the Senator from Wisconsin, which was not read from the desk.

Mr. ELLENDER. I suggest that the amendment be read as modified.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment as modified.

The CHIEF CLERK. On page 52, after line 25, it is proposed to insert the following:

> Surplus farm commodities shall not be sold in the United States under this act in quantities in excess of, or at prices less than, those applicable with respect to sales of such commodities by the Commodity Credit Corporation, or at less than current prevailing market prices, whichever may be the higher, unless such commodities are being disposed of, pursuant to this act, only for export; and the Commodity Credit Corporation may dispose of or cause to be disposed of for cash, for export only at competitive world prices, any farm commodity or product thereof without regard to restrictions with respect to the disposal of commodities imposed upon it by any law.

The ACTING PRESIDENT pro tempore. The question recurs upon agreeing to the amendment as modified.

Mr. DANAHER. Mr. President, I should like to ask the Senator from Wisconsin if he would give me the benefit of his judgment on this amendment as modified as to its effect upon the possible use of the stamp plan to dispose of surplus commodities to needy people.

Mr. LA FOLLETTE. The effect of the amendment as modified would be to prohibit the sale of surplus commodities of an agricultural character at less than parity or at less than prevailing market prices, whichever were the higher, so far as such sales in the United States are concerned. There is now no provision

of law, as the Senator knows, for the distribution of commodities under any stamp plan, and, if Congress were ever to adopt such a plan it would have to take into consideration the law, if this amendment becomes a part of the existing law; but the amendment would have no effect on the situation at this time because there is no such program.

Mr. JOHNSON of Colorado. Mr. President, the original McKellar amendment is not in conflict at all with the purposes of the committee amendment to Senate bill 2065; that is, we gave the War Food Administration a veto power. We understood, of course, that the Commodity Credit Corporation was working more or less with the Food Administrator, and that was our reason for giving the War Food Administrator a veto power, so that the prices of supplies of food which might be offered for sale could be harmonized with the prices of food as established by the Commodity Credit Corporation.

The McKellar amendment represents only a different approach to the same problem. I do not see how we can have any objection to that. However, the La Follette amendment is in a little different category, because I proposed and sponsored that amendment in committee, and the committee did not agree with me, and it was rejected. While I am personally in favor of the La Follette amendment, the committee is not in favor of it. I suppose the matter can be settled by a vote taken on the Senate floor.

Mr. LA FOLLETTE. Mr. President, I wish to make a further brief statement. I cannot believe that the committee would be opposed to giving the same protection to commodities not covered by the amendment as originally drawn as it is now proposed to give to all other agricultural commodities. It is simply an attempt on the part of the Senate and the authors of this amendment to assure such a situation as that there shall not be a wrecking of the existing price structure by the sale of commodities at below the market price.

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

Mr. LA FOLLETTE. I yield.

Mr. EASTLAND. As I understand, the purpose of the modification proposed by the Senator from Wisconsin is to protect the domestic price structure for dairy products, is it not?

Mr. LA FOLLETTE. And for all the other products covered in the so-called Steagall amendment which would not be protected under the original draft of the amendment offered by the Senator.

Mr. EASTLAND. Dairy products would be one of the large beneficiaries?

Mr. LA FOLLETTE. That is correct.

Mr. EASTLAND. I have no objection to the modification of the amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. MCKELLAR], as modified, to the committee amendment.

The amendment to the amendment was agreed to.

Mr. WAGNER. Mr. President, I offer an amendment which I sent to the desk and ask to have stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 37, after line 16, it is proposed to insert the following:

(h) To devise ways and means and prescribe appropriate regulations and directives to prevent any discrimination against any person in the disposal and distribution and use of any Government property covered by this act on account of race, creed, or color.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New York [Mr. WAGNER], to the committee amendment.

The amendment to the amendment was agreed to.

VISIT TO THE SENATE BY COL. PHILIP G. COCHRAN AND COL. JOHN ALISON

Mr. CHANDLER. Mr. President, I wish to attract the attention of the Members of the Senate to two young men who are the guests of the Senate and who are seated in the front row of the Senators' family gallery, Col. Philip G. Cochran, known to the people of America as "Flip" Cochran, of Erie, Pa., and Col. John Alison, of Gainesville, Fla. These two fine young Americans are members of the Army Air Corps, and have been for some time past fighting in the jungles of Burma under Brigadier General Wingate's command and with Merrill's Marauders. I know the Members of the Senate would like to greet these young men, because they have won almost every decoration which a grateful Government has to give to its heroic young fighting sons.

Mr. President, I shall ask Colonel Cochran and Colonel Alison to stand so the Members of the Senate may see them and greet them on this occasion.

Colonel Cochran and Colonel Alison rose in their places in the gallery, and the Members of the Senate stood and applauded.

DISPOSAL OF SURPLUS GOVERNMENT PROPERTY

The Senate resumed the consideration of the bill (S. 2065), to establish a surplus war property administration; to provide for the proper disposal of surplus war property; and for other purposes.

Mr. THOMAS of Oklahoma. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 61, at the end of line 5, it is proposed to strike out the period, insert a colon, and add the following: "*Provided further*, That the Secretary of the Interior is hereby authorized and directed to sell the tract of land of approximately 532.4 acres, in Cleveland County, Okla., commonly known as Moore Field, and more particularly described in, and acquired through, a declaration of taking executed by the Under Secretary of the Navy and filed in the United States District Court for the Western District of Oklahoma, and judgment entered thereon, in the proceedings in such court entitled 'United States of America, petitioner, against 532.4 acres of land, more or less, in Cleveland County, Okla., and Mrs. J. R. Holliday, and others, defendants, No. 1120—Civil,' and to execute and deliver a deed, or deeds, to the person, or persons, or their heirs or assigns, from whom the original holdings were acquired: *Provided further*, That the sale price for such land shall be a sum sufficient to cover the original purchase price and any sums expended by the Navy Department upon such land or arising out of the use and occupancy thereof by the Navy Department: *Provided further*, That the said Secretary is hereby authorized to make rules and regulations necessary to carry into effect the provisions of this section."

Mr. THOMAS of Oklahoma. Mr. President, this amendment has been before the Senate on a former occasion, and has been acted upon favorably by the Senate. In connection with an annual appropriation bill a hearing was held, the amendment was presented and accepted by the committee, and thereafter presented to the Senate and accepted by the Senate. When the bill went to conference the House conferees objected to the amendment, because it was legislation on an appropriation bill. The House conferees had no objection to the text of the amendment or its effect, but they said they were prevented from accepting an amendment of a legislative character on an appropriation bill.

The regular Senate Committee on Naval Affairs has likewise held hearings on this subject and the House Committee on Naval Affairs has held hearings on the same proposition. The facts are as follows: In Cleveland County, Okla., the Navy Department has a large naval base for training purposes. Around the main field it has a number of secondary or auxiliary fields. The land embraced in this amendment was selected by the Navy Department as an auxiliary field for flying purposes. The land was condemned, taken from the farm owners, and was improved to some extent. The land was leveled off on the surface and a large amount of gravel was placed on the land to make it suitable for use in wet weather. About the time that the field was ready for occupancy an oil well was drilled in a short distance from the land, oil was found, and immediately the land became of great value for oil purposes. The adjacent lands were leased and a number of derricks were erected for drilling purposes.

When the Navy saw that the land in question was to be surrounded by oil derricks and oil fields, the Department realized that it would not be a proper place for the training of Navy flyers, so the Department abandoned the field and said it had no further use for the land. Under those conditions the Secretary of the Navy sent a letter to the House Naval Affairs Committee recommending that the land be turned back to the former owners.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the letter from the late Secretary of the Navy, Frank Knox, to the gentleman from Georgia, Representative VINSON, chairman of the House Committee on Naval Affairs.

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

NAVY DEPARTMENT,
Washington, D. C., November 13, 1943.

Hon. CARL VINSON,
Chairman, Committee on Naval Affairs,
House of Representatives,
Washington, D. C.

MY DEAR CARL: I wish you would present the matter discussed in this letter to your full committee for their consideration, and when I get back from New River, I will come up and discuss it with the committee if you desire.

As I told the committee the other day, we purchased a tract of 532 acres of land near Moore, Okla., for which we paid a total of $46,431.60. This was designed for an auxiliary airfield, and we started at once the work of putting the field in condition for such use, spending to date about $150,000. All of the land was taken by process of condemnation. Subsequent to our purchase of the land, a very big oil well was opened up within a half mile of our land and there are indications that a considerable field of oil exists in this area.

Immediately we were offered, by one of the oil companies, $250,000 in cash plus a royalty of one-sixteenth which the oil company estimated would give us $500,000 more. Of course, instead of accepting the first offer made, I immediately dispatched an expert to the scene to get some accurate information on which I could depend.

I have been thinking about this since, and I am wondering if it is fair and equitable for the Government to exercise its power to condemn and thus become possessed of certain land, which otherwise would have remained in the hands of the private owners, and then take advantage of a discovery of oil in adjoining territory and profit by the transaction. These people did not want to sell their lands. We made them sell. If they had not sold they would themselves have benefited by the discovery of oil beneath the surface. Query: Should the Government, under these circumstances, proceed to take a big profit through the sale of the lands—a profit that otherwise would go to the owners whose title we had compelled them to yield to us?

The Government is not in the oil-speculation business. The lands were bought for an airfield and not for speculative purposes. The use of the land for an airfield is no longer possible because it will be surrounded by oil derricks. Under these circumstances would it not be equitable and just to return the land to the people whom we dispossessed, providing that they recoup the Government by repaying the money we paid for the land plus the money we have expended in improvements which now must be abandoned?

Here is an ethical question on which I would like to have the judgment of the committee. When I get back I should like to discuss it with you.

Yours sincerely,

FRANK KNOX.

Mr. THOMAS of Oklahoma. Mr. President, the Secretary of the Navy in the letter said that the fair thing to do was to let this land go back to the former owners. He made a condition, however, that these farmers should pay back to the Government all the money they had received, plus all the money the Navy had expended in improving the land. The land had oil value at that time. The three farmers, the former owners of the land, agreed that they would do so, and they obviously had reason for making the proposition. No doubt they have understandings with oil companies that in the event the land is turned back they can lease it and secure money from the oil companies to make the payment to the Government. The Navy has expended there about $110,000, so I am advised. The original purchase price was about $46,000. I may not be quite accurate as to exact figures, but approximately $150,000 has been spent by the Government in acquiring and improving this land. Now the Government has abandoned it. If the land has no oil value, its agricultural value has been destroyed very largely because of the gravel runways. The land could not, in all probability, be sold either at private or public sale for agricultural purposes for the amount the Navy paid for it. At this time, however, the land has a speculative value by reason of oil having been discovered nearby. If the Senate will adopt my amendment, and if the House will accept the amendment and the matter can soon be settled, the Government will be paid back all the money it spent in the first instance for the land, plus all the money it has expended in the way of improvements, which would be a total of about $150,000.

After receiving Secretary Knox's letter the chairman of the House committee [Mr. VINSON] introduced a bill in the House. Hearings were held on the bill. At the same time the chairman of the Senate Naval Affairs Committee, the Senator from Massachusetts [Mr. WALSH] introduced a similar bill in this body, and hearings have been held on the bill in the Senate committee. Later on Mr. MONRONEY, Representative from the district in Oklahoma in which this land is located, introduced a second bill in the House. Hearings were held on that bill, and the House committee reported the bill favorably, and the bill is now on the House Calendar, but by reason of the summer adjournment of Congress, and because bills of greater importance having to do with the prosecution of the war and in connection with the war, have been pending before Congress, the House has not had time to act finally upon the House resolution.

As I said a moment ago, the Senate has heretofore passed upon the matter in the form of an amendment to the naval appropriation bill, which had to be yielded when the House conferees held that they could not accept a legislative rider on an appropriation bill.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. ELLENDER. I am very sympathetic toward the amendment proposed by the Senator from Oklahoma. As a member of the Naval Affairs Committee I had occasion to hear the evidence in respect to this amendment. However, I wish to invite the attention of the Senator to certain language in the pending measure.

Section 4 (a) reads as follows:

SEC. 4. (a) Notwithstanding the provisions of any other law but subject to the provisions of this act, the board and any disposal agency designated by it under subsection (c) of section 3 of this act are authorized to dispose of surplus property.

Section 4 (b) provides as follows:

(b) Notwithstanding the provisions of any other law but subject to the provisions of this act, the board may dispose of property under this act by sale, exchange, lease, transfer, or other disposition for cash, credit, other property or otherwise, with or without warranty, and upon such other terms and conditions as it deems proper.

On page 61, beginning with line 6, we find the following language:

(2) In the event that land which was employed in farming operations when acquired by the Government but which is no longer classified as agricultural land, is transferred to the Secretary of the Interior under this act, the former owner of such land and his lineal heirs may be offered similar agricultural land in the same area, if such land is available.

Is not that language sufficiently broad to cover completely the situation which the Senator is now discussing?

Mr. THOMAS of Oklahoma. My answer is "Yes," Mr. President; but if we wait until this case is reached in regular order, it may be that this land will have no value whatever for oil purposes.

I wish to show the Senate a rough map of this particular territory, and the section of land which is involved. This chart shows section 28. It shows that portion of section 28 which is involved in the amendment. It is the portion shown in dark shading. As I have stated, oil wells have been drilled around this land. An oil well was drilled 200 feet south of this land, and that well is dry. It is 7,000 or 8,000 feet deep, and there is no oil there. The first well that was drilled was at the point indicated by the star. It is a producing well. West of that is another producing well, and somewhat south of that well is still another producing well. South of those three wells are two dry holes. Two wells are being drilled. A well is being drilled very close to this so-called airfield. It is now down between four and five thousand feet. If that well should prove to be dry, then the oil value of this land might be nil.

Another well is being drilled at the point I am now indicating. If that well should come in dry, the oil value of the land would be very little, and the proven oil territory would be confined to the territory shown by the stars, and to land still farther west.

The reason for this amendment is to have this question settled at a time when the former owners of the land can realize something from the land. Its value for farming has been very largely destroyed, because in certain places the land is covered with gravel. The gravel would have to be removed. At the places where the gravel is located the land would be of no use for farming purposes. If this matter could be settled before the wells are completely drilled, the former owners could be assured of getting something out of the land, which they would have done if the Navy had not stepped in and condemned the land originally.

There is another reason for the amendment, and that is that these three tracts of land are now in litigation. One tract belonged to a Mr. Taylor. The tract consisted of some 105 acres. The land was taken from him by condemnation. He was paid $10,000 for the 105 acres. I understand that he had been previously offered $25,000 for the farm and refused

to accept the offer. When the Government condemned the land and paid him $10,000, he was not satisfied, so he took an appeal. That case is now pending on appeal in the Circuit Court for the Tenth District.

Another case, known as the Holliday case, is in the following condition: Dr. Holliday died since the land was taken. He left a wife and one daughter, and the daughter has a little girl. He left a will, providing for two trustees, Mrs. Holliday and a Mr. E. V. Dennis. When the Navy Department saw fit to take this land, it served notice on Mrs. Holliday and "unknown heirs," but did not serve notice on the other trustee, E. V. Dennis, so the Holliday case is in court, and will have to be adjusted.

The third case is known as the Hummel case, involving the Hummel tract of land. Mr. Hummel is dead. He died intestate and left nine brothers and sisters. Proper service was not had on the heirs, so that case is likewise in litigation.

If this amendment can be agreed to, and if the money can be returned to the Treasury to the extent of $150,000, the three cases now in litigation will be adjusted. In addition, there would be recouped for the Treasury probably $125,000 more than it might receive if the wells should come in dry.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. ELLENDER. Under the provisions of the bill as drafted, surplus real estate may be sold by the Administrator without warranty. I notice that the amendment of the Senator does not have that provision. Would he object to a modification of his amendment permitting the Administrator to sell the land without warranty?

Mr. THOMAS of Oklahoma. I shall be very glad to accept such a modification. All we want is a quit-claim from the Government. I shall be very glad to accept the amendment if it can be properly stated. I suggest that the Senator put it in writing.

In the meantime, I yield to the Senator from North Dakota [Mr. LANGER].

Mr. LANGER. Mr. President, as I understand the situation, stripped of all surplusage, it is this: The Navy took a piece of land from some farmers. Now the Navy does not need the land and wishes to turn it back to the farmers, the former owners paying the same price which the Navy paid, plus whatever may have been expended on the land.

Mr. THOMAS of Oklahoma. That is correct. Since the Navy decided not to use the land, it turned it over to William L. Clayton, Surplus War Property Administrator. Mr. Clayton proposed to advertise this tract for sale. I took the matter up with him and told him of the litigation, and left with him such data and information as I had. No doubt he conferred with his attorneys. As a result of that conference, Mr. Clayton has decided not to try to sell this land until the Congress has an opportunity to legislate with respect to it.

Mr. President, I send to the desk a letter from Mr. Clayton and ask that it be read.

The ACTING PRESIDENT pro tempore. Without objection, the letter will be read.

The Chief Clerk read as follows:

OFFICE OF WAR MOBILIZATION,
SURPLUS WAR PROPERTY ADMINISTRATION,
Washington, D. C., August 12, 1944.

Hon. ELMER THOMAS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR THOMAS: In view of the probability of early legislation on the disposal of surplus property, I am pleased to advise you that we have decided to temporarily postpone the sale of the Moore Airfield.

Sincerely yours,

W. L. CLAYTON,
Administrator.

Mr. THOMAS of Oklahoma. Mr. President, those are some of the reasons for offering this amendment at this place in the bill.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. JOHNSON of Colorado. As the Senator from Louisiana [Mr. ELLENDER] has pointed out, the bill provides in a general way for the very thing which the Senator from Oklahoma is asking—that is, that land be returned to the original owner when it is no longer needed by the Government. So there is no lack of harmony between the objectives of the bill and the proposal made by the Senator from Oklahoma, except that he is making a specific case, and our bill deals with general conditions. While it is generally not good legislative practice to deal with specific cases in a bill, the committee has no objection to taking to conference the amendment of the Senator from Oklahoma, as perfected by him, to see what we can do with it.

Mr. THOMAS of Oklahoma. I thank the Senator.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. ELLENDER. I propose the following modification of the Senator's amendment: In line 4, after the word "sell", insert the words "without warranty."

The ACTING PRESIDENT pro tempore. Does the Senator from Oklahoma accept the proposed modification?

Mr. THOMAS of Oklahoma. I accept the modification.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the modified amendment offered by the Senator from Oklahoma to the committee amendment on page 61, at the end of line 5.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. BURTON. Will the Senator state whether, in his opinion, the United States Government would receive more or less money for this property if this amendment were adopted?

Mr. THOMAS of Oklahoma. That would depend upon whether or not the wells being drilled should come in dry, or become producing oil wells. If the adjacent wells should become producing wells to a substantial extent, the Government could hold the property and sell it hereafter, receiving more money for it than it would receive from a sale to the former owners. However, if those wells should come in dry, the Government would have the land on its hands. The value of the lands for farming purposes has been largely destroyed, because some of the land has been leveled off, and the good topsoil has been deposited in the low places. In other places gravel has been placed on the land to a depth of several inches, which destroys the value of the land for farming purposes.

I admit that it is largely a speculative proposition, but if the Navy had not taken the land, the farmers would still own it today, and they would have all the benefits which now exist. The Government not having used the land for airfield purposes, it is my opinion that a policy or precedent should be established by returning the properties to the original owners on a fair basis.

The former owners are willing to pay back all the money which they received, plus whatever the Navy has expended on the land. It seems to me that that is a fair proposal.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. BURTON. Can the Senator state whether the abandonment of this field as an airfield was due to the fact that it was not useful as an airfield; or whether it was due to the fact that so much oil was discovered around the land that it could no longer be used as an airfield?

Mr. THOMAS of Oklahoma. It never was used as an airfield. About the time the Navy Department was ready to use this land oil was discovered, new locations were made, and additional derricks were constructed. To have used the field the Navy would have had to send its trainees to this field, weaving in and out among those oil derricks. Of course, that would not have been proper; and, because it was not proper, the Navy—wisely, in my judgment—decided not to use the field. So far as I know, no plane has ever landed on this field.

Mr. BURTON. That is what I wished to have made clear. As I understand, although the Government acquired this land for use as an airfield, it has never been so used. The reason it was abandoned was not that it was not a sound acquisition in the first place, but that oil was discovered around the land, which made it impracticable to use it because of the derricks and other structures erected around it.

Mr. THOMAS of Oklahoma. The Senator is correct.

Mr. BURTON. Under those circumstances it became necessary for the Government, as a practical matter, to abandon its use as an airfield; but its value rose tremendously in the minds of the people of the vicinity, including the former owners, because of the presence of oil and the gamble of which the Senator speaks. Under the circumstances, the Senator from Oklahoma contends that the Government, being forced to sell it, should give up the profit which would result if oil were discovered on the land.

Mr. THOMAS of Oklahoma. It is obvious that if the Government should decide at this time to offer this land for

sale, it could obtain more for it than it spent on the land. But all the Government has is possession. It has not as yet adjusted the price with the former owners. When Mr. Taylor received the check for $10,000, he was not satisfied. He took an appeal. He has never cashed his check. He has it now. I have not seen him this afternoon; I think he is in the gallery.

He could not fight the Government. His only recourse was to come to Washington and present the matter to such Senators and Members of the House of Representatives as he could see, as he has a right to do. He is an elderly farmer. He is here with his wife. Of course, they wish to get back the property. If they had it they could profit from it to the extent of what some oil company would give them for a lease. I am frank to say that if the Government desires now to speculate at the expense of these farmers, it can do so. But I do not think it should do so.

That is the purpose of the amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment, as modified, offered by the Senator from Oklahoma to the committee amendment.

The amendment, as modified, to the committee amendment was agreed to.

Mr. DANAHER. Mr. President, on page 39 of the bill appears the very important section dealing with reports and planning. It is provided that—

> The board shall submit to the Senate and House of Representatives a quarterly progress report on the exercise of its authority and discretion under this act. Such reports shall contain—

Among other things—

> (i) A statement of the status of surplus property disposition.
>
> (ii) A statement of the kind, amount, and value of all considerations received by any disposal agency in exchange for property disposed of under this act.
>
> (iii) Such recommendations for legislation as the Board may deem necessary or desirable.

Having in mind the reconversion features of the bill and the rehabilitation program on an industry-wide and on a Nation-wide basis, it seems to me that it would be the better part of wisdom for us to amend the third subdivision appearing on page 39, in lines 19 and 20, by adding, after the word "desirable", the following: "especially with regard to the needs of industrially underdeveloped areas."

Thus, the Board would be called upon to report to the Congress its recommendations, in the light of its experience, for legislation "as the Board may deem necessary or desirable especially with regard to the needs of industrially underdeveloped areas."

Therefore, Mr. President, I move to amend in line 20 on page 39, by inserting, after the word "desirable", the words "especially with regard to the needs of industrially underdeveloped areas."

The PRESIDING OFFICER (Mr. McFARLAND in the chair). The question is on agreeing to the amendment of the Senator from Connecticut to the committee amendment.

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

Mr. DANAHER. I am glad to yield.

Mr. JOHNSON of Colorado. Yesterday the Senator from Michigan objected to having that language appear at another part of the bill. I wonder if the Senator from Connecticut has discussed the matter with the Senator from Michigan.

Mr. DANAHER. No, Mr. President; this is the place in the bill where the words should appear, because this is where congressional action will be called for. We are the ones who should decide as to policy. We are the ones—not a board of eight, downtown—who should make the decisions regarding this program.

It is for that purpose that I have moved the adoption of the amendment to the committee amendment, to the end that the Board shall report to Congress what it recommends should be done in the light of all the facts. Then, with all the facts before us, we would be the policy makers.

Mr. JOHNSON of Colorado. Mr. President, if the Senator will further yield, let me inquire whether it is his purpose to transfer the language found in this section to another section of the bill.

Mr. DANAHER. That is correct.

Mr. JOHNSON of Colorado. I am sure there would be no objection to doing that. I understand that is very much in line with what the Senator from Michigan would do.

Mr. DANAHER. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut to the committee amendment.

The amendment to the amendment was agreed to.

Mr. DANAHER. Mr. President, in order to accomplish the complete purpose in line with the amendment just agreed to, I now call attention to the language on page 31, where we find in line 10, and running through line 15, the following in the statement of the objectives which the board will be called upon to achieve:

> (c) In the disposition of plant, equipment, and materials for use in further production—
>
> (1) to promote maximum production and employment of the manpower, the natural and agricultural resources of all sections of the country, with due regard to the needs of industrially underdeveloped areas.

I move to strike out from lines 14 and 15 the words "with due regard to the needs of industrially underdeveloped areas."

Mr. JOHNSON of Colorado. Mr. President, am I to understand that the amendment offered on page 39 by the Senator from Connecticut has been agreed to?

Mr. DANAHER. Yes; it has been adopted.

Mr. JOHNSON of Colorado. Then there is no objection to agreeing to the Senator's motion to strike out the language referred to on page 31.

The PRESIDING OFFICER. The amendment to the committee amendment will be read, for the information of the Senate.

The CHIEF CLERK. In the committee amendment, on page 31, line 13, it is proposed to strike out the comma and insert the word "and"; and in lines 14 and 15, to strike out the words "with due regard to the needs of industrially underdeveloped areas."

Mr. DANAHER. That covers the matter, Mr. President. Let me say to the reading clerk that the remaining language found in the amendment as written has already been acted upon.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut to the committee amendment.

The amendment to the amendment was agreed to.

Mr. DANAHER. Mr. President, in order that the RECORD may show clearly all the action which has just been taken by the adoption of the last amendment, let me point out that, by the amendment, in line 13, in order that the thought may be complete, inasmuch as we have deleted the language in the concluding phrase, the word "and" has been inserted after the word "manpower," so that the language now reads:

> To promote maximum production and employment of the manpower and the natural and agricultural resources of all sections of the country.

Mr. President, I thank the Senator from Colorado for his courtesy.

Mr. BANKHEAD. Mr. President, when the bill extending the Stabilization Act was pending, the committee fixed the loan price of cotton at 95 percent of parity. Later the Senate approved that rate. The bill, as passed by the Senate, went to conference. As a result of discussion in the conference, the rate was finally approved at 92½ percent of parity.

At the present time there is an emergency situation due to the unexpectedly large crop of cotton and the low prices being paid for it.

So I am presenting an amendment which has been approved as a bill by the Committee on Banking and Currency. I have talked to the sponsors of the pending bill, and they have no objection to the adoption of the amendment.

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

The CHIEF CLERK. At the proper place in the committee amendment, it is proposed to insert:

> That section 8 (a) (1) of the Stabilization Act of 1942, as amended (relating to loans upon certain agricultural commodities), is amended by striking out "at the rate in the case of cotton of 92½ percent" and inserting in lieu thereof "at the rate in the case of cotton of 95 percent."
>
> SEC. 2. The amendment made by this act shall be applicable with respect to crops harvested after December 31, 1943. In the case of loans made under such section 8 upon any of the 1944 crop of cotton before the amendment made by this section takes effect, the Commodity Credit Corporation is authorized and directed to increase or provide for increasing the amount of such loans to the amount of the loans which would have been

made if the loan rate specified in this act had been in effect at the time the loans were made.

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

Mr. BANKHEAD. I yield.

Mr. LANGER. Is that amendment special legislation for cotton?

Mr. BANKHEAD. It would increase the loan rate which was provided for in an earlier bill, which, as I said, was unanimously passed by the Senate.

Mr. LANGER. Then the amendment is special legislation for cotton; is it not?

Mr. BANKHEAD. If the Senator wishes to call it that, of course he may do so.

Mr. LANGER. Why should not the rate for other commodities be increased?

Mr. BANKHEAD. I have no objection. But we are told that it is not desired to include feed at a higher rate.

We have a big crop of cotton, and the price is going down every day. It has gone down 8 points in the last week or 10 days.

The amendment provides financing facilities for cotton. If other Senators wish to include other commodities, of course they can bring them in by way of legislation. But, in view of the fact that the cotton is now being marketed and that there is an emergency in that connection because of the low price, everyone concerned is favorable to the amendment. I hope the Senator from North Dakota will agree to its adoption. If it is not included now, it will not be included at all.

Mr. LANGER. Why not include wheat?

Mr. BANKHEAD. Because wheat is a feed.

Mr. LANGER. Wheat is not a feed. What is the objection to including wheat?

Mr. BANKHEAD. I do not say there is any objection to doing so; but I know that neither the price of wheat nor the price of any of the feed commodities was previously put as high as the price of cotton, because the representatives of the Administration and others did not wish to do so. That is the only reason I know of.

Mr. LANGER. Let me ask the Senator just what his amendment provides.

Mr. BANKHEAD. It would increase the parity price of cotton from 92½ percent to 95 percent. Cotton is now being marketed.

I hope the Senator will take any action he desires regarding wheat separately, not in connection with my amendment. I do not wish to have this amendment pertaining to cotton complicated by the addition of provisions relating to other agricultural commodities. The cotton farmers are making sacrifices every day. I hope the Senator will agree to the amendment in its present form. I will cooperate with him in regard to wheat.

Mr. JOHNSON of Colorado. Does the Senator believe that the subject matter contained in his proposed amendment has any reference whatsoever to surplus property?

Mr. BANKHEAD. No; not directly. There is a very large accumulation of surplus cotton within the Commodity Credit Corporation. The accumulation is subject to withdrawals by farmers. There are approximately two and a half million bales in the category to which I have referred. The emergency is so great that I believe we are justified in allowing the amendment to go to conference.

Mr. JOHNSON of Colorado. Does the Senator believe that his amendment would affect the value of the vast stores of surplus cotton which are now held by the Commodity Credit Corporation?

Mr. BANKHEAD. No; I do not believe that the amendment would have that effect. I think it would affect the value of this year's crop.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BANKHEAD] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. McKELLAR. Mr. President, for myself, the Senator from Mississippi [Mr. EASTLAND] and the Senator from Arizona [Mr. MCFARLAND], I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 74, line 16, in the committee amendment, it is proposed to strike out "A" and insert "(a) Except as provided in subsection '(b)' of this section."

On page 74, between lines 24 and 25, it is proposed to insert a new subsection, as follows:

(b) (1) All deeds, bills of sale, leases, or other instruments purporting to transfer title or any other interest in surplus property under this act shall contain provisions (A) reserving to the board the right to examine further transfers of the property covered thereby for the purpose of determining whether excessive profits have been realized by the transferee or any subsequent transferee, and (B) requiring the execution by all subsequent transferors of such property of instruments containing such reservations in connection with all future transfers of such property except transfers to consumers.

(2) As used in this subsection the term "excessive profits" means the portion of the profits derived from purchase and sale of any item or group of items of surplus property by any person to whom such property is disposed of under this act, or by any subsequent transferee of such property, which the board determines in accordance with this subsection to be excessive. In determining whether excessive profits have been realized there shall be taken into consideration the following factors:

(A) reasonableness of profits in the light of normal pre-war profits, and profits realized in the usual course of business on similar items which have not been disposed of under this act;

(B) amount of capital employed and risk assumed;

(C) character of business and rate of turnover;

(D) such other factors the consideration of which the public interest and fair and equitable dealing may require, which factors shall be published in the regulations of the board from time to time as adopted.

(3) In any case in which, in the opinion of the board, excessive profits have been realized it shall forthwith give notice by registered mail to the person or persons to whom it believes such profits have accrued, together with a statement of the facts used as a basis for such opinion. After reasonable opportunity for hearing, the board shall enter an order determining the amount, if any, of such excessive profits. The board shall take such action as may be necessary to recover such excessive profits either by settlement or suit in any court of competent jurisdiction. In any such suit the court may, in addition, impose a penalty in an amount not exceeding twice the amount adjudged to be excessive profits. All money recovered by reason of any such settlement or suit or as a penalty shall be covered into the Treasury as miscellaneous receipts.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Tennessee yield to me?

Mr. McKELLAR. I yield.

Mr. JOHNSON of Colorado. I am very much in sympathy with the objectives of the Senator from Tennessee. I am somewhat dubious as to how the proposed amendment would operate in practice, but I shall be glad to take it to conference and see if we cannot find a place for it in the bill. It goes somewhat beyond the scope of the bill as originally conceived. When we reach transactions of the first, second, third, and fourth degree we go far beyond the scope of the bill. The purposes of the amendment are admirable. The amendment is designed to keep down speculation by preventing buyers of articles at low prices from reselling them at ridiculously high prices. So the committee is entirely in sympathy with the objectives of the amendment.

Mr. McKELLAR. Mr. President, I thank the Senator from Colorado. The amendment was discussed at some length a day or two ago, and I thought it was generally accepted.

The Senator from Colorado has stated that he does not know what effect the amendment would have. If he will telephone to one of the departments down town he will find that a similar law enacted 2 or 3 years ago saved the Government very large sums of money.

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

Mr. McKELLAR. I yield.

Mr. JOHNSON of Colorado. I agree with the Senator from Tennessee that the renegotiation law has saved the Treasury vast sums of money. There can be no question about that; but the renegotiation law dealt with prime dealers who were transacting business with the Government. It did not reach second-degree dealers.

Mr. McKELLAR. Yes; it reached them all, and the proposed amendment is designed to reach them all.

Mr. President, with the explanation which has been made, I ask that the amendment be agreed to.

Mr. LANGER. Mr. President, if the Senator will yield, I am very anxious to obtain an interpretation from him of the amendment. If a group of farmers, for example, wished to buy a jeep——

Mr. McKELLAR. A what?

Mr. LANGER. A jeep.

Mr. McKELLAR. Yes.

Mr. LANGER. After the war there will be hundreds of thousands of them and many farmers will want to buy them. Possibly some rural mail carrier

will want to buy one. Will the Senator from Tennessee explain the procedure which it will be necessary to follow in order to obtain a jeep, and how many profits the buyer will have to pay?

Mr. McKELLAR. There would be no involved procedure, and no profits. If a person obtained a jeep for 15 cents, for example, and then undertook to resell it at a much higher price, he would be brought to account under this amendment. But so long as he was honest about the transaction, paid a reasonable price for the jeep, and used it in his work, he would not have the slightest difficulty.

Mr. TYDINGS. Mr. President, will Senator yield?

Mr. McKELLAR. I yield.

Mr. TYDINGS. Is is not a fact that under the amendment sales of property to consumers would be specifically precluded from renegotiation? If a farmer bought a jeep for his own use, regardless of the price which he paid for it, there would be no come-back on him?

Mr. LANGER. What I am interested in is that the farmer shall be enabled to buy a jeep at a very low price without being required to pay some speculator a profit.

Mr. EASTLAND. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. I yield.

Mr. EASTLAND. The proposed amendment has nothing in the world to do with the subject matter to which the Senator from North Dakota has referred.

Mr. McKELLAR. It has nothing to do with it.

Mr. LANGER. I have not examined the amendment. I have merely heard it read. It is quite long.

Mr. McKELLAR. Yes.

Mr. TYDINGS. The amendment is merely for the purpose of renegotiating excessive profits, and it would tend to prevent excessive profits.

Mr. McKELLAR. It would permit the renegotiation of contracts which had been entered into wrongfully.

Mr. TAFT obtained the floor.

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

Mr. TAFT. I yield.

Mr. BURTON. I wish merely to call the attention of the Senator from Tennessee to what evidently is a typographical error which may be confusing in the interpretation of the amendment. The amendment proposes that on page 74, line 16, the capital "A" be stricken out and that there be inserted a small "a" in parentheses. The capital A is a part of the sentence. If it were left in it would make the sentence read more clearly.

Mr. McKELLAR. Mr. President, I ask unanimous consent to modify the amendment accordingly.

The PRESIDING OFFICER. The amendment will be modified as suggested by the Senator from Tennessee.

Mr. TAFT. Mr. President, it seems to me that the amendment would wreck the bill entirely. It would establish a principle of renegotiation with regard to every subsequent transfer of every article sold by the Government under the bill. Talk about regulation and bureaucracy; the proposed regulation would extend from the person who bought the goods back to the manufacturer, to the wholesaler, and to the retailer. It would be necessary to set up a board 10 times as large as the present renegotiation board, which deals only with contractors and subcontractors, because the surplus commodities will gradually be transferred. They may be transferred for many years to come. It is now proposed to extend the principle of renegotiation and say in effect that because an article was bought at one price and resold at a higher price, an unreasonable profit was made. No standard whatever would be prescribed.

The amendment would apply to farm cooperatives which might sell to farmers jeeps which had been purchased by the cooperatives for that purpose. I cannot conceive of the extent to which the regulation would apply. There will be very few retail stores in the United States which will not handle some of the surplus war property, and they will be subject to renegotiation. I was personally opposed to the renegotiation law because it delegated to someone the right to say what was a reasonable profit without establishing the slightest standard as to what a reasonable profit should be. Nor is any standard established in the proposed amendment as to what is a reasonable profit. It seems to me that we are being asked to impose an administrative impossibility. If after surplus war goods are sold we try to control their course, and the profits which persons may make in the resale of the goods, and regulate the sale of every airplane, for example, which may be bought for markets abroad, we shall be going far beyond what I believe to be reasonable. We shall regulate everything from airplanes down to cans of tomatoes which are handled in retail stores as to whether or not it is subject to that control.

When we originally considered this bill we had before us the question whether we should attempt to control the sale of plants and what we could do about plants which were sold. We went as far as we thought it was reasonable to go, that is, we provided that the Board might say that as a condition of buying a plant the purchaser must agree to operate it for 2 years, and if he did not do that, the Government would take it back. Certainly this proposal would extend control for all years to come. It would control machine tools, airplanes, locomotives which might be sold for 50 years from now, if those things last that long, and many of them may last that long. It seems to me to be a wholly unreasonable proposal and an unwise one. If we are going to sell surplus Government property, if it is one of the purposes of the bill to get rid of such surplus property, we cannot attach strings and prescribe what shall happen to the property forever after. I think the possible market for Government property would be cut to one-fourth of the people who might otherwise buy it, for the simple reason that prospective purchasers would not want the trouble of bothering with Government regulation and supervision for many years in connection with articles they might buy or articles which their subbuyers might buy. I believe that we might just as well pass no surplus property bill at all if we adopt this amendment.

Mr. McKELLAR. Mr. President——

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

Mr. TAFT. I yield.

Mr. McKELLAR. I was simply going to ask the Senator a question. There is $103,000,000,000 worth of surplus property. Does not the Senator think we ought to put safeguards about its distribution? The Senator says that he was against the renegotiation of contracts law; does not the Senator know that that law has been the greatest success in the world?

Mr. TAFT. No; I do not think it has been at all; I think it has been a most unfortunate experiment.

Mr. McKELLAR. No one has complained of it, and no one has introduced a bill to repeal it. It has worked to the tremendous advantage of the Government.

Mr. TAFT. Four-fifths of all the money, or 90 percent of it, anyway, we would have gotten back under the excess-profits tax, without all that machinery. However, that question does not arise here.

If the Senator wants to accomplish the purpose he is trying to accomplish, then what he ought to do, rather than to try to attach a renegotiation provision and have it apply forever, is to offer an amendment which would provide that when the Board sells an article for a certain price it shall prescribe as a condition of the purchase to the person to whom it sells it that he will not sell at more than a certain advance. Let the Board fix what that advance shall be, so that the man who purchases the particular article may know at what price he can sell it. If the Senator wants to do something of that kind, well and good. We considered the question—and it is a debatable question—of imposing a condition in selling materials, so that articles sold at $4 a piece could not be resold at more than $5 a piece, or more than $8 at retail. If the Senator wants to make it specific on particular articles on which it is thought there is some chance of a large profit being made, that might be done, and that would be a feasible, workable arrangement; but to say that anybody who ever buys any surplus property and then sells it again shall for 50 years to come be subject to renegotiation and have taken away from him a part of the advanced price at which he sold the goods seems to me to be unworkable from the standpoint of the Government and to eliminate the possibility of getting purchasers for goods. I believe it would really practically destroy the purpose of the bill. If it is desired to provide a condition, I think that is a possible thing to do.

Mr. McKELLAR. This plan has been tried and has been found to be very effective. I hope the Senate will adopt it.

Mr. VANDENBERG. Mr. President, I should like to ask the Senator a question before he takes his seat. I should like to know about the practical operation of

this proposal. Under the language of section (b) (1), which apparently intends to follow every item of surplus property down through its entire lifetime, the Government has got to keep track permanently, has it not, of all this $103,000,000,000 worth of property?

Mr. McKELLAR. I hope it will.

Mr. VANDENBERG. And has it not got to audit every transaction so long as any of the property is still in being?

Mr. McKELLAR. No; I do not think so. I think it is left to the Board as to what course it will pursue. When it finds that this property has been bought in an unfair way or a dishonest way or in such a way that unconscionable profits are being made by those who bought it, it seems to me the Government should have the right to renegotiate the contract in the manner which has heretofore been tried out and found to be effective. I cannot see the trouble which the Senator looks forward to. I do not believe it will take 50 years to dispose of these surplus properties; I think they will be disposed of very rapidly.

Mr. VANDENBERG. I want of course to prevent racketeering and stop all fraud and exploitation, I agree with the Senator completely as to that; but I do not want to impose a permanent regimentation upon $103,000,000,000 worth of property passing from hand to hand indefinitely during the life of the property, and it seems to me that will be the inevitable requirement if the section is to be effective.

Mr. McKELLAR. I do not think so at all—I do not think it has that meaning—it is not intended that it should have. The Board passes on the question, and the Board is, after all, the ultimate source of power in connection with the proposal and in making it effective. The same argument was used when the Renegotiation Act was under consideration, but that act has resulted in much benefit to the Government and the people of the United States.

Mr. VANDENBERG. I do not think that is a fair analogy, if the Senator will allow me to say so.

Mr. McKELLAR. I will take it back then.

Mr. VANDENBERG. In the first place, I do not think the situation is wholly comparable.

Mr. McKELLAR. Contracts were being entered into which were very hurtful and injurious to the Government, and Congress by law made provision for the renegotiation of such contracts. We might lodge in the Government the same power in this instance. The Renegotiation Act has been enforced to the hurt of no one, to any great extent at least.

Mr. VANDENBERG. It seems to me the point the Senator overlooks in his analogy is that the renegotiation power was a limited power involved in a war emergency, and the Renegotiation Act itself expires of itself under its amended terms within the next 6 or 9 months. I am simply asking the Senator for his interpretation, as I do not understand how anyone could anticipate the operation of a system such as this seems to contemplate in my view. Here, instead of a renegotiation system which was strictly limited in objective and time, it is proposed by law to assert that there can never be a transfer hereafter of any surplus property at any time without requiring in the transfer, or any subsequent transfer at any time in the life of the commodity, that an audit in respect to so-called excess profits shall occur.

Mr. McKELLAR. Does the Senator have any idea that the Board of eight members created by the bill is going to undertake to practice that kind of iniquity on anybody?

Mr. VANDENBERG. I hope not, but the Senator and I have both had plenty of experience with bureaucracy.

Mr. McKELLAR. Yes, sir; we have.

Mr. VANDENBERG. And the Senator will agree with me that a bureaucrat has the wildest imagination of any man on earth, and if he can find any possible excuse to extend either his own tenure or his power over his fellow citizens, he will do it.

Mr. McKELLAR. Perhaps some bureaucrats may do that, but I think there are other bureaucrats who are honest.

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

Mr. McKELLAR. I yield to the Senator from Vermont.

Mr. AIKEN. I fail to be very much impressed by the argument of my colleagues on this side of the aisle, because, as I read the bill, it would appear to me that the jurisdiction of the Federal Government over this property is ended as soon as the property reaches the hands of the consumer and is put to use.

Mr. McKELLAR. Yes; that is correct.

Mr. VANDENBERG. I do not know how the Senator can say that.

Mr. McKELLAR. With the provision that if a wrongful and dishonest practice has been perpetrated upon the Government the transaction can be renegotiated.

Mr. VANDENBERG. The amendment uses the word "transferee or any subsequent transferee."

Mr. AIKEN. "Except transfers to consumers"; so that when an article reaches the consumer, the person who is going to use it, the jurisdiction of the Government does end. The amendment offered by the Senator from Tennessee, it appears to me, would insure the property reaching the consumer's hands as quickly as possible, because if a purchaser or speculator knows that by holding the property for 2 years or 10 years he could not make any more profit, there would be no incentive to speculation.

Mr. McKELLAR. Of course the Senator from Vermont is correct in his statement.

Mr. AIKEN. I hope the amendment of the Senator from Tennessee will prevail.

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

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. BURTON. Following that same line of thought, leaving for a moment the matter of the difficulty of applying such a provision to personal property, I should like to direct the Senator's attention to the situation which arises with respect to real property. The amendment of the Senator applies to all deeds.

Mr. McKELLAR. Yes.

Mr. BURTON. Therefore it would apply to real property?

Mr. McKELLAR. Yes.

Mr. BURTON. And therefore ever after a parcel of land which was disposed of would be subject to this limitation?

Mr. McKELLAR. No; the parcel of land would be sold to a person who would use it. Why would there not be consumption to that extent?

Mr. BURTON. I think the Senator would have difficulty with the court if he were to attempt to show that the real estate had been consumed.

Mr. McKELLAR. For instance, if one rents a house or real property, and lives in or on it, that is a consumption of the house or real estate to that extent. If not, I have forgotten all the law I ever knew. I do not think I have forgotten.

Mr. BURTON. But as to the real property itself, it seems to me that the language as it stands would raise a permanent question with regard to the transfer of the title.

Mr. McKELLAR. I do not think so. The Senator, of course, may be correct about the matter, but I do not agree with him.

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

Mr. McKELLAR. I yield.

Mr. McFARLAND. Is it not a fact that the adoption of this amendment would eliminate speculators, so there would be no trouble on that score?

Mr. McKELLAR. I think it would have a tremendously good effect in that way.

Mr. McFARLAND. And the only market it would do away with would be the speculative market?

Mr. McKELLAR. That is my hope.

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

Mr. McKELLAR. I yield.

Mr. FERGUSON. Since the provision in question would apply to real estate and to all personal property, would it not be impossible to police such a provision?

Mr. McKELLAR. I do not think so. The same procedure is followed under the provisions of an existing law. We have not found any insuperable objection to carrying out the provision.

Mr. FERGUSON. Am I to understand that as applied to real estate it would be binding upon all future purchases in the chain of title?

Mr. McKELLAR. I would not say so. That would be a matter within the discretion of the board.

Mr. FERGUSON. Is it something which would be discretionary with the board?

Mr. McKELLAR. The board would have charge of it. The board would pass on it. It would either sue or not sue. It would make a claim or not make a claim.

Mr. FERGUSON. In other words, the board might make a claim against one man and not against another. That is the objection I have to the provision.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered to the committee amendment by the Senator from Tennessee [Mr. McKELLAR] on behalf of himself, the Senator from Mississippi [Mr. EASTLAND] and the Senator from Arizona [Mr. McFARLAND].

Mr. GEORGE. Mr. President, may the amendment be again stated?

The PRESIDING OFFICER. The amendment will be again stated.

The CHIEF CLERK. On page 74, line 16, it is proposed to insert "(a) Except as provided in subsection '(b)' of this section, a."

On page 74, between lines 24 and 25, it is proposed to insert a new subsection as follows:

(b) (1) All deeds, bills of sale, leases, or other instruments purporting to transfer title or any other interest in surplus property under this act shall contain provisions (A) reserving to the board the right to examine further transfers of the property covered thereby for the purpose of determining whether excessive profits have been realized by the transferee or any subsequent transferee, and (B) requiring the execution by all subsequent transferors of such property of instruments containing such reservations in connection with all future transfers of such property except transfers to consumers.

(2) As used in this subsection the term "excessive profits" means the portion of the profits derived from purchase and sale of any item or group of items of surplus propetry by any person to whom such property is disposed of under this act, or by any subsequent transferee of such property, which the Board determines in accordance with this subsection to be excessive. In determining whether excessive profits have been realized there shall be taken into consideration the following factors:

(A) reasonableness of profits in the light of normal pre-war profits, and profits realized in the usual course of business on similar items which have not been disposed of under this act;

(B) amount of capital employed and risk assumed;

(C) character of business and rate of turnover;

(D) such other factors the consideration of which the public interest and fair and equitable dealing may require, which factors shall be published in the regulations of the board from time to time as adopted.

(3) In any case in which, in the opinion of the board, excessive profits have been realized it shall forthwith give notice by registered mail to the person or persons to whom it believes such profits have accrued, together with a statement of the facts used as a basis for such opinion. After reasonable opportunity for hearing, the board shall enter an order determining the amount, if any, of such excessive profits. The board shall take such action as may be necessary to recover such excessive profits either by settlement or suit in any court of competent jurisdiction. In any such suit the court may, in addition, impose a penalty in an amount not exceeding twice the amount adjudged to be excessive profits. All money recovered by reason of any such settlement or suit or as a penalty shall be covered into the Treasury as miscellaneous receipts.

Mr. GEORGE. Mr. President, I have, of course, great sympathy with the purpose of the amendment, and great respect for my colleagues who have offered it. But the amendment, coupled with other provisions of the bill, will convert it from a reconversion bill into a bill to delay and to increase unemployment, finally ending in a depression, and it will end in a depression very rapidly. There could not be any purchaser who would buy any of this property if the proposed amendment were adopted. No one would then buy. The Government could not sell. Therefore the Government would merely keep the property.

Already the bill contains section 17 which I should like to read:

SEC. 17. Every contract for the sale, or lease for 2 years or more, of a plant shall be made upon the condition that the purchaser, lessee, or transferee, and their transferees, if any, shall maintain the plant in substantial operation and production for a period of 2 years next succeeding the effective date of the contract, or, next succeeding the date upon which operations begin after a period of conversion and alteration to be approved by the board, but not to exceed 1 year, and that upon breach of such condition, the Government may rescind the contract and upon return of so much of the consideration as shall be equitable, recover the plant.

With a proviso.

Under this provision, Mr. President, the very persons for whom we profess great concern, the small businessmen, could not buy any of this property. They could not obtain loans to help them buy it. The property could not be obtained except through a governmental or Federal agency which would let them have the money. Therefore no one would buy.

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

Mr. GEORGE. I yield.

Mr. McKELLAR. The provision which the Senator read is already contained in the bill. The proposed amendment does not affect it. The renegotiation provision merely undertakes to prevent speculators from obtaining Government property for little or nothing and making enormous profits. I understand that speculators who are waiting around for this $103,000,000,000 of surplus property, are already arming and equipping themselves for the battle to come, to see for how little they can obtain this large quantity of surplus property, and how much they can make from its resale.

Mr. President, the proposed amendment does not have anything to do with the suggestion which the Senator makes. The amendment merely seeks to bring about honesty, and if a small businessman buys a piece of property belonging to the Government, or a plant belonging to the Government, and pays an honest price for it, and seeks to go into business, he need fear nothing from this amendment.

Mr. GEORGE. Where would he get the money with which to buy the plant? From whom would he get it with such a provision in the law?

Mr. McKELLAR. This provision would not affect his getting the money or not getting the money. It merely provides that the Government shall not be "hornswoggled," if I may use a word which is not often used, in selling the property and then having profits doubled up by speculators.

Mr. GEORGE. Mr. President, I assume that the whole purpose of the bill is to see that the Government receives value for its property. Else why set up a board of eight men and pay them each $10,000 a year, with a vast organization to handle the property? Of course there may be some frauds. There may be some who will buy property at too cheap a price. But we are dealing with the problem of reconversion. We are trying to get the business machine going again so there can be employment, so there can be jobs. Yet through every line of this bill there are so many prohibitions and restrictions as to make reconversion a very remote thing, if it ever does take place under this bill, if it should become law. That is the solemn truth about it. If we cannot find someone who can sell this surplus property for value, and who is honest enough not to let speculators buy it for nothing, then we might as well quit anyway, because nothing we may do will prevent individuals from trying to make some money out of these purchases. The market is being narrowed; it is being narrowed to such a point that people will be cheated out of jobs, because potential purchasers cannot get materials with which to provide work.

The pending bill provides for stock piles of every known type and kind of metal and ore. When the War Department and the Maritime Commission are willing to say, "This is surplus; we have all we want," then the surplus goes into a stock pile, to be maintained under a law which we enacted prior to this war, so that no one fabricating metals of any kind, no industry depending upon any sort of raw material which is described as a strategic mineral or metal, can get it until some mine produces it and it goes through the mills, and after weeks and months finally reaches the little plant, which has 200, 300, or 500 men standing idle and wanting to work.

This is not a reconversion bill. It is a bill to put the brakes on every sensible effort to place the material back into the hands of American workers and American producers who can and will furnish jobs. I do not wish to be offensive, but this bill might well be labeled "A bill for the mining industry." That is the industry which would profit by it.

Let us analyze it. My good friend from Tennessee, in his desire not to have someone speculate, wishes to narrow the market still further, and tie up property with an obligation to have the price renegotiated in peacetime, or when we are about to enter into peacetime and wish to provide employment and to furnish something for people to work on. It is proposed to stop the very wheels of industry. We shall have a W. P. A., and we shall have universal relief. Under the terms of the bill, until the Senator from Colorado today accepted the amendment offered by the Senator from Michigan [Mr. VANDENBERG] which does not quite cure the situation, a cotton mill would be stopped in its tracks for weeks, getting every single pound of lint and all the partially fabricated product out of its machinery. It would have to go into some other market and buy the very things it was forced to surrender to the Government.

We enacted a contract termination law which undertook to deal with this situation. It is almost universally regarded as an act under which business can resume work. Under that act we did not require fabricators and those who had contracts with the Government to turn all their material back to the Government and file an exorbitant claim and have it paid in cash. We wanted to induce them, if they would, to take at its fair value such material as they were working on in their plants, so that the plants might not be forced to stop, so that they might continue in operation, and workers might continue on their jobs.

With the stock-piling program, with section 17, and with the amendment now offered by my distinguished friend, no intelligent person would buy property the price of which could be negotiated and renegotiated through half a dozen generations.

I wish to see the business of this country get back in gear. I wish to see the American worker find a job, and I wish to have some one able to supply him with a job. I do not want anyone to defraud the Government; but some sharp trading by purchasers is inevitable. We cannot reconvert if we are to place this kind of a provision in the law. No one will buy the property. Least of all will the small businessman buy it. The small businessman is small because he must borrow money. He has not the capital with which to build a great enterprise. He cannot go to any bank or lending institution in the country and get the money with which to buy property with such a cloud on the title.

I plead with my colleagues, if I can be heard at all, not to prevent reconversion to peace, not to prevent the transfer of raw material into the hands of those who know how to use it, how to provide jobs, and how to rebuild and strengthen our economy.

We have tied up land. So far as land is concerned, it does not make very much difference. It is not very vital to the general economy. The land will remain there, and will finally be taken over by someone. But we have tied up land in ways which make it almost impossible to administer the act. It cannot be administered. According to the terms of the bill, the land must first be offered to the man who sold it to the Government, or, if he be dead, to his heirs. If his heirs do not want it, then it must be offered to his tenant. Finally, the veteran is given preference for 15 years in the purchase of land.

Who could administer such an act? Who could ever reconvert to a peacetime economy the vast resources of a country which have been stock-piled and taken over for war purposes? If we pass this bill, with all these hindrances and checks in it, we might as well write into the caption of the bill that it is intended to stop reconversion to American peacetime enterprise in its tracks, to the extent that $103,000,000,000 worth of property and material is essential for the starting of industry.

Take another illustration. Under the provision to which the Senator from Michigan called attention this morning, consider an industry making screws or trucks for the Government. It has a stock pile of material in its own shops. It can continue, without let-down or hindrance, to make something which the farmers need, something which civilian enterprise needs, or something which every citizen needs. However, under the terms of the bill prior to the amendment which was accepted earlier in the day, the owner of such an industry would have to stop in his tracks and turn over to a disposal agency of the Government every piece of material in his plant. He would then be forced to try to find some other material to put back into his plant. Is that good business? Is that the way to convert to peacetime operations? Is that the way to make jobs for people in this country?

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

Mr. GEORGE. I yield.

Mr. JOHNSON of Colorado. On the point which the Senator has made with respect to owning agencies, as I understand his thought, he would like to have the owning agencies become the disposal agencies. The War Department is an owning agency. If we were to leave the doors wide open, the owning agency could dispose of all contractor inventories, which amount to many billions of dollars, without any regard whatsoever to any of the safeguards which we are attempting to place in the bill.

Mr. GEORGE. Oh, no.

Mr. JOHNSON of Colorado. The bill prohibits the owning agency from general disposition, but the bill provides disposal agencies, which would be expected to dispose of the inventories in accordance with the provisions of the bill. Simply because the owning agency has been stopped from disposal——

Mr. GEORGE. I am speaking only of the contractor inventory in the plant itself. Under the terms of the bill, every wheel would be stopped until the owners of the industry could bring in some other inventory.

Mr. JOHNSON of Colorado. No. The disposal agency could turn over such an inventory under the terms of the bill. There is nothing to prevent the disposal agency from acting immediately; but under that clause the owning agency would not be permitted to dispose of such inventories without restrictions. We must always bear in mind that the owning agencies are the Army and the Navy. If the purpose of the bill is to turn this job over to the Army and Navy, to use their own judgment, that is one thing; but that is not what we attempted to do in the bill. We set up disposal agencies, and we placed around them certain restrictions, limitations, rules, and regulations, so that they would not disrupt the economy of the country. We made the disposal agency do these things, and we took the power away from the owning agency.

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

Mr. GEORGE. I yield.

Mr. TAFT. I should like to make it clear that when the Senator from Tennessee [Mr. STEWART], the Senator from Montana [Mr. MURRAY], and I introduced the bill section 12 of the bill gave full power to the owning agency to dispose of any contractor inventory in its control.

Mr. GEORGE. Exactly. That is the provision in the original text of the bill, and it should remain in the bill.

Mr. TAFT. As the Senator has said, every amendment would make some change. Some amendments would restrict the power of the War Surplus Property Administrator to dispose of property. I agree with the Senator as to a good many of the restrictions imposed, although I believe that there must be some restrictions.

Mr. GEORGE. It is true that there must be some restrictions. I am not quarreling with that statement. Let me read the language of the bill. Let us see what can be done by the disposal agency. Omitting the first part, which has to do with the retention of material for war or defense purposes, with which no one, of course, is quarreling, on page 48, line 20, we find the following language:

Provided, That no part of such inventories shall be retained or disposed of by such contractor or subcontractor for any other purpose.

That is, for any purpose other than in the war effort.

Provided, That no part of such inventories shall be retained.

What does that mean, Mr. President? It means that in the case of a contract to take styles exclusively for the Government, which contract is held by numbers of textile manufacturers, when that contract is canceled the manufacturers cannot retain any part of the inventories in their own plants. They must be taken out and turned over to some other agency.

Mr. JOHNSON of Colorado. Mr. President, I disagree with the Senator's conclusions, for the reason that the only thing we would stop would be the War Department. The War Department has contracted for textiles for war purposes. We do not interfere with that at all. The War Department should have that right. In this provision we continue its right to utilize those inventories for the purpose of providing for the war effort.

Mr. GEORGE. Oh, yes; that is all right.

Mr. JOHNSON of Colorado. But that is a part of the war effort.

Mr. GEORGE. Yes.

Mr. JOHNSON of Colorado. When the War Department has finished with the war, it should be through with such matters.

Here we provide for the creation of a disposal agency to take care of the disposal of that property for civilian purposes. We cannot have two disposal agencies. We cannot provide that the War Department shall be one disposal agency and that it shall have a free hand, and then set up other disposal agencies.

Mr. GEORGE. No. My good friend, the senior Senator from Colorado [Mr. JOHNSON], for whose frankness, candor, and honesty I have great respect, misses the particular point. The bill provides

that no part of such inventories shall be retained or disposed of by any contractor or subcontractor for any purpose except for the war.

What does that mean? It means that a man who is making screws, which are necessary for peacetime purposes, must stop making them, and must take every bit of the material he has out of his own plant. But later he will have to get it or something like it again.

Mr. JOHNSON of Colorado. Mr. President, the proviso which begins in line 20 is, of course, a limitation on the power which is given to the agency to dispose of property, which is set forth in the section beginning in line 13. We give the agency certain powers to dispose of property. The following proviso is a limitation on those powers. It is not a general prohibition against inventories.

Mr. GEORGE. Let me read something which another agency of Government, one which is responsible for the administration of laws which have already been passed, has written as stating its view.

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

Mr. GEORGE. I yield.

Mr. KILGORE. Is it not a fact that the language referred to applies only in cases in which the surplus is owned by the Government, not by the plant? The Senator referred, by way of illustration, to textiles and to screws. I presume the Senator spoke of a plant which is operated on a unit-cost basis.

Mr. GEORGE. Yes; operating for the Government.

Mr. KILGORE. My understanding of the bill—and I was present in the committee—was that it applied only in cases where the property actually was the property of the United States Government, not of the mill owner.

Mr. GEORGE. Perhaps that is correct. I will not raise any question about that.

Mr. KILGORE. If it is the property of the United States Government, the mill owner should not be permitted to retain it, unless in some way he can secure ownership of it. Is not that correct?

Mr. GEORGE. In a reconversion bill, when the very purpose is to keep the wheels running so that people may have employment, why should anyone take such material out of the mill owner's plant until such time as he can find some other source of supply? Why should he not be able to pay value for it and retain it in his plant? I am not fussing with anything the Senator has said by way of an abstract reference, but we cannot separate this matter from the problem with which we are dealing.

Mr. KILGORE. Is the Senator referring to the finished product or to the raw material on hand?

Mr. GEORGE. I refer to the raw materials in process of work in the shop.

Mr. KILGORE. Does the Senator refer to material which belongs to the Government or to the mill owner?

Mr. GEORGE. I refer to material which belongs to the Government but is a part of the mill owner's inventory.

Now let me read what someone else has had to say about this matter:

> As reported by the committee, S. 2065 would create difficulties in the disposition of contractor inventories which may be disastrous. Section 13 (a)—

That is what I have been reading—

> of the bill has been modified to prohibit the retention or disposition of any contractor inventories by the contractor or subcontractor except for the purpose of aiding in the prosecution of the war or in the common defense. Section 33 (f) defining "contractor inventory" has been substantially narrowed in its scope.
>
> If permitted to stand, these provisions would have far-reaching consequences.

Mr. President, these provisions relate to the administrators of our Government who must do this job if it is to be properly done.

I read further:

> 1. These provisions would seriously impede and delay reconversion to peacetime production. Under the uniform termination article the Government may require war contractors to deliver their own termination inventories and those acquired from subcontractors. That provision was designed to enable the Government to acquire critical items and to prevent windfalls to contractors in unusual cases. Section 13 (a) apparently would force the Government to take over all of such inventories except those to be used for war production. Upon the cessation of hostilities, these materials will be needed immediately to convert to civilian production and to avoid widespread unemployment. If the Government is forced to take over all these materials, the disposal agencies cannot possibly distribute them to manufacturers under the terms of the proposed bill soon enough to avoid the risk of economic stagnation.

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

Mr. GEORGE. I yield.

Mr. O'MAHONEY. Does the Senator understand that statement to mean that the author of the statement interprets the bill as an amendment of the contract termination bill?

Mr. GEORGE. No; but that in effect it is contrary to the spirit of the contract termination bill. It is not an amendment to that bill.

Mr. O'MAHONEY. Let me say to the Senator that I am sure no member of the committee had the slightest purpose of doing what the Senator fears will be done by this section. I know of no member who wished to raise the slightest obstacle to reconversion. The only purpose in adopting the proviso to which the Senator has been adverting was to prevent inventories, which are the property of the United States, from being held idle or from being disposed of at speculative prices. I am sure the Senator does not want to have such things occur.

Mr. GEORGE. No; I do not; but I do want to have reconversion achieved.

Mr. O'MAHONEY. If I understand the Senator correctly, what he is requesting is that inventories which may be in the plants at the time of termination may be usable in those plants. If I may say so to the Senator, I see nothing in the proviso which would prevent that. We are dealing here solely with surplus property belonging to the United States. If a textile contractor comes to the end of his contract, it will be a perfectly simple matter for him to make arrangement with the agency through which he has had the contract, for the amount of the property then in his hands which he wishes to retain. We are dealing here only with surpluses which he will not wish to retain. I am sure the members of the committee will be very glad to have that stated in any language the Senator may suggest.

Mr. GEORGE. I am sorry that I could not interpret it as the distinguished senior Senator from Wyoming has interpreted it.

Mr. O'MAHONEY. Of course, what I have stated is the purpose. What we are trying to do is to put that objective into proper language. I am sure there will be no objection to drafting apt language for that purpose.

Mr. GEORGE. Mr. President, as the bill was originally written on this point, and introduced, and sent to the committee, it covered this point and took care of this very issue. It is the change in the language with respect to contractor inventories which has brought about this situation.

Mr. O'MAHONEY. Mr. President, I heard the Senator make that statement earlier today. As always, having the greatest respect for the Senator's views, I immediately examined the language which had been deleted. I am frank to say to the Senator that I can see no ground for apprehension there.

The letter the Senator has received from the War Department says that the contractor inventory definition has been greatly narrowed. It has been narrowed only in the respect that we have used fewer words to state the same thing. The words we used are the words which were used in the contract termination bill which was reported by the Finance Committee.

Let me read the definition of contractor inventory which was contained in the original bill. It is to be found on page 28 of the bill now before us:

> (f) The term "contractor inventory" means (1) any property related to a terminated contract of any type with a Government agency or to a subcontract thereunder (except any machinery or equipment subject to a separate contract or contract article specifically governing its use or disposition); and (2) any property acquired under a cost-plus-a-fixed-fee contract and in excess of the amounts needed to complete performance thereunder—

That section is certainly subject to the same interpretation the Senator has put upon the amendment the committee has reported—

> and (3) any property which the Government is obligated to take over under any type of contract as a result of any change in the specifications or plans thereunder.

Mr. GEORGE. Mr. President, has the Senator been reading the definition contained in the bill as it was reported?

Mr. O'MAHONEY. No; I have read the definition which was replaced. It is the definition to which the Senator has referred.

Mr. GEORGE. I so understood. I thought the Senator said that definition was in the bill as reported.

Mr. O'MAHONEY. No. It is in the original bill.

Mr. GEORGE. It is in the bill as introduced; is it?

Mr. O'MAHONEY. Yes; it is in the bill as introduced.

Mr. GEORGE. Very well.

Mr. O'MAHONEY. My view is that the definition is merely a more explicit definition of Government-owned property than the one we had. We felt that in adopting the language of the Finance Committee we were improving the bill.

Mr. GEORGE. I do not know that that is the language of the Finance Committee at all. The original bill was not introduced by me.

Mr. O'MAHONEY. Allow me to read to the Senator the definition of "termination inventory" as set forth on page 3 of Public Law 395 of the Seventy-eighth Congress:

The term "termination inventory" means any materials (including a proper part of any common materials), properly allocable to the terminated portion of a war contract, except any machinery or equipment subject to a separate contract specifically governing the use or disposition thereof.

The purpose of that language, of course, was to describe the inventory which was left over in the plant after the contractor had completed his termination negotiations with the Government. So it deals solely with surplus property belonging to the United States.

Mr. GEORGE. Mr. President, I was reading an interpretation which has been placed upon the bill, and I should like to finish it for the record because it is not my interpretation. I believe, however, that it is the inevitable interpretation which must be applied. I resume reading:

This can be illustrated by the concrete example of a contractor engaged in producing trucks for the War Department. Upon termination of the contract, he will have on hand partially fabricated materials and component parts which he could immediately use to produce trucks for the civilian market. Under the bill as reported, the contracting agency could not permit the contractor to retain any of this property, even though he was willing to keep it without cost to the Government. He would be unable to begin production until he had obtained the same materials from other sources.

(2) These provisions would create tremendous waste and unnecessary expense. To the extent that the contractor can use or easily dispose of termination inventories for other productive uses, he saves the costs of redistributing this property through Government channels. By forcing all of this property to go through the contracting and disposing agencies, the bill will vastly increase the amount of paper work, administrative red tape, and unnecessary handling. This expense will serve no useful social or economic function.

(3) These provisions will not aid small business. On the contrary, the bill would require inventories to be taken from smaller concerns as well as larger ones and would therefore subject them to the same delay and expense in acquiring the same materials from other sources.

(4) These provisions would greatly increase the termination costs of the Government. At present, the contractor retains or disposes of substantial parts of the useful materials at cost and makes no claim for them, or retains or sells them at mark-downs, regulated by the Surplus Property Administrator, claiming only the difference. Under the bill, the Government would apparently be forced to take over all of this property although the contractor is in the best position to use it for immediate production, and will pay for it accordingly. This obligation to take over the inventory regardless of its utility would also impair the flexibility and negotiations in settling claims.

(5) This provision would overwhelm the disposal agencies with staggering quantities of partially fabricated materials and component parts, for which the only market will be the class of contractors from whom the property was taken. Meanwhile the Government will face a storage problem for such property of such dimensions that its solution seems virtually impossible.

(6) Finally, this provision would place in the hands of the Government and under its control a very large proportion of all of the raw materials and component parts now in the hands of the manufacturing industry of the country. For a while at least this would put all of such companies at the mercy of the Government agencies controlling the supplies of these materials. Such an adventure in economic planning makes many of the wartime controls seem trifling by comparison.

Mr. President, it was not with reference to this particular part of the bill that I rose. I wished, while I was discussing the amendment offered in all good faith by my distinguished friend, the Senator from Tennessee [Mr. McKELLAR], to point out the unavoidable effect of several of the provisions contained in the bill. I return to section 17 of the bill, to which I have already alluded.

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

Mr. GEORGE. I yield.

Mr. JOHNSON of Colorado. On page 75 of the bill in paragraph (b) a number of acts of Congress are set forth. We have specifically named the laws which the pending bill would not affect. Would the Senator be satisfied if, at the end of line 17, we were to change the period to a semicolon and add such a provision as this: "or any right which the contractors and subcontractors have with respect to termination inventories under the Contract Settlement Act of 1944"?

Mr. GEORGE. I believe that a change of that kind would very greatly strengthen the bill. It might make the language clearer if the Contract Settlement Act were enumerated among the acts which the Senator has said would not be impaired or affected by the provisions of the bill.

Mr. PEPPER. Mr. President, before discussion upon the pending subject is concluded, will the Senator allow me to propound a question?

Mr. GEORGE. I yield.

Mr. PEPPER. Under the Contract Termination Act would a contractor whose inventory was located in his building have to pay a fair market price for it? In other words, would he be able to obtain the same articles at a lower price than someone else?

Mr. GEORGE. No.

Mr. PEPPER. Is it the purpose not to give him any price preference?

Mr. GEORGE. That is true. That is expressly provided in the Contract Termination Act. If he takes the articles at the price provided under the Contract Termination Act he has no claim under the contract against the Government for any other money.

Mr. PEPPER. I have one further question. We shall possibly encounter the question when inventories are in the hands principally of a group of large manufacturers. The small manufacturers who want to resume peacetime business may not be able to obtain inventories because large manufacturers, who may already be working for the Government, have on hand all the principal available stocks.

Mr. GEORGE. The language applies only to the contractor's inventory which he is using to produce materials for the Government.

Mr. PEPPER. Let us assume the Senator's illustration which he used a moment ago with regard to a textile mill. I can well understand how those engaged in the manufacture of certain articles for the Government might, of necessity, and rightly in wartime, have great stocks of commodities because they are making uniforms or articles of apparel for millions of men. But if the war were to stop and they were no longer required to produce for war purposes, it might be proper to allow other units in the industry not engaged in war work, but needing critical materials, to obtain them without giving the first preference to the manufacturer making war articles without regard to the needs of the contractor for peace purposes. Does the Senator understand what I mean?

Mr. GEORGE. Yes. The bill would not apply to any completed article. The application would be only with regard to the process of conversion.

Mr. PEPPER. What I mean to ask is this: Would the owning agency—I assume it would be the Property Disposal Administrator, or the War Department or the Navy Department—have to supply to a particular contractor all the raw materials which he had on hand regardless of the relationship between the volume of the raw materials and the peacetime needs of the contractor?

Mr. GEORGE. No; I do not believe so because the situation would be qualified by the general provision in the bill to which, of course, no exception could be taken. On page 49 of the bill paragraph (c) states as follows:

(c) The board shall have the responsibility for reviewing the disposal actions and the decisions with respect to the classification of property of the owning agencies under this section to assure the fulfillment of the objectives and policies of this act and whenever the board finds it necessary it shall restrict by regulation or rescind the authority of any owning agency to dispose of any class of surplus property under subsection (b) of this section.

The quarrel with regard to the bill as originally reported was that it prohibited the board from allowing the contractor or subcontractor to take over or retain any part of his working inventory, not that the board would be required to let

him have it all or any particular part of it.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Georgia yield to me in order that I may comment on the suggestion made by the Senator from Florida?

Mr. GEORGE. I yield.

Mr. JOHNSON of Colorado. The difficulty is in distinguishing between the owning agency and the disposing agency. The committee was very anxious to place the inventories under the control of the board, and under the provisions of the proposed act, and not permit the War Department and the Navy Department to act without considering the provisions of the law, or the desires of Congress, in disposing of property without restriction. The committee tried to place some restrictions upon the disposition of property by owning agencies to contractors and subcontractors.

Mr. PEPPER. Mr. President, if the language were to the effect "except the same might be acquired from the Surplus Disposal Administrator in accordance with the provisions of this act," then the objection of the able Senator from Georgia, it seems to me, might have been met.

Mr. JOHNSON of Colorado. Mr. President, we accepted the amendment offered by the senior Senator from Michigan at the end of line 22. His amendment reads:

Except under policies established by the board.

So that ties the inventory back to the board and brings the inventory under the provisions of the bill. That is what we have been seeking, and I am sure the committee would have no objection to striking out in line 21 the words "retained or."

Mr. GEORGE. I think that would in very large measure cure this particular defect, but I pointed that out as a restriction on the whole reconversion program, and now I have pointed out section 17, and I submit with all candor to those who are responsible for this bill that if they want small business really to have anything to do under the bill they had better reexamine section 17. It reads:

Every contract for the sale, or lease for 2 years or more, of a plant shall be made upon the condition that the purchaser, lessee, or transferee, and their transferees, if any, shall maintain the plant in substantial operation and production for a period of 2 years next succeeding the effective date of the contract—

And so forth. There are a great many Government constructions which, after this war is over, will be useful only for warehousing purposes. Many of the powder plants will be worth actually nothing except for the buildings themselves, which may be used for warehouses. If they are sold to anybody who could properly come within the definition of "small business," he would not be able to finance his purchase in the first place, and if we say "all property" we unreasonably restrict and narrow purchases to the point where the bill would be converted not into a reconversion bill but into a delaying bill; that is, it would keep the program from actually moving along as it is intended and contemplated that it shall. Now I come back to the amendment.

Mr. STEWART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Tennessee?

Mr. GEORGE. I yield.

Mr. STEWART. I was trying to follow the Senator from Georgia and the Senator from Colorado as to how the proviso in section 13 is proposed to be changed. I ask, as a matter of information, how the proviso beginning in line 20 now reads.

Mr. GEORGE. I think it reads substantially as follows:

Provided, That no part of such inventories shall be disposed of by such contractor or subcontractor for any other purpose, except under policies established by the board.

That seems fairly well to cover the situation.

Mr. STEWART. "Under policies established by the board?"

Mr. GEORGE. "Under policies established by the board," under rules and regulations established, I presume, is what it means.

Mr. STEWART. And the words "retained or" have been stricken out.

Mr. GEORGE. It is suggested that they be stricken out because the important thing is to prevent the disposal of the property, not to force the removal of the plant.

Mr. STEWART. That is a proviso which was placed in the bill by the Military Affairs Committee; it was not in the original draft of Senate bill 2065.

Mr. GEORGE. No; the original draft of the bill covered precisely the objection we raised this morning. The Senator from Tennessee is quite right.

Mr. PEPPER. Mr. President, would the able Senator have any objection if inventories were retained in accordance with regulations of the board?

Mr. GEORGE. I do not think that would make any material difference, but I do think it is of vast importance for the Government that the contractor not be required to move material at Government expense and store it at Government expense.

Mr. PEPPER. I should like the attention of the Senator from Colorado. It seems to me that once there is accorded the protection the Senator from Georgia is anxious about—and I think properly so—what is done must be done under the regulations of the board. It seems to me that the acquisition of an inventory as well as its disposition might be subject to regulations of the Board.

Mr. GEORGE. I think that would substantially cover the issue, particularly if the Senator from Colorado includes in the latter part of the bill the acts that are not affected by it, including the Contract Settlement and Adjustment Act.

Mr. JOHNSON of Colorado. On page 75 in due time, I expect to ask for the adoption of an amendment.

Mr. GEORGE. I thank the Senator for his statement on that point.

Mr. PEPPER. Would it not be just as well to leave in "retained" and not have it stricken out, with the additional words added at the end of line 21, and then the other amendment to which he adverted? Would the Senator from Georgia have any objection to that?

Mr. GEORGE. I think it would accomplish the same purpose and cover the same thing.

Recurring to the amendment offered by the distinguished Senator from Tennessee, I was simply pointing out that it added one more brake to the disposition of surplus property and narrowed the sale and probably the number of possible purchasers of the property.

Mr. PEPPER. To what page is the Senator referring?

Mr. GEORGE. It is an independent amendment which has been offered.

Mr. JOHNSON of Colorado. Page 54.

Mr. GEORGE. It was section 17 on page 54 to which I called attention; but the amendment offered by the Senator from Tennessee is a new amendment. I am satisfied in my own mind, indeed I am convinced from a long study of this subject that if we make it practically impossible for purchasers to acquire war materials now in the hands of the Government or which will be in the hands of the Government or of contractors or of subcontractors on the termination of their war contracts—for which they would be entitled to make claims against the Government unless the property were taken over at inventory cost, or reopened by the contractors and operated for peacetime consumption—I am satisfied that all these brakes will so narrow the bill as to make it almost impossible of administration as a reconversion bill.

I want to stress the point that, of course, I have every sympathy with any purpose to prevent profiteering or to prevent people from buying any material now held by the Government and making resales of it at exorbitant profits, or any profits, so far as that goes, if their purpose is merely to obtain a profit. But we are dealing here with a problem not of mobilization for war and not with contractors with whom the Government had to make contracts which must be speedily made and in a field that was wholly new, when the contractors themselves might be entirely ignorant of the cost and the Government itself might not have any dependable figures, but we are dealing here with the sale of property which the Government has obtained and has negotiated and renegotiated, the value of which it knows or ought to know. So, it seems to me, there can be no reason why the Government under this set-up or under the set-up contained in the House bill for the disposal of surplus property could not get reasonable and fair values for its property.

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

Mr. GEORGE. I yield.

Mr. ELLENDER. I did not quite understand the criticism of the Senator of section 17 on page 54. As I understand that section, it is designed to make it certain that if a person or corporation buys a plant he will immediately operate it and if he does not operate it for at

least 2 years, the Government can then take it back. What is wrong with that?

Mr. GEORGE. How many small businessmen are going to buy a plant under those conditions, and where will they get the money with which to buy it?

Mr. ELLENDER. I do not think they ought to buy it if they fail to operate it.

Mr. GEORGE. That is the point I was making. I do not think they could buy it.

Mr. ELLENDER. The point is that under section 17, as I understand, if a plant is purchased the purchaser must operate it; otherwise it will revert to the Government so that the Government can sell it to someone who will operate it.

Mr. GEORGE. I understand that, but only the big businessman can operate it.

Mr. ELLENDER. I think it is a good provision.

Mr. GEORGE. I do not think it is a good provision for it narrows the market, and only the large operator, only the highly organized concentrated business groups can buy these plants.

Mr. ELLENDER. Under that provision if anyone buys a large property he would have to operate it, and if he should not, it would revert to the Government.

Mr. GEORGE. Yes; that is correct; he would have to operate it, but the point I am making is that small businessmen could not stand the loss. If he had purchased the plant and agreed to operate it for 2 or more years, he could not stand the loss of the money involved. Those who have already a monopoly in the field could stand it. Take an aluminum plant. A large aluminum company might well buy an aluminum plant and say, "Yes, we will operate it for 2 years." They might operate it at a loss; they might know they were going to operate it at a loss. But where is the little businessman who can buy an aluminum plant unless it can be operated at a profit?

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

Mr. GEORGE. I yield.

Mr. CHANDLER. I think, under section 17, any person who undertook to buy a plant would find that two considerations are involved. One is the ability to buy it if it were declared to be surplus property; and the other the provision that if he buys it, he must operate it, and that if he does not operate it, the Government will take it away from him and give him back his money. So he must be able at least to undertake the business venture. If he does undertake it, he must run it, operate it, in order to insure employment. If he does not do so, that is a breach on his part of his obligation, and the Government will take the property away from him, but will give him back his money.

Mr. GEORGE. There is no unequivocal statement to the effect that the Government shall give him his money back. The provision is that it shall return so much of it as will be equitable.

Mr. CHANDLER. That is all he would be entitled to.

Mr. GEORGE. Yes; but he buys under those conditions.

Mr. CHANDLER. First, he buys a plant. What we are trying to do now is to provide that when he buys and operates, he shall do so in the interest of the people. It is in the interest of the people that he operate the plant in order that there may be employment and production.

Mr. GEORGE. Some of the plants cannot be operated.

Mr. CHANDLER. Very well. In such a case there would not be a purchase, under the terms of this provision.

Mr. GEORGE. But if he buys he would be obliged to operate.

Mr. CHANDLER. I do not think anyone would buy if he understood that he could not operate.

Mr. GEORGE. The point I wish to make is that, in my opinion, this provision virtually excludes the small businessman from coming in and buying any of these plants. I do not see how he can take the risk. He is not financially strong. He is an independent businessman whom we commonly classify as a small business operator. I do not see how he can buy, under the obligation here imposed that he must operate for 2 years or more, because he cannot assume such a risk. He presumably is not going to buy at less than the value. Presumably someone is going to make him pay value. It is only the strong group that could buy some of these plants and take chances on them. Such buyers will charge off the losses anyway. Their taxes will probably be less after they have charged off the operating costs of an unprofitable plant for 2 years.

Mr. CHANDLER. The alternative of that is to scrap the plant, and sell the material for scrap. The Government either wants the plant operated or wants to sell the material in the plant. We have tried to provide in this measure for the sale of property which is declared surplus. I do not assume that anyone can buy unless he is financially able to keep the property and operate it. When he buys a plant he undertakes to run it for 2 years. We have safeguarded the buyer from any act of God or any circumstances beyond the buyer's control.

Mr. GEORGE. Yes.

Mr. CHANDLER. I do not see how it will be a hardship on the purchaser under such circumstances, because in the first place no one would undertake to buy the plant unless he were financially able to buy it and to operate it.

Mr. GEORGE. Yes. But what the Senator's argument comes to is that the market has been narrowed.

Mr. CHANDLER. No; I think the provision gives the widest latitude to anyone who wishes to buy a plant and operate it, in order that we may have what we all talk about and want—production and employment. Employment is not to be had in a place where there is no production. We wish to sell the surplus plants, if we can, to those who can pay the Government for them.

Mr. GEORGE. I agree with the Senator.

Mr. CHANDLER. The purpose is to sell the plants so they may be operated and may produce and afford jobs to those who need jobs. We say to the prospective purchaser, "If you buy the plant, and then if for any legitimate reason you cannot continue, if circumstances which are beyond your control should arise which prevent you from operating the plant, we will arrange to release you from it and pay you back your money."

Mr. GEORGE. Mr. President, my position is that this is a restrictive provision in the bill which will narrow the number of possible purchasers, and inevitably it will be at the cost of the weak man, if it is at the cost of anyone.

Mr. CHANDLER. My good friend the Senator from Georgia desires reconversion.

Mr. GEORGE. Yes.

Mr. CHANDLER. The Senator wants reconversion?

Mr. GEORGE. Certainly I do.

Mr. CHANDLER. The Senator wants sound reconversion from wartime to peacetime. How can we get reconversion from wartime to peacetime unless we provide a solid basis on which an individual can obtain a plant and operate it? In what other way can we do it than the way provided in the bill? It seems to me that if we fail to make such provision, the alternative is to scrap the plant and sell the scrap, what is left of it, if it is surplus.

Mr. GEORGE. Mr. President, I do not care to argue the point any longer. A great many plants will have to be scrapped.

Mr. CHANDLER. I have no doubt about that but I wish to save as many of them as can be saved.

Mr. GEORGE. But these are salable plants. I may assume they are plants which are salable to someone. When the title is tied up it makes it impossible for the small businessman to borrow money, because no bank is going to lend him money when it does not know whether he can operate the plant for 2 years and when, if the individual cannot operate the plant for 2 years, the Government will step in and take it back, and then also, as is now proposed, the Government can step in and renegotiate the contract, and the Government may decide that the purchaser did not pay enough for the plant. What I am trying to say is that by these restrictive provisions we are narrowing the possible purchasers for the surplus material.

Mr. STEWART. Mr. President, will the Senator yield to me for an observation?

Mr. GEORGE. Yes.

Mr. STEWART. Of course the purpose in drafting the section was to prevent, as the Senator has already said, monopolistic control of any industry in any one particular line. The possibility of the purchase of these plants and holding them as stand-by plants, or dismantling them, or tying them up so they could not be used in production, presented a serious question, and one with respect to which it was hard to come to a decision. The Senator spoke of the difficulty of obtaining loans to make purchase, and the narrowing of the market for purchasers. I should like to call the Senator's attention to the fact—I am sure he has not overlooked it—that the bill contains provisions which permit the Smaller War Plants Corporation to finance small business.

Mr. GEORGE. I know that is true.

Mr. STEWART. That would prevent the narrowing of the field of purchasers.

Mr. GEORGE. We do not appropriate any more money to the Smaller War Plants Corporation. We are merely giving the Corporation authority to buy at a resale.

Mr. STEWART. Yes; and that would probably have to be done. The Corporation has the right to guarantee the payments.

Mr. GEORGE. The Senator is quite right. That is intended to aid the small business groups, and I have every sympathy with that effort. It seems to me this is a restrictive provision which will be harmful in the general reconversion program, and particularly so far as the rather weaker units are concerned, individuals or corporations, who wish to become owners of Government surplus property.

Mr. STEWART. We are seeking directly to prevent monopoly.

Mr. GEORGE. Yes, and to keep people at work.

Mr. CHANDLER. Mr. President, will the Senator permit one more observation?

Mr. GEORGE. I yield.

Mr. CHANDLER. The committee gave most careful consideration to this section, and I think the committee was unanimous in the hope that there would be written a section which would offer the widest opportunity to the so-called small businessman to participate in the reconversion program. I confess that the provision may be written without restriction, but it seems to me that section 17, as it is presently written, gives ample opportunity to every individual who believes he can operate a plant, and who has a sufficient amount of money on hand or in prospect, or who can have his operation financed, and the language gives him an out and gives the Government an out. I confess that I do not know what we could add which would at the same time accomplish the purpose we seek to accomplish.

Mr. GEORGE. I thought that other and further provisions of the bill, such as safeguards against monopoly, safeguards against sales being made contrary to the advice of the Attorney General, and so forth, might very well take care of those difficulties, so that we would not have to hamper or encumber the title to the property in such a way as will affect the interest of the Government or affect the ability of the small business operator to acquire property freely and go into business for himself if he can.

Mr. ELLENDER. Mr. President——

The PRESIDING OFFICER (Mr. WALSH of New Jersey in the chair). Does the Senator from Georgia yield to the Senator from Louisiana?

Mr. GEORGE. I yield.

Mr. ELLENDER. Is the obligation to operate the plant for 2 years the only restriction the Senator has pointed out in this section?

Mr. GEORGE. Yes; that is all I have referred to in this section. I referred to this section in connection with the amendment offered by the Senator from Tennessee. They must be considered together.

Mr. ELLENDER. Does the Senator feel if a small businessman were to apply to a bank to borrow money with which to buy and operate a plant, that in all probability the bank would insist that the plant be operated? In other words, would not the same obligation be placed on the man who applied to a bank for money to purchase a plant as is placed on one who buys a plant under the provisions of this section?

Mr. GEORGE. Certainly. But when any property which is not strictly consumer goods is tied up by any sort of conditions of this kind the possible market is narrowed. I think all of us know that to be so. Therefore the double purpose of the bill is, first, that the Government may realize what it can from this surplus property; and second, to make a reasonably speedy conversion—I do not say that speed is the sole consideration—back to full peacetime operation. It seems to me that this is one of the restrictions which, in connection with the amendment offered by my very good friend from Tennessee, would make it really out of the question for the small businessman to take the risk of buying. The amendment provides for the renegotiation of his contract.

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

Mr. GEORGE. I yield.

Mr. ELLENDER. What I had in mind was section 17 as written, to which the Senator has directed his criticism. At all events, as I see it, if a small businessman were to attempt to buy a plant and borrow money from the bank for that purpose, my guess is that the bank would insist that before lending any money on the plant, the plant should be in operation so that the borrower could discharge his obligation.

Mr. GEORGE. Yes; my further guess is that the bank would not lend the money to him under this provision, because the Government might step in and take the property back. If the amendment of my friend from Tennessee should be adopted, the Government could step in and renegotiate the contract, increasing the price, on the ground that the price paid was too low.

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

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Wisconsin?

Mr. GEORGE. I yield.

Mr. WILEY. I should like to have the Senator's opinion with relation to some definite situations along the very line he has been discussing.

In this country there are a large number of plants—whether they be called small plants or large plants does not make any difference—with respect to which the Government insisted that enlargements be made. Before the war those plants were engaged in manufacturing along certain lines, and they now have facilities which would expand those lines probably 50 times. There would be no real need in peacetime for such expansion, but the Government owns the extensions.

Mr. GEORGE. That is true.

Mr. WILEY. Under those circumstances, if the Government insists that the extensions be operated, it cannot be done. We then confront the question as to how much the Government would ask for those extensions. In my own State there are a number of such places. I am very much interested in the Senator's approach to the problem.

Mr. GEORGE. The Senator is correct. In such cases the owners of the plants could not agree to operate. The only type of operator who could agree to operate would be a concern such as the United States Steel Co. It could agree to operate, because it could afford to operate at a loss. It could reimburse itself with tax losses, and could afford to take over the facilities.

I am particularly concerned on behalf of the small businessman. The Senator is quite correct. There are a great many plants which are useful in peacetime only as warehouses or storage houses. Presumably the Government might sell them for storage houses. They might be operated as storage houses, either private or public. However, there are innumerable plants which cannot be operated with any assurance of a profit for a couple of years, and anyone who might undertake to operate such a plant would run into financial difficulties. In the long run we shall not get back to sound economy if, through fear that someone will make a little profit on the goods and merchandise, the Government ties the property up with conditions which would so narrow and restrict the market as virtually to defeat a reconversion program.

I cannot get out of my mind the thought that the only reason why we have dealt with this whole problem is that we do not want the wheels of business to stop. We do not want agriculture to stop. We do not want jobs to play out. We want to make things which our people need today. The distinguished Senator from North Dakota [Mr. LANGER]—and his statement could be repeated with reference to every other State in the Union in relation to some article of machinery—has called our attention to the fact that the farmers of his State have been unable to obtain combines, tractors, trucks, and mowing machines. That situation prevails all over the country. We ought to make it possible to reconvert from war to peace as quickly as possible consistent with the protection of the interests of the Government, and consistent with what we believe to be sound policies.

There is no possible quarrel with the Senator from Tennessee so far as the soundness of his policy is concerned, namely, to prevent profiteering in the goods and materials now owned by the Government; but to impose upon all sales made, from one transferee to another, through a long chain, the renegotiation of the price if it should develop that the property was worth more than the original purchaser paid for it, would be so to hamper the reconversion program as

to make it almost impossible. It would be delayed, and the result would be confusion which would prevent the production of peacetime goods and articles which we need so badly. That would mean that jobs on the farm and in business, which should be opened up speedily, would not be available.

Under the provisions of the Contract Renegotiation Act, there is no doubt that some contractor may profiteer to some extent at the expense of the Government. He may get a settlement to which he is not actually entitled. But we thought, as a matter of public policy, that when we had safeguarded, so far as we could, the cancelation of the contract and the adjustment of damages under the contract, and provided for the removal of the surplus material from the plant so that there might be a reconversion to peacetime operations, the general economy was being served. That meant that we were getting our country back to peacetime operation.

I do not mean to be at all critical of the committee. I know that it has worked hard and faithfully. But reading this bill from cover to cover, and studying it by and large, my conclusion is that in many instances its inevitable effect would be greatly to delay and confuse the whole problem of reconversion to peacetime economy.

For that reason particularly, and solely for that reason, I feel that the amendment which my friend the Senator from Tennessee has offered would be a very serious mistake, because it would fasten upon the property—much of it real property and durable goods which would last for a number of years—the obligation of renegotiation when, under a change of conditions, or a fortuitous shifting of the economic picture, some Government agency might consider it profitable to renegotiate a contract.

Mr. AUSTIN obtained the floor.

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

Mr. AUSTIN. I shall be glad to yield if the Senator does not intend to consume much time.

Mr. WAGNER. Mr. President, is there an amendment to the bill pending?

The PRESIDING OFFICER. There is an amendment pending.

Mr. WAGNER. I intended to offer an amendment which I am sure would be agreeable to the sponsors of the bill. I am confident that there would be no objection to it. However, in view of the fact that an amendment is pending, I shall not be able to do so until after that amendment has been disposed of.

Mr. AUSTIN. Mr. President, I shall consume only a few moments of the time of the Senate. I wish to comment on two of the points which the distinguished Senator from Georgia has discussed. The first is the proviso in section 13 (a). The Vandenberg amendment, which I understand has already been accepted as a part of the proviso, would make the proviso read:

> *Provided*, That no part of such inventories shall be retained or disposed of by such contractor or subcontractor for any other purpose, except under policies established by the board.

First, I should like to ask whether it is in order for me now to move to strike out the proviso as amended.

The PRESIDING OFFICER. The amendment offered by the Senator from Tennessee [Mr. McKELLAR] is pending.

Mr. AUSTIN. Mr. President, I accept that ruling as a ruling that it would be out of order for me to move to strike out the proviso at this time. However, I may desire to make such a motion at a suitable time later.

Mr. President, I regard the proviso as inconsistent with—indeed, in conflict with—the existing law and the policy of Congress.

Mr. WAGNER. Mr. President, will the Senator yield to me for a moment?

Mr. AUSTIN. I yield.

Mr. WAGNER. I must return to a committee meeting. I am sure that the amendment which I intend to offer will meet with no objection. With the permission of the Senator, I ask unanimous consent that I may offer it and have it disposed of.

Mr. AUSTIN. I yield for that purpose, if the Chair rules that it may be done.

Mr. WAGNER. I ask unanimous consent that I may offer the amendment and have it considered at this time.

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

Mr. DANAHER. Mr. President, I have no idea in the world that I shall object, but I should like to hear the proposed amendment stated.

Mr. WAGNER. I was about to ask that it be stated.

Mr. DANAHER. I was sure the Senator had that in mind. Let it be read.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 43, line 1, in the committee amendment, after the word "consumer" it is proposed to insert the word "minority."

Mr. WHITE. Mr. President, would the word "minority" come before the comma; that is, between the word "consumer" and the comma?

Mr. WAGNER. Yes.

Mr. WHITE. So that it would read "consumer minority."

Mr. WAGNER. The amendment would merely insert the word "minority."

The PRESIDING OFFICER. Is there objection to the present consideration of the amendment offered by the Senator from New York to the committee amendment? The Chair hears none. Without objection, the amendment to the amendment is agreed to.

Mr. WAGNER. I thank the Senator from Vermont for yielding.

Mr. AUSTIN. Mr. President, I should like to conclude the brief statement I wish to make. I have said that the proviso read by me is in conflict with the policy the Congress has declared by Public Law 395, Seventy-eighth Congress, to provide for the settlement of claims arising from terminated war contracts, and for other purposes. The matter will be plain, upon my merely reading the statute which is the law today. The title is "Removal and storage of material."

I shall read section 12 (a), which is to be found on page 11 of the pamphlet:

> It is the policy of the Government, upon the termination of any war contract, to assure the expeditious removal from the plant of the war contractor of the termination inventory, not to be retained or sold by the war contractor.

I do not need to press that point at all. That is plain English. In the ordinary acceptance of those words, when we undertake by a proviso in the pending bill to say, *"Provided*, That no part of such inventories shall be retained or disposed of by such contractor or subcontractor for any other purpose except under policies established by the board," we are by a back-handed method trying to repeal the existing law.

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

Mr. AUSTIN. I yield.

Mr. WHITE. Assuming that the Senator is correct in his opinion regarding the effect of the proviso, I should like to know whether that effect is intentional or unintentional on the part of the committee.

Mr. AUSTIN. It was not intentional on my part. As a humble member of the committee, I had grave doubt about this proviso, and I expressed it. At the time when the matter was debated, I did not have before me section 12 (a) of the existing law. Since then I have obtained it, and now I am fully persuaded, whereas then I was only partly persuaded, that the proviso does not belong in the bill and that it would come out, even as it is improved by the amendment of the Senator from Michigan.

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

Mr. AUSTIN. I yield.

Mr. JOHNSON of Colorado. I desire to join the Senator in his recommendation that the proviso on page 48 be eliminated from the bill. I think, as he does, that it should go out.

I would suggest to the Senator from Georgia [Mr. GEORGE] that on page 75, where we make it certain that the bill does not contemplate interfering with other statutes, in line 9, after the word "of", where it first appears, we insert the words "the Contract Settlement Act of 1944," so as to entirely remove any fear that the bill will in any way affect the Contract Settlement Act of 1944.

Mr. AUSTIN. Then, Mr. President, I ask unanimous consent that on page 48, beginning in line 20, the proviso as amended be stricken out.

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

Mr. VANDENBERG. Mr. President, I simply wish to say that I am in total accord with the request. It completely achieves the result I was seeking sometime ago. If I had dared hope that there would be a surrender to any such request, I would have made it myself. I entirely agree with the Senator from Vermont.

The PRESIDING OFFICER. Is there objection to the unanimous-consent re-

quest of the Senator from Vermont? The Chair hears none, and the amended proviso, beginning on page 48, line 20, is stricken from the bill.

Mr. AUSTIN. Mr. President, I now wish to refer to the other matter, which is the pending amendment submitted by the distinguished senior Senator from Tennessee [Mr. McKELLAR], for himself and the Senator from Mississippi [Mr. EASTLAND] and the Senator from Arizona [Mr. McFARLAND].

In the committee, I considered the idea presented by the amendment. It was not then in the form in which it now appears. But the idea was the same, no matter in what form presented, namely, the attempt of Congress to lay the dead hand of mortmain upon contracts and land titles for all time to come. If that is not an absurd proposition, I do not know what is. With our background of respect for contracts, with all the laws which have been passed by Congress and by the legislatures of the several States aimed at a free economy in which private individuals will have the right to make contracts and the right to acquire property freely and to pass it on to their heirs or assignees, without having laid upon their contracts a dead hand which would remain through the ages, to me it is a preposterous thing now to say "You cannot exercise the customary, well-known right of selling in a free market to a willing buyer, you being a willing seller."

That is what the amendment amounts to. It is an attempt to destroy completely the freedom of contract, and to say that a board which Congress sets up may exercise its judgment upon a man's contract with another individual citizen of the United States, and may say that the price asked and the price paid resulted in the seller's obtaining a profit which the board thinks is unconscionable.

If it were humanly possible, with our frailties, to pass a sound judgment upon that question, I should wish to know what kind of machinery would be provided to watch over the contracts of citizens of the United States in pursuing the units into which $103,000,000,000 worth of property have been divided, and to chase them down their lines and lineages from now to the end of the world.

Mr. McKELLAR. Mr. President, will the Senator yield to me? He has asked a question about how it will be done. I should like to have him permit me to tell him.

Mr. AUSTIN. Yes; I yield.

Mr. McKELLAR. Section 3 of the amendment provides as follows:

In any case—

That is to say, in the case of any one of the sales of the $103,000,000,000 worth of property or any part of it—

in which, in the opinion of the board, excessive profits have been realized it shall forthwith—

Not to the end of time, not throughout all the ages, but forthwith—

give notice by registered mail—

That is a fairly safe way of notifying people—

to the person or persons to whom it believes such profits have accrued, together with a statement of the facts used as a basis for such opinion. After reasonable opportunity for hearing—

Not through 10 or 12 centuries, as was suggested here earlier today—

the board shall enter an order determining the amount, if any, of such excessive profits. The board shall take such action as may be necessary to recover such excessive profits either by settlement or suit in any court of competent jurisdiction. In any such suit the court may, in addition, impose a penalty in an amount not exceeding twice the amount judged to be excessive profits.

That gives a perfectly plain, straightforward, honest method to be used and passed upon almost immediately by the board. Its order must be based on an opinion sufficient to enable the board to recover in a suit at law.

That would be an end to the matter. It would all be over. If that would not be a fair, just, and proper administration of the matter, I should like to have the Senator say what would be.

Mr. AUSTIN. Mr. President, with the utmost courtesy for the Senator from Tennessee, I wish to say that he has overlooked the first part of his amendment. I read the first part of it:

(b) (1) All deeds, bills of sale, leases, or other instruments purporting to transfer title or any other interest in surplus property under this act shall contain provisions * * * (B) requiring the execution by all subsequent transferors of such property of instruments containing such reservations in connection with all future transfers of such property except transfers to consumers.

There the Senator has constructed a chain which will have no ending until the property is exhausted.

Mr. McKELLAR. Oh, no. Those requirements would not apply until the board acts.

Mr. AUSTIN. The process would have no end.

Mr. McKELLAR. The board would act, and it would exhaust the powers which are given to it under this bill. That is all the amendment would do. If I may repeat to the Senator what I have said heretofore, let me point out that its purpose is merely to prevent rascality and dishonesty in the disposition of $103,000,000,000 worth of property.

Mr. AUSTIN. If that is the sole purpose, Mr. President, let us adhere to our customary and usual jurisdiction, namely, over the contracts which we make as a government, and not undertake to go into the field of repeated contracts by citizens. The illustration is good only for the first step. Through all time every transfer subsequent to the first will be subject to the law, and the board will not become functus officio in exercising its power once. It must be the watchdog of the chain of descent of property through all the assignments and transfers which are made for a consideration for all time. That is against every concept which I have of government and of free economy. It is the kind of totalitarianism which we have tried to avoid by providing safeguards throughout the bill. If there is anything that the committee worked hard to accomplish it was to protect the public interest without giving to the Central Government too much authority. By providing for a board we tried to get away from one-man control, and put the matter into the hands of a board. We tried to get away from the executive idea and give to the Congress a visitorial authority. We went even so far as to get off of the end of the limb and go into the locality and ask for advice there. Perhaps we overdid it. My own thought is that we did. I do not like the idea of extending the authority as we have done. Nevertheless, I am not making a protest against it. I am protesting against the idea of Congress enacting a law which would visit upon every contract made with respect to every unit of the $103,000,000,000 which has been referred to, the dead hand of review by a Federal board. To do so violates our theory that in this country we may export our goods and our property from one State to another without Congress stepping in and imposing a tariff on them, or imposing some other barrier which would interfere with our free economy and our free commerce. Indeed, our laws are designed to encourage and promote commerce, to increase it and make it free to flow, grow, flourish, and make us prosper. Everything about this proposal offends my sense of good government and free enterprise.

Mr. President, I was opposed to the bill in the committee, and I am very much opposed to it now.

Mr. McFARLAND. Mr. President, I very much regret that my good friend the distinguished Senator from Vermont seems to believe that our amendment is absurd. I also regret very much that my good friend the able Senator from Georgia finds himself in disagreement with the amendment. The amendment is not a complicated one. It is very simple.

It has been suggested that the amendment would prevent conversion. I say that it would promote conversion. It would facilitate putting property into the hands of the consumer. That is where we want it to go. Let us examine the language of the amendment. On page 2, beginning in line 3, the amendment reads as follows:

And (B) requiring the execution by all subsequent transferors of such property of instruments containing such reservations in connection with all future transfers of such property except transfers to consumers.

What does that mean? It means that when land is sold to some one who farms it, the land is then in the hands of the consumer. If that is not the meaning of the language I am sure that my colleagues will join me in a modification of the amendment so that its meaning will be more specific. The amendment means that if a factory should be sold, when it was placed into the hands of the persons who were to operate it, the property would then be in the hands of the consumers. The amendment further means that when jeeps are sold, when people start driving them and using them, they will be in the hands of consumers. What is there complicated about that?

The language of the amendment means that surplus war property could not be sold at prices which would permit unreasonable profits. It has been said that prospective buyers would be prevented from being financed to buy property. Since when has it been necessary to pay an unreasonable profit in order to obtain finances? If our country has come to that stage, we have come to a serious state of affairs. There is nothing unreasonable about the amendment. It is a very simple one. It has been suggested that we should assure farm implements being placed in the hands of farmers. That is exactly what the amendment is intended to do. Every day I receive telegrams and letters——

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

Mr. McFARLAND. I yield.

Mr. EASTLAND. The purpose of the amendment is to get surplus war property into the hands of the farmers and other consumers without excessive profits being made, and without affording profits to speculators who would gouge the consumer.

Mr. McFARLAND. The Senator is absolutely correct.

As I was about to say, I am receiving telegrams and letters every day from farmers who wish to obtain caterpillar tractors. Tractors of that type are not now available. When the war is over the Government will have a great many caterpillar tractors for sale. If this amendment were not agreed to there would be nothing to prevent someone from buying caterpillar tractors in bulk and holding them for unreasonable profits and preventing farmers from buying them.

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

Mr. McFARLAND. I yield.

Mr. EASTLAND. Is it not true that the amendment would take the principle of renegotiation, in its protection of the people of the country, to conference so that it could be considered there? If there is sufficient opposition to the principle of renegotiation, of course the vote in the conference would be against the amendment. As I understood the distinguished Senator from Colorado [Mr. JOHNSON], who is sponsoring the bill, it is a wholesome amendment to protect the people of the country, and its provisions could be adjusted in conference.

Mr. JOHNSON of Colorado. Mr. President, I do not think the Senator from Mississippi quoted me quite correctly in saying that I thought it was a wholesome amendment. It has a wholesome objective.

Mr. EASTLAND. The Senator is correct. That is what he said, and I beg his pardon for misquoting him. The amendment would provide renegotiation only down to the consumer level; and when that level was reached and property was being used, there could be no further renegotiation.

Mr. McFARLAND. I thank the Senator.

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

Mr. McFARLAND. I yield.

Mr. HILL. I find myself in sympathy with the authors of the amendment. I wish to propound a question. With regard to the question of land, how would the Senator apply the language to a land transaction?

Mr. McFARLAND. My interpretation of the language with regard to land is that when a person buys land and starts to farm it, for example, he becomes a consumer, and that should end the transaction.

Mr. HILL. In other words, if a person were to buy land, live on it, or use it for himself, that would be the end so far as any power of the board is concerned to follow the transaction further.

Mr. McFARLAND. That is my interpretation.

Mr. HILL. I wonder if language could be suggested which would make for a clearer interpretation.

Mr. McFARLAND. The amendment will have to go to conference. If it is at all ambiguous, so far as the Senator from Arizona is concerned, he will have no objection to the amendment being modified.

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

Mr. McFARLAND. I yield.

Mr. AIKEN. Is it not true that if a purchaser of a plant—and I assume also of land—were to comply with the provisions of section 17, which require operation for a period of 2 years, he would automatically be qualified as a consumer, and that therefore the property would not be subject to any further renegotiation whatsoever on the part of the Government?

Mr. McFARLAND. I think the Senator has made a correct statement.

Mr. AIKEN. If he should comply with section 17, he would be absolutely qualified?

Mr. McFARLAND. I think so.

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

Mr. McFARLAND. I yield.

Mr. WEEKS. In respect to land in urban areas, how would the consumer qualify if he made a purchase of such land?

Mr. McFARLAND. What kind of land does the Senator have in mind?

Mr. WEEKS. Let us assume an office building.

Mr. McFARLAND. If the Government should sell an office building to a person who started to use it as an office building, that person would become a consumer.

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

Mr. McFARLAND. I yield.

Mr. CHANDLER. I have a great deal of difficulty in agreeing to the definition of who is a consumer under this bill, but if the Senator's version is the correct one, under the language on page 2 of the amendment, reading "(B) requiring the execution by all subsequent transferors of such property of instruments containing such reservations in connection with all future transfers of such property except transfers to consumers," what does the Senator mean by the words "except transfers to consumers"?

Mr. McFARLAND. The amendment does not apply to goods which get into the hands of the consumer.

Mr. CHANDLER. Then what is the purpose of the amendment?

Mr. McFARLAND. The purpose of the amendment is to prevent profiteering in the buying and selling of goods which belong to the people of the United States. The amendment provides that when goods get into the hands of those who are to use them, namely, the consumers, the transaction is ended so far as the board is concerned.

Mr. CHANDLER. It seems to me that the definition which has been used excludes all of them. What else is needed? If the amendment excludes them nothing else is needed. The goods would be in the hands of the consumers right away. I agree with the Senator from Vermont.

Mr. McFARLAND. I am sure the Senator will not say that goods which were sold after the last war were in the hands of the consumer the minute they were sold.

Mr. CHANDLER. After the last war, as I said yesterday, there was about $6,000,000,000 worth of surplus property and I do not think a very good job was done in disposing of it, nor do I think anybody brags about it. This time, however, the surplus property amounts to $103,000,000,000, and the committee spent day after day trying to find ways and means to dispose of the property and to convince the people of the country that we wanted to provide, not for prompt disposition of this property, but for an orderly disposition of it so that there could be the widest possible distribution among all the people of the United States and the widest opportunity afforded the people of the United States to participate in the distribution of the property under proper conditions and terms. If we have not done that, as was said yesterday, we are prepared to vote for any amendment which will facilitate that objective.

The committee discussed and rejected the theory that we ought to try to establish rules and regulations to provide for the prompt disposal of the surplus property. The committee rejected the idea that any one person should be permitted to have charge of it and promptly distribute it or sell it in lage blocks or otherwise to arrange for the disposition of this property, so that it would defeat the interest of the average man in the United States. If we are going to fix it so that if a man in good faith, under the regulations prescribed by the board, buys a piece of real estate, of which there are about 6½ million acres said to be surplus and subject to disposal, land that the people of the United States hold at the moment, we can say to him, "Even though you bought it under the rules and regulations prescribed by the board and paid for it, you shall be subject to a policing agency which, if it is sold to somebody else, will inquire into the transaction and ascertain when and why you sold it and what you got for it, and regulate you all the way down the line," nobody is ever going to buy it, and the purposes we sought to effectuate will be defeated, of

getting this land, 6½ million acres of it, broken up into small lots and placed in the hands of the average man, perhaps a veteran, who is given a preference. First, the original owner of it has the priority and then his lineal heirs and then the owner's tenants, and then the veteran. In many instances the Government has bought farm land so as to establish military reservations which it is admitted will not be needed after the war is over. Perhaps some of the original owners or their lineal heirs may want to go back to that land and live in the communities where they were born, where they reared their children, and where they went to church, but from which they were removed through no fault of their own but because of the necessities of war.

Mr. McFARLAND. I should like to say to the Senator from Kentucky that this amendment would not prevent that. It would make that impossible by preventing lands from falling into the hands of speculators.

Mr. CHANDLER. Suppose the original owner of the tract of land acquired it and suppose after he bought it from the Government it was passed on at an agreed price, which was a fair price to another man, and suppose the second man sold it later to someone else, the board under the amendment would have control of those transactions. If that is not true, then my discussion is not correct.

Mr. McFARLAND. I am sorry the Senator does not agree with my construction of the amendment. I explained a few moments ago that once the land was sold to a person who used it, it was my interpretation of the amendment that the land was then in the hands of the consumer and the board would have nothing more to do with it.

Mr. CHANDLER. Of course, if the Senator thinks those who buy land and buy plants are going to consume them, he may entertain that view but I have difficulty in being convinced that anybody is going to consume land and consume manufacturing plants. They are going to be there still and they are going to be sold as long as they are there.

Mr. McFARLAND. I am sorry the Senator from Kentucky disagrees with my interpretation of the amendment.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. McFARLAND. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I confess that I am very much alarmed by the Senator's amendment, and only because of what it provides. Let me read it in part to the Senator.

(b) (1) All deeds, bills of sale, leases, or other instruments purporting to transfer title or any other interest in surplus property under this act shall contain provisions (A) reserving to the board the right to examine further transfers of the property covered thereby for the purpose of determining whether excessive profits have been realized by the transferee or any subsequent transferee, and (B) requiring the execution by all subsequent transferors of such property of instruments containing such reservations in connection with all future transfers of such property except transfers to consumers.

Mr. President, that would require that the deed given by the Secretary of the Interior to a homesteader in the State of Arizona would have to contain a reservation to the effect that the homesteader if he transferred the land to another person would be subject to have the whole transaction reexamined. That would be true with respect to every single item of land sold under this bill.

We have taken every precaution that it is possible to take to make certain that surplus tracts of land shall be sold to individuals, that there shall be no question about their being sold to persons who want to utilize them for the purpose of making a livelihood. I am sure it is not the purpose of the Senator to require that the deed of transfer from the Government covering lands to homesteaders, lands to veterans, lands to beneficiaries under the Bankhead-Jones Act shall contain a clause which would defeat the very title to seek to convey.

Moreover, Mr. President, I want to call the attention of the Senator to this situation in respect to wool. There are now in the ownership of the Federal Government 200,000,000 pounds of surplus wool. It is wool that was accumulated as a stock pile. It hangs over the market; it is a threat to every wool grower of the West until it is disposed of. It is being disposed of now by the Commodity Credit Corporation and by the R. F. C. through auction sales. It is being disposed of or has been disposed of by sales to ordinary dealers. There has never been an intimation that one single pound of the millions of pounds which have been sold to date have been sold in a speculative manner. The disposition of that wool is a benefit to the wool growers of the country. If we were to provide, as the Senator's amendment does, that those sales should be tied up with the requirement to renegotiate the purchase, as it were, it would mean that that wool could not be used by the mills of the country for making clothes which people are ready to buy.

Mr. President, I think the Senator's amendment would be destructive of the very purposes of the bill.

Mr. McFARLAND. Mr. President, I do not place that interpretation on the amendment at all.

Mr. O'MAHONEY. The Senator cannot deny the plain meaning of the language.

Mr. McFARLAND. Wool is being sold under safeguards, and the only thing the amendment would do would be to prevent an unreasonable profit. Anyone who is willing to buy goods and sell them for a reasonable profit can operate under the amendment. That is all there is to the amendment. If an unreasonable profit is what is desired, I simply cannot agree that it should be allowed.

Mr. O'MAHONEY. The bill is full of provisions intended to prevent speculative transactions, but the proposal which the Senator advances would require that every bill of sale, every deed to property, must contain a condition which would defeat the very purpose of the bill of sale. I think the amendment should be rejected.

Mr. McFARLAND. Mr. President, I regret very much that the distinguished Senator should disagree with my interpretation. I do not think the amendment has any particular application to agricultural lands, unless someone should buy and resell such lands for the purpose of speculating in them.

The amendment if adopted will afford a protection to the public. Everywhere I have gone I have found that the people wish to know the answer to the question "What is the Government going to do with these surpluses? Is it going to permit them to get into the hands of speculators?" They state they have invested their money in Government bonds and furnished the money to buy the goods which are now surplus. It is up to the Government to get every penny it can out of the goods.

Mr. EASTLAND. Mr. President——

The PRESIDING OFFICER (Mr. McCLELLAN in the chair). Does the Senator from Arizona yield to the Senator from Mississippi?

Mr. McFARLAND. I yield.

Mr. EASTLAND. Statements have been made concerning the sale of wool. Is it not a fact that the stockpile of wool is sold at prices not less than parity, as provided by law?

Mr. McKELLAR. That is my understanding of the law.

Mr. EASTLAND. Then, how could excess profits be made from wool, and how could the amendment apply to wool?

Mr. McFARLAND. I do not know, and I do not understand the interpretation placed upon the amendment by the Senator from Wyoming.

Mr. President, as I have said, I feel that the amendment affords protection to the public. If the amendment is adopted, the people will feel that under it they have some protection against profiteering. Everyone knows, it is common knowledge, that some individuals are desirous of getting hold of these goods for the purpose of making profits. What are we going to do about it? I contend that the amendment represents the best concrete method which has been offered thus far to protect the public.

Mr. McKELLAR. Mr. President, $103,000,000,000 of Government property is affected by this bill. It is estimated that at the end of the war, if it shall end in the next 90 days or so, the Government will owe about $300,000,000,000. That is the largest amount that any Government ever owed in all history, and probably the largest amount any government ever will owe in the future throughout the generations to come. It is estimated there will be $103,000,000,000 of surplus Government property. What is our duty with respect to it? Is it our duty to turn the property over, without restraint, so to speak, to the gentlemen whom the distinguished Senator from Arizona has just described as rubbing their hands and waiting to get their hands on the surplus property at the lowest price they can, and selling it at a high price so they will make great profits?

There is nothing about the amendment which presents anything new to this body. The money which bought the surplus goods was spent with contractors. All Senators remember that a bill was passed providing for renegotiation of contracts made in connection with the goods bought by the Government. What has been the result of the law providing for renegotiation of contracts? I submit the record of the hearings taken in connection with the Military Establishment appropriation bill. It was shown that $4,700,000,000 have been saved to the Government by reason of the renegotiation-of-contract law now in effect, which covers the contracts for the production of goods for the Government. As the Senator from North Dakota [Mr. LANGER] suggests to me, we are not yet through with making savings as the result of renegotiation of contracts. But already $4,700,000,000 have been saved. That was the amount found to have been saved up to a date early in the present year.

Mr. President, when the bill providing for the renegotiation of contracts was before the Senate I recall that exactly the same arguments were used which are being used with respect to the proposal now before us. Much was said of the sacredness of contracts. I wish to say to my distinguished friend, the Senator from Vermont [Mr. AUSTIN], whom I love very much and whom I admire very greatly, that I am just as strongly in favor of the principle that we should stand by our contracts as is anyone on earth. I believe the Government should stand by every honest contract it makes. But our amendment is not aimed at honest contracts. It is aimed at dishonest, corrupt contracts, by which the Government is swindled, in the first place, and the consumer is mulcted, in the second place.

I do not see the senior Senator from Georgia present in the Senate Chamber at the moment. When he spoke a moment ago he was much concerned about small business. Small business is deeply interested in having honest contracts, because in order to get ahead, in order to grow into big business, small business must be honest, it must be straight. Small business wishes to engage in honest business, and we want to help small business to do business. Heaven knows that no man on earth believes more firmly than I do in standing by a contract. But fraud and corruption, as all of us who are lawyers learned in the textbooks in the days gone by, dissolve all contracts. Fraud and corruption nullify all contracts.

Mr. TAFT. Mr. President, I wish to call the Senator's attention to section 23, which provides that—

> Every person * * * who shall use or engage in or cause to be used or engaged in any fraudulent trick, scheme, or device, for the purpose of securing or obtaining, or aiding to secure or obtain, for any person any payment, property, or other benefits from the United States or any Government agency in connection with the disposition of property under this act, or who enters into an agreement, combination, or conspiracy to do any of the foregoing—
>
> (1) shall pay to the United States the sum of $2,000 for each such act, and double the amount of any damage which the United States may have sustained by reason thereof, together with the costs of suit.

In other words, that section attempts to reach the particular thing which the bill prescribes on page 68.

Mr. McKELLAR. From what page is the Senator reading?

Mr. TAFT. From pages 68 and 69. The bill, on page 50, provides that the board shall—

> (1) Arrange for the widest practicable notice as far in advance of the sale as practicable, by advertisement or otherwise, to be issued and disseminated by the agencies so that large and small enterprises will be reasonably informed of the property offered for sale and the terms and conditions thereof.

It further provides that the board shall—

> (2) Reduce lots or block of any items offered for sale to the smallest practicable units conforming with marketing policy in the agency concerned so that they will be within the reach of small business enterprises.

It states the purpose of the measure to be—

> (7) To assure the sale of such surpluses in such quantities and on such terms as will discourage disposal to speculators or for speculative purposes.

In other words, the bill attempts in every way to meet the criticism of the Senator from Tennessee, with which we all sympathize. But I do not think it is wise to say that for years after a sale is made everyone who handles the property, not simply land, but all foodstuffs, and so forth, the manufacturer, the wholesaler, or the retailer, is subject to renegotiation by the Government on every item he handles for all time to come.

Mr. McKELLAR. The amendment does not make any such provision. I read it a while ago, and I believe its language is perfectly plain. If it is not absolutely plain, I urge the draftsmen who have so well prepared the amendment, to endeavor to make it perfectly plain, so that when the bill goes to conference anyone who reads it can understand its meaning.

Listen to the language of paragraph (3) on page 3:

> In any case in which, in the opinion of the board excessive profits have been realized—

It is the board that has to pass upon the question—

> it shall forthwith give notice by registered mail to the person or persons to whom it believes such profits have accrued, together with a statement of the facts used as a basis for such opinion. After reasonable opportunity for hearing, the board shall enter an order determining the amount, if any, of such excessive profits. The board shall take such action as may be necessary to recover such excessive profits—

How?—

> either by settlement or suit in any court of competent jurisdiction. In any such suit the court may, in addition, impose a penalty in an amount not exceeding twice the amount adjudged to be excessive profits. All money recovered by reason of any such settlement or suit or as a penalty shall be covered into the Treasury as miscellaneous receipts.

There is a perfectly plain program. It cannot be misunderstood. What is the purpose of it? Is it to hurt the small businessman? It cannot hurt the small businessman. It is impossible to hurt the big businessman, if he is honest. The amendment is aimed at dishonest combinations or dishonest individual actions, which would take the Government's property at a very small price and sell it at such an exorbitant price as to make the transaction unconscionable. It is said that that cannot happen. We have absolute proof that it does happen, and has happened in the past 2 years. It happened to the extent of $4,700,000,000 in 1942.

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

Mr. McKELLAR. I yield.

Mr. AIKEN. Does that figure represent all that has been recovered by the Government, or is that the amount recovered by the War Department alone?

Mr. McKELLAR. That is the amount recovered by the War Department alone. Other departments are not included in those figures.

Mr. AIKEN. Is it not true that equal amounts, or greater amounts, have been recovered by the Navy and the Maritime Commission?

Mr. McKELLAR. I do not believe that an equal amount has been recovered, but a very large sum has been recovered. I am informed that more than $10,000,000 has been recovered from contractors with the Navy and the Maritime Commission.

With those figures staring us in the face, how can we refuse to regulate this matter?

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

Mr. McKELLAR. I yield.

Mr. AUSTIN. There is a slight implication in the remarks of the distinguished Senator, when considered in the setting of what he has said, that the excessive contract prices are the product of fraud. I rise to say that so far as I know there has been no such cause for the excessive prices. On the contrary, the speed with which we had to move in mobilizing all our resources was such that no great care was taken in fixing prices. Besides, certain standards or rules were laid down for prices which produced results which had to be renegotiated. The prices were as fair as they could have been in the circumstances in which the contracts were negotiated in the first instance.

Renegotiation is not based upon the sole theory that men in dealing with their Government are crooks, and that what they gain by way of profit in serving their Government in time of war is gained as the result of fraudulent transactions. On the contrary, in most cases, if not in all, the excessive amounts which have been recovered by renegotiation were the result of the peculiar situation in which the contracts were renegotiated.

Mr. McKELLAR. The Senator is correct as to some of the contracts. There was no intentional dishonesty in connection with some of them. All I know about the subject is what has been published in the newspapers. I recall that the Attorney General, in bringing some of the suits to recover excess profits,

made very strong allegations about dishonesty and corruption in connection with certain contracts. I have no doubt that such was the situation in many instances. Some contractors were dishonest and corrupt from the beginning. The departments have done the best they could. They have done a very satisfactory job.

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

Mr. McKELLAR. I yield.

Mr. LANGER. Is it not a fact that the late Senator Van Nuys, in connection with war-fraud legislation, stated that more than $1,000,000,000 was involved in actions pending more than a year ago?

Mr. McKELLAR. I had forgotten that. I do recall that he so stated on the floor of the Senate.

How could this amendment hurt any honest purchaser of property? I do not see how it could. It seems to me that we are straining at gnats. It ought to be desirable to see that the Government receives a real, honest-to-God price for the surplus goods which it has to sell. I know that every Senator feels that way. I know that every Senator is perfectly honest and sincere.

How can we justify looking at technicalities, when we have before us a perfectly plain and simple case? I should be astonished if it were not for the fact that I remember that I had the same sort of a fight in connection with the renegotiation-of-contracts bill. It was said that it would never accomplish anything. It was said that the Government would not reap a penny of benefit from it. It was even stated on the floor of the Senate that the cost of establishing the organization to renegotiate contracts would be infinitely more than the Government would ever receive from it. After paying all the costs, last winter we had already received from the War Department alone $4,700,000,000.

With that sort of an experience staring us in the face, I do not see how in the world Senators can vote against an amendment which simply provides for honesty in making and carrying out contracts. That is the only question involved. We must choose whether to be on the side of those who would speculate and grow rich at the expense of their Government or whether to require those dealing with Government property to be honest all along the line.

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

Mr. McKELLAR. I yield.

Mr. JOHNSON of Colorado. Many Senators are in agreement with the Senator from Tennessee as to his objectives; but some of us do not think that his amendment would accomplish them in the best way. I am wondering if the Senator would be willing to place some provision in the bill against profiteering, and then add another section to the penalty clause, giving the Board some power of recovery, so that if sales were made in which profiteering is indulged in, there could be a recovery by the Board.

Mr. McKELLAR. That is precisely what is in this amendment.

Mr. JOHNSON of Colorado. I know that, but some of us are not satisfied with the amendment as written. I wonder if the Senator would object to allowing the amendment to go over until tomorrow, to see if a better amendment cannot be drafted.

Mr. McKELLAR. Not at all. If the amendment can be improved upon so as to insure that the Government will be protected, and that those who would traffic in their Government's property for excessive profits alone will be debarred from doing so, I shall be delighted to see such an amendment.

This question will go to conference, and the conferees will be able to work out a satisfactory provision. The members of the drafting board who have been helping the Senator with this bill prepared this amendment for me at my request. Of course, if there are defects in it. I do not want defects in it. If there are mistakes in it, I do not want mistakes in it. All I want to do is to have a workable amendment which will prevent those who buy the property of the Government from unduly profiting by improper means.

Mr. JOHNSON of Colorado. Perhaps we can work something out by the time the Senate reconvenes tomorrow, which might satisfy some Senators who are not in agreement with the language of the Senator's amendment or with his approach to this problem. I therefore suggest that the amendment be passed over until tomorrow.

Mr. McKELLAR. So far as I am concerned, I shall be very happy to agree to that course. I may wish to be heard when I see the new language. I hope the language will be designed for the purpose of clarification, and not for the purpose of giving speculators larger profits.

Mr. WHITE. Mr. President, am I to understand that the Senator from Colorado is asking that the amendment be passed over?

Mr. JOHNSON of Colorado. I ask unanimous consent that the pending amendment be passed over until tomorrow.

Mr. WHITE. Mr. President, if some of the members of the Committee on Military Affairs on this side of the aisle, and other Members of the minority who have given close attention to the bill feel that there is hope that a compromise amendment may be arrived at, I believe that the proposal to pass it over is well worth while; but unless Senators on this side of the aisle have some hope that something may be accomplished by passing the amendment over until tomorrow, I think we ought to proceed at this time.

Mr. McKELLAR. Mr. President, there is a great deal in what the minority leader says. I should like to know if there is such a hope. If not, we might as well vote on the amendment. If the speculators win, we will abide by the result. Of course, I shall ask for a yea-and-nay vote.

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

Mr. JOHNSON of Colorado. I yield.

Mr. HILL. It is the hope that if the amendment is passed over there will be some possibility of drafting an amendment which will be satisfactory to more Members of the Senate, and at the same time attain the purposes which the author of the amendment has in mind. I understand that the Senator from California [Mr. DOWNEY] has an amendment to offer, and that there are several other amendments to be offered.

Mr. JOHNSON of Colorado. So we should not be wasting time.

Mr. HILL. My thought is that we might proceed to the consideration of other amendments at this time, rather than take a recess now.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado? The Chair hears none, and the pending amendment is temporarily laid aside.

Mr. DOWNEY. Mr. President, I offer an amendment which I send to the desk and ask to have stated. I hope it will not be controversial.

The PRESIDING OFFICER. The amendment offered by the Senator from California will be stated.

The CHIEF CLERK. On page 56, in the committee amendment, between lines 7 and 8, it is proposed to insert a new subsection, as follows:

(c) Before any real property which was acquired for use as a military camp or cantonment is disposed of under the provisions of section 22 of this act, an opportunity shall first be afforded to the State in which such property is located and to its political subdivisions, including municipalities, to purchase or lease such real property for public uses at discounts not to exceed 50 percent of the sale or lease market value thereof, as the case may be, or 50 percent of the highest price offered by any private purchaser or lessee, whichever is lower.

Mr. DOWNEY. Mr. President, the senior Senator from Colorado [Mr. JOHNSON] has said to me that he has no objection to acceptance of that amendment. If it is acceptable to the Senator, I shall not make any statement or argument on it. If any Senator desires to raise any question, then I shall.

Mr. VANDENBERG. Mr. President, I certainly would have to hear more than I have heard thus far before I could consent to any such general bargain counter.

Mr. DOWNEY. Mr. President, let me say to the distinguished senior Senator from Michigan that, so far as the measure of the price is concerned, that is in conformity with the provisions contained in the pending bill. The amendment I have offered provides that States and political subdivisions of States may receive a discount of as much as 50 percent of the value of the property or of the highest price offered by any private purchaser or lessee, whichever is lower.

Mr. VANDENBERG. Yes. But is not the Senator making the 50 percent discount mandatory?

Mr. DOWNEY. No.

Mr. VANDENBERG. As I have heard the amendment read, I think it would require that States and subdivisions of States receive a discount of 50 percent.

Mr. DOWNEY. Let me say that if my amendment would establish any deviation from the provisions of the bill as now written, then I shall request that the amendment be made to read in conformity with the bill. Will that be satisfactory to the Senator?

Mr. VANDENBERG. I still want to hear a little more about it.

Mr. DOWNEY. Very well.

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

Mr. DOWNEY. I yield.

Mr. AUSTIN. I wish to ask the Senator whether his amendment conforms to section 12 of the bill? I wonder if the text of the amendment carries out the theory of that section. As I understand, the theory which underlies the according of a discount is that the public good would be served by such disposal of surplus property, when conveyed to a government such as a State or one of its political subdivisions, for use in a public service, namely, some sort of public use, such as use in connection with schools, hospitals, and other eleemosynary institutions. That is the theory of section 12.

Has the Senator limited the disposal to disposal to a municipality or some other subdivision of a State?

Mr. DOWNEY. I have limited it to disposal to States or their political subdivisions; and the amendment relates only to military cantonments or camps. Let me say that the only respect in which the amendment would vary the terms of the pending bill would be that it would give a State the right to purchase such property before the former owners would have a right to purchase it. Otherwise, according to the way I meant to have the amendment drafted, it would not vary the terms of the pending bill.

I know that in California several camps have been erected by the Federal Government. The State would like to maintain them for its own military or other purposes. I think it would be most advantageous to the Federal Government to have the State do so, because in the event of another war those parcels or military camps would be there for the use of the Federal Government. If no war comes—and we may now hope that will be the case—nevertheless a State will have use for such property.

I felt that in the case of a public use by a State itself, if the State wanted the property for such use, that right should take priority over the right of the former owners.

Mr. AUSTIN. Mr. President, will the Senator please read to us again the use he expresses in his amendment?

Mr. DOWNEY. Yes. It reads as follows:

> Before any real property which was acquired for use as a military camp or cantonment is disposed of under the provisions of section 22 of this act, an opportunity shall first be afforded to the State in which such property is located and to its political subdivisions, including municipalities, to purchase or lease such real property for public uses at discounts not to exceed 50 percent of the sale or lease market value thereof, as the case may be, or 50 percent of the highest price offered by any private purchaser or lessee, whichever is lower.

Mr. AUSTIN. I think the language should be revised somewhat, in order to make it clear that the condition on which the priority is granted is that the property be used for such public use. With such a provision included, I would have no objection to the amendment.

Mr. DOWNEY. I shall be very glad to modify the amendment so as to meet the suggestion of the Senator from Vermont.

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

Mr. DOWNEY. I yield.

Mr. VANDENBERG. I now have the text of the Senator's amendment before me. I do not think it is subject to the objection I previously made against it.

Mr. DOWNEY. I thank the Senator.

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

Mr. DOWNEY. I yield.

Mr. HILL. I think that when the committee placed section 12 in the bill, it had in mind at least providing the opportunity to do the very thing the Senator proposes by his amendment. But I think the provision of the Senator's amendment is more definite and more certain.

I think the Senator's amendment should be adopted. In a case where a State or municipality desires to take over a military camp or cantonment for public use, as the Senator's amendment provides, I think the State or municipality should have the right to do so. I think such action will inure to the benefit of the State, the public, and even the Federal Government itself.

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

Mr. DOWNEY. I yield.

Mr. WHITE. As I understood the amendment as it was read, it only authorizes the purchase of such property by a State or some political subdivision of a State, and only for public purposes. Is that correct?

Mr. DOWNEY. That is correct.

Mr. AUSTIN. We should make sure of that.

Mr. O'MAHONEY. Mr. President, if the Senator will yield to me, let me inquire of him whether there would be any limitation of time upon the operation provided for.

Mr. DOWNEY. No. Under the amendment, I think the State would be given the first opportunity to make the purchase. If it did not avail itself of that opportunity, it would lose the right to make the purchase.

Mr. HILL. Mr. President, if the Senator will yield to me, let me say that the amendment clearly provides that an opportunity shall be afforded. I should think that if the State did not exercise the right after a reasonable opportunity had been afforded, the property could be disposed of under the other provisions of the bill. I do not think there would be any unnecessary delay.

Mr. O'MAHONEY. Then, Mr. President, let me inquire whether it is the understanding of the Senator that the amendment he has proposed is not intended to raise any bar to the disposition of such lands if the State does not have use for the lands at the time when the disposal agency is ready to offer them for sale.

Mr. DOWNEY. That is correct.

Mr. DANAHER. Mr. President, I had risen having in mind the same thought the Senator from Wyoming has just expressed, namely, that the Senator from California should insert a limitation reading, "At a date not later than the dissolution of the next general assembly or legislature" of the State in question. Some such limitation would be reasonable. Certainly the legislature must have an opportunity to exercise an option for the State to acquire the property at a price not less than 50 percent of its value. Such property would include property available for State forests or for recreational facilities and the like, as well as for military purposes. So there are instances of that sort to which attention should be directed.

Furthermore, let me point out that elsewhere the bill has made provision that, in connection with the disposal of land by the Secretary of Agriculture and the Secretary of the Interior, if the land which was taken is agricultural, the former owners shall be offered, if available, nearby acreage of similar character.

In the amendment of the Senator from California there is no protection of that kind for the owner whose property has been sequestered, first by the Government and next by us, under the proposal being considered, for the benefit of the State of which the owner is a resident.

So I respectfully suggest that the Senator from California permit his amendment to be considered tomorrow, together with the various interpretations and ideas, and that its consideration then follow action upon the one we have already postponed.

Mr. DOWNEY. Mr. President, I shall willingly accede to the request of the Senator from Connecticut. However, I wonder if the suggestion I am about to make would be satisfactory to him. Undoubtedly this matter must go to conference. Undoubtedly the conferees on the part of the House of Representatives will have ideas of their own. One of the most distinguished Members of the Senate, a Senator on the Republican side of the aisle, undoubtedly will be one of the conferees. All of us on both sides of the aisle have the utmost confidence in him. So I wonder if it would not be satisfactory to let this matter go to conference and to let the conferees work out the most salutary measure.

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

Mr. DOWNEY. I yield.

Mr. DANAHER. I thank the Senator for yielding to me.

Mr. President, I would say it is unwise for us not to incorporate our very best ideas into the legislation we send to conference. We, not the conferees, should write the bills. Please understand that I have the utmost confidence in the conferees we name; but I should very much like to see the ideas suggested by the Senator from California embodied in proper form, with the suggestions which have been made added to them. Then let us act upon them.

Mr. DOWNEY. Very well, Mr. President; I am glad to acquiesce in that suggestion. I will hold over my amendment until tomorrow.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Miller, one of his secretaries.

DISPOSAL OF SURPLUS GOVERNMENT PROPERTY

The Senate resumed the consideration of the bill (S. 2065) to establish a Surplus War Property Administration, to provide for the proper disposal of surplus war property, and for other purposes.

Mr. KILGORE. Mr. President, on page 36 of the bill, in line 21, after the words "small business", it has occurred to me and has been brought to my attention that, in taking care of veterans, by failing to insert one other word we would discriminate against certain types of veterans, namely, physicians and dentists who sold their businesses to go into the armed forces when they were called.

My suggestion is that if, after the word "business", in line 21, page 36, we inserted a comma and the word "professional", we would provide care on an equal basis for all classes of veterans; because the language then would read:

Small business, professional or agricultural enterprises.

I offer that amendment.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). The amendment will be read by the clerk, for the information of the Senate.

The LEGISLATIVE CLERK. On page 36, in line 21, after the word "business", it is proposed to insert a comma and the word "professional", so as to make the language read: "and maintain their own small business, professional or agricultural enterprises."

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

Mr. KILGORE. I yield.

Mr. JOHNSON of Colorado. Does the Senator mean a professional enterprise? Is it possible to use clearer language?

Mr. KILGORE. If a doctor is a member of a profession, his enterprise is certainly a professional enterprise. However, we could omit the letters "al" from the word "professional," and could say "small business, profession, or agricultural enterprises." If the Senator thinks such language is better, I will agree to having it used, and will agree to having the word "professional" changed to "profession", so that the language will read: "small business, profession, or agricultural enterprise." All I wish to do is to help.

Mr. DANAHER. Mr. President, I have no objection to the suggestion made by the Senator from West Virginia, but, so long as we are on the subject, has any member of the subcommittee given consideration to the fact that application of the subsection is being made in aid of honorably discharged veterans? When we had before us the so-called veterans' bill of rights some classes of veterans who were entitled to protection and relief were different from those who were honorably discharged veterans. I am wondering if it is not the intent of the Military Affairs Committee to apply the relief to all veterans who are otherwise covered by the G. I. bill.

Mr. AUSTIN. No.

as I know, we intended to include all veterans who were discharged not without honor. A veteran with a blue discharge could receive benefits, as well as one with an honorable discharge.

Mr. DANAHER. But that is not the way the language reads, is it?

Mr. AUSTIN. No.

Mr. BURTON. Mr. President, I should like to point out that on page 77 of the bill, beginning in line 21, the definition of a veteran is as follows:

The term "veteran" means any person who during the present war was entitled to the benefits afforded by the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, and who has been honorably discharged or otherwise honorably separated from the service entitling him to such benefits—

And so forth.

Mr. DANAHER. If we were to include all those entitled to the benefits provided under the act of June 22, 1944, we would clearly include them all.

Mr. BURTON. They could be included in the part of the bill to which I have referred.

Mr. DANAHER. That matter, I assume, will be taken up at another time, but since our attention has been directed to the section of the bill to which the Senator has referred, I wished to ask about it. I thank the Senator.

Mr. WEEKS. Mr. President, I should like to point out that yesterday I inquired of the distinguished Senator from Colorado [Mr. JOHNSON] with regard to definitions of discharges as applying to veterans. I asked him specifically with reference to the so-called blue discharge. I should like to have the Senator from Colorado, who has looked up the point, make a statement.

Mr. JOHNSON of Colorado. Mr. President, in reply to the Senator from Massachusetts as to the blue discharge, let me say that there are three categories of discharge, namely, the honorable discharge, the so-called blue discharge, and the dishonorable discharge. The blue discharge is between the honorable discharge and the dishonorable discharge. Congress has not been very consistent in its legislation with respect to the blue discharge. In the G. I. bill veterans with blue discharges were included. In the recent amendment to the Civil Service Act they were not included. They are not included in the pending bill. Perhaps Senators would like to know what a blue discharge is.

Mr. KILGORE. A blue discharge is not an honorable discharge. A veteran holding a blue discharge is not recommended for reenlistment.

Mr. JOHNSON of Colorado. A blue discharge may be issued only when an enlisted man is inapt or, second, does not possess the desired degree of adaptability for the military service after reasonable attempts have been made to reclassify and reassign him in keeping with his abilities and qualifications, or, third, is disqualified for service because of enuresis.

Mr. KILGORE. I think that in the past we have been a bit vacillating on the subject. After the First World War we recognized only the honorable discharge. It was the only discharge recognized by the United States Government. It included all discharges for disability. The blue discharge and the dishonorable discharge were not recognized. I wonder if the Senate should at this time consider the advisability of recognizing the blue discharge and the dishonorable discharge.

Mr. JOHNSON of Colorado. I question the advisability of accepting the blue discharge. In many instances it is a discharge without court martial. When the military authorities for some reason did not care to court martial a soldier who perhaps was guilty of an offense, they gave him a discharge without honor. If they had court martialed him, he probably would have been discharged dishonorably. I shall be glad to place in the RECORD a definition of a blue discharge. I do not know whether the Members of the Senate desire to recognize the blue discharge. It is for them to decide.

Mr. WEEKS. Will the Senator from Colorado read the definition of a blue discharge?

Mr. JOHNSON of Colorado. A blue discharge is issued when an enlisted man, first, gives evidence of habits or traits of character (except when discharge for physical or mental conditions is indicated as provided in section 1, A. R. 615-361) which serve to render his retention in the service undesirable, and his rehabilitation is considered impossible after repeated attempts to accomplish same have failed; or, second, is disqualified for service, physically or in character, through his own misconduct, and cannot be rehabilitated to render useful service before the expiration of his term of service without detriment to the morale and efficiency of his organization.

Normally, when an honorable discharge would be issued a blue discharge may be issued when an enlisted man, first, is inapt, or, second, does not possess the required degree of adaptability for the military service after reasonable attempts have been made to reclassify and reassign him in keeping with his abilities and qualifications, or, third, is disqualified for service because of enuresis.

Enuresis may be a symptom of an underlying mental or physical condition. Underlying causes of enuresis may be organic disease, psychoneurosis, psychosis, mental deficiency, psychopathic personality, or lack of proper juvenile training.

So whether we wish to include such veterans in the pending bill is a matter which we should seriously consider. We left them out of the recently enacted civil-service law. We included them in the G. I. bill. There was reason for doing so. In some instances the blue discharge is issued perhaps for reasons for which the veteran is not responsible.

Mr. WEEKS. Mr. President, I may be entirely mistaken, but it seems to me that the committee has not given full

consideration to the distinction to be made between the blue discharge and the honorable discharge. While I am not advocating a course which I think the Senate should take, I believe that it should seriously consider whether or not a man with a blue discharge is entitled to the same consideration which is to be given a man who has served his country and has been honorably discharged from the service.

Mr. McKELLAR. Mr. President, can the Senator state how many veterans have received a blue discharge?

Mr. WEEKS. No; I cannot state. I believe that there are not many blue discharges compared with the total number of men in service, but I do not know the number.

Mr. JOHNSON of Colorado. Speaking for myself personally, I am very much opposed to giving a veteran with a blue discharge the same consideration that is given a man with an honorable discharge. I am glad that the pending bill does not give him the same consideration.

MISSOURI VALLEY AUTHORITY

Mr. OVERTON. Mr. President, on August 18, 1944, the Senator from Montana [Mr. MURRAY] introduced Senate bill 2089, to establish a Missouri Valley authority, to provide for unified water control and resource development on the Mississippi River and surrounding region in the interest of the control and prevention of floods, the promotion of navigation, and reclamation of the public lands, the strengthening of the national defense, and for other purposes. At the suggestion of the Senator from Wyoming [Mr. O'MAHONEY] the bill, which was referred to the Commitee on Agriculture and Forestry, was ordered to be referred to the Committee on Irrigation and Reclamation for study by that committee after the Committee on Agriculture and Forestry had completed its study.

Mr. President, I ask unanimous consent that after the bill has received the consideration of the Committee on Agriculture and Forestry and of the Committee on Irrigation and Reclamation, it be referred to the Committee on Commerce, because it deals very largely with navigation and flood control, and that committee has always exercised jurisdiction with respect to such matters.

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

Mr. AIKEN. Mr. President, I object. I see only one other member of the Committee on Agriculture and Forestry in the Chamber, and I think the remaining members of the commitee should have something to say before surrendering jurisdiction over the matter. All matters pertaining to the Tennessee Valley Authority come before the Committee on Agriculture and Forestry, and I see no reason at this time why similar matters pertaining to other sections of the country should be transferred or sent to other committees. It may be that I may change my mind after studying the matter, but at first thought I would not want such action to be taken without the members of the Committee on Agriculture and Forestry knowing what the motion is. Furthermore, I do not see the need for hurry.

Mr. OVERTON. Mr. President, I am not trying to deprive the Committee on Agriculture and Forestry of the opportunity for making a study of the bill. I ask after that committee shall have completed its study of the bill, and the Committee on Irrigation and Reclamation shall have completed its study of the bill, that it then be referred to the Committee on Commerce for further study.

Mr. AIKEN. Does that have to be done tonight? I do not see why there should be any hurry about it. Perhaps it is a perfectly wise procedure to follow. But as one member of the Committee on Agriculture and Forestry I would not care to give unanimous consent to such a move at this time, when but a few Members of the Senate are present, and when but two members of the Committee on Agriculture and Forestry are present.

Mr. OVERTON. When the request was made that the bill be referred to the Committee on Irrigation and Reclamation no objection was made by any member of the Committee on Agriculture and Forestry. The Senator, I assume, was on the floor at the time. Very well, then, I shall probably have to take the matter up in another manner at the proper time.

Mr. AIKEN. Does the Senator mean that all three of the committees in question would have to report the bill to the Senate before it could be taken up for action?

Mr. OVERTON. That is correct.

Mr. AIKEN. I am not familiar with the bill.

Mr. OVERTON. Neither am I.

Mr. AIKEN. It seems to me that the proposed procedure would establish a very bad precedent. Any Senator who is so minded could block legislation permanently if he could obtain consent to have a measure referred to three committees, each of which would have to report the measure favorably before action could be taken on it.

Mr. OVERTON. If the objection is based on the ground that the Commerce Committee has jurisdiction over the bill, and that the bill should have been referred to the Commerce Committee in the first instance, then at the proper time I shall move to discharge the Committee on Agriculture and Forestry from further consideration of the bill, and ask that the bill be referred to the Committee on Commerce. I do not like to pursue that course.

The PRESIDING OFFICER. The Senator from Louisiana has asked unanimous consent with respect to reference of a bill, but objection is heard.

Mr. OVERTON. Yes; I so understood. I shall make the motion I referred to at this time.

DISPOSAL OF SURPLUS GOVERNMENT PROPERTY

The Senate resumed the consideration of the bill (S. 2065), to establish a Surplus War Property Administration; to provide for the proper disposal of surplus war property; and for other purposes.

Mr. WHERRY. Mr. President, I have sent three amendments to the desk. I ask that the first amendment be stated.

The PRESIDING OFFICER. The Chair calls attention to the fact that an amendment offered by the Senator from West Virginia [Mr. KILGORE] is pending. The question is on agreeing to that amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The first amendment offered by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 55, line 3, it is proposed to strike out the words "in plants acquired by the Defense Plant Corporation."

Mr. JOHNSON of Colorado. Mr. President, I hope the Senator's amendment will be adopted.

Mr. WHERRY. I thought the Senator from Colorado would explain the amendment. A colloquy developed on the floor yesterday relative to the suggested amendment, and it was my understanding that the committee would accept the amendment.

If the Senators will turn to page 55, line 3, they will find that the amendment is after the word "use" to strike out the words "in plants acquired by the Defense Plant Corporation." That would make the language read:

> Except as herein or otherwise provided, no Government agency shall, in competition with private industry, manufacture or produce any articles or commodities for civilian use.

That means that there shall be no competition on the part of the Government with private business, in any plants, whether defense plants or any others. I understand there is no objection to the amendment and that it is acceptable to the committee. I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nebraska.

The motion was agreed to, and the amendment to the committee amendment was agreed to.

Mr. WHERRY. Mr. President, I ask to have the next amendment stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 53, line 10, after the word "time", it is proposed to insert the words "in no event to exceed 6 months."

Mr. WHERRY. Mr. President, that is a suggested amendment providing that the Attorney General shall have under advisement, for not longer than 6 months after notification, the question of whether or not a plant shall be sold. In line 9, on page 53, we find the language:

> Within a reasonable time after receiving such notification.

Some Senators have felt that we should place a limit as to the time. So the amendment provides for not exceeding 6 months.

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

Mr. WHERRY. I yield.

Mr. O'MAHONEY. I suggest that the Senator reduce that time to 3 months. The committee felt that "within a reasonable time" would mean very speedily, and I am afraid that to say "6 months" would be to encourage delay.

Mr. WHERRY. I wish to thank the Senator from Wyoming for his suggestion. I shall be glad to modify the language to read "not exceeding 90 days."

Mr. FERGUSON. On what page is that?

Mr. WHERRY. Page 53, line 10, after the words "within a reasonable time." The language of the amendment, as modified, would be "not exceeding 90 days," so the language would be:

> Within a reasonable time, not exceeding 90 days, after receiving such notification.

Mr. FERGUSON. When we consider the disposal of this property a delay of 3 months for a legal opinion from the Attorney General to me seems to be a very long time. Would the Senator be willing to fix the time at 60 days?

Mr. WHERRY. I have no objection to cutting it to as short a time as the Senator would want it cut to. All I wanted to do was to provide that the "reasonable time" should not exceed a definite time, and we decided at first on 6 months.

Mr. TAFT. Mr. President, it might easily take 90 days for the Attorney General to make the investigation which is necessary. I would suggest the language "Within a reasonable time, not more than 90 days after receiving such notification."

Mr. WHERRY. That is the modification I have already accepted. The language of the amendment, as modified, is "not exceeding 90 days," so the language would be:

> Within a reasonable time, not exceeding 90 days, after receiving such notification.

Mr. President, I move the adoption of the amendment, as modified.

The PRESIDING OFFICER. The question is on the motion of the Senator from Nebraska.

The motion was agreed to, and the modified amendment to the committee amendment, was agreed to.

Mr. WHERRY. Mr. President, I ask that the last amendment I sent to the desk be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 53, line 14, after the word "substantially" it is proposed to insert "*Provided, however,* That the words 'undue concentration' where used herein shall not be construed to apply to any geographical concentration."

Mr. WHERRY. This amendment is offered as the result of a colloquy which took place between the senior Senator from Michigan and, as I recall, the junior Senator from Kentucky [Mr. CHANDLER], relative to the concentration of business. I believe the committee looked with favor on the proposed amendment, and I move its adoption.

The PRESIDING OFFICE (Mr. ELLENDER in the chair). The question is on agreeing to the motion of the Senator from Nebraska.

The motion was agreed to, and the amendment to the committee amendment was agreed to.

Mr. O'MAHONEY. Mr. President, I have an amendment which I think will be noncontroversial. I learned this afternoon from the representatives of the American Red Cross that considerable difficulty arose after the last World War by reason of the fact that materials which had been gathered by the Red Cross and donated to the military forces had been sold as surplus property. The resulting criticism of the Red Cross, of course, placed that organization in an altogether unfavorable, and unjustifiably unfavorable, light. The amendment which I desire to propose is merely to safeguard against such disposition after this war.

Mr. President, the amendment is as follows:

On page 38, between lines 2 and 3, I propose to insert a new paragraph, as follows:

> (c) No property which was processed, produced, or donated by the American Red Cross for any Government agency shall be disposed of except after notice to and consultation with the American Red Cross.

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

Mr. O'MAHONEY. I yield.

Mr. DANAHER. Did the Senator say "processed or produced by the American Red Cross for any Government agency"?

Mr. O'MAHONEY. The language is "for any Government agency."

Mr. DANAHER. I thought the Senator might have said "or."

Mr. O'MAHONEY. No; the word is "for."

Mr. DANAHER. I thank the Senator.

Mr. O'MAHONEY. Mr. President, I hope the amendment will be adopted.

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

The amendment to the amendment was agreed to.

Mr. AIKEN. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Vermont will be stated.

The LEGISLATIVE CLERK. On page 52, line 14, in the committee amendment, after the word "commodities", it is proposed to insert "or food processed from agricultural commodities."

Mr. AIKEN. Mr. President, it will be recalled that after the First World War the Government dumped food products on the market in such a disorderly manner that the agricultural price structure of the country was almost completely wrecked. It required 2 or 3 years to recover. I recall that the price of milk, for example, dropped to $1 a hundred pounds. The Committee on Military Affairs, in rewriting this bill, has inserted a provision which provides for the orderly marketing of surplus agricultural commodities. However, I find that that provision does not cover food processed from agricultural commodities. This morning I called on the telephone the office of the Solicitor of the Department of Agriculture. While he was not in his office, one of his assistants told me that he was quite sure that this provision would not cover food processed from agricultural commodities. Such commodities would be dumped upon the market and would break the market for agricultural prices unless they were handled in an orderly manner. The Army probably does not own cottonseed, but it owns a great deal of cottonseed oil shortening. It does not own any tomatoes, but probably owns millions of gallons of canned tomatoes, bottles of catsup, and so forth. In order to carry out what I think is the purpose of the committee, I am offering this amendment and ask for its adoption.

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

Mr. AIKEN. I yield.

Mr. DANAHER. Does the Senator in his amendment use the words "articles processed from agricultural commodities"?

Mr. AIKEN. No; I certainly would not do that. The amendment merely deals with food processed from agricultural commodities. I realize the impossibility of dealing with articles or goods.

Mr. JOHNSON of Colorado. Mr. President, may the amendment be again stated?

The PRESIDING OFFICER. The amendment offered by the Senator from Vermont will be again stated.

The LEGISLATIVE CLERK. On page 52, line 14, in the committee amendment, after the word "commodities" it is proposed to insert "or food processed from agricultural commodities."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. AIKEN] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. WEEKS. Mr. President, I send to the desk two amendments to section 14, which I offer and ask to have stated.

The PRESIDING OFFICER. The first amendment offered by the Senator from Massachusetts will be stated.

The LEGISLATIVE CLERK. On page 50, line 19, in the committee amendment, after the word "thereof" it is proposed to insert "Provided, however, That no extension of credit shall be for a longer period than 5 years."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. WEEKS] to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The second amendment offered by the Senator from Massachusetts will be stated.

The LEGISLATIVE CLERK. On page 52, at the beginning of line 2, in the committee amendment, it is proposed to strike out "and operation."

Mr. WEEKS. Mr. President, the amendment would make subparagraph (f) read as follows:

(f) The Smaller War Plants Corporation is hereby authorized, for the purpose of carrying out the objectives of this section, to make or guarantee loans to small business enterprises in connection with the acquisition and conversion of plants and facilities, and, in cooperation with the disposal agencies, to arrange for sales of surplus property to small business concerns on credit or time bases.

I shall explain as briefly as I can my purpose in offering the amendment to strike out the words "and operation."

The bill deals with surplus properties. Under the terms of the bill the Smaller War Plants Corporation is authorized to make loans to prospective purchasers of plants and equipment in connection with the acquisition, conversion—and, unless my amendment is adopted, the operation—of plants and facilities. My intention is to take away from the Smaller War Plans Corporation the authority to lend money to operate such plants. I believe that when surplus property is being distributed the Smaller War Plants Corporation should be enabled under the statute to help prospective purchasers acquire the property, and help them convert it; but I do not believe it is the intention of the Senate—I hope it is not its intention—to enable the Smaller War Plants Corporation to provide working capital to operate the businesses.

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

Mr. WEEKS. I yield.

Mr. CHANDLER. If this amendment is adopted, the criticism offered by the Senator from Georgia [Mr. GEORGE] with respect to section 17 will certainly be accurate. No small businessman can take over one of these plants under the terms of the bill and operate it. Certainly this amendment would eliminate the small businessman entirely. In order to get started, some of them will have to be encouraged and financed by the Smaller War Plants Corporation. We deliberately left in the bill the provision with respect to the Smaller War Plants Corporation, and gave it power and authority.

If what we wish to do is, as the Senator from Georgia suggested, to have reconversion, employment, and production, and permit the small operator to have an opportunity to engage in the operation of plants, production, and distribution of goods after the war, he will not be able to do so if we take from the Smaller War Plants Corporation the authority to assist him in operating plants. If he should buy a plant and were unable to operate it, under section 17 the plant would have to be taken back by the Government, and an equitable consideration would have to be repaid by the Government to the man who undertook to operate the plant. If we adopt this amendment, we shall absolutely close out the little man entirely. I hope the Senate will not agree to the amendment.

Mr. JOHNSON of Colorado. Mr. President, I join the Senator from Kentucky in the hope that the Senate will not agree to the amendment. If the Smaller War Plants Corporation should acquire one of these plants and be unable to find anyone to operate it, what benefit would it be to acquire it?

Mr. FERGUSON. Mr. President, what would be the security for the money advanced by the Government for the operation of the plant? I can see the security for the acquisition and conversion of the plants and machinery, but what would be the security behind the loan by the Government to the small businessman to operate the plant?

Mr. JOHNSON of Colorado. Mr. President, it seems to me that acquiring a plant and not being able to operate it would destroy the security of the plant itself. Whenever we lend money on a plant, we lend the money for the operation of the plant. We do not wish to have the plant stand idle and collect cobwebs and dust. Idleness will destroy a plant facility more quickly than anything else.

Mr. FERGUSON. What would be the limit on the amount which might be advanced to operate such a business?

Mr. JOHNSON of Colorado. The Congress provides the money to the Smaller War Plants Corporation, and the Congress would place restrictions on such appropriations. The amount would perhaps be very small, as compared with the larger object of getting industry under way and furnishing employment, reconverting, and getting back to a peacetime basis. That is the important thing. If a few small loans must be made to aid in the operation of plants, that is a minor detail. If the Corporation is to lend money for the acquisition of plants, it should have authority to lend sufficient money so that the plants can be operated. I do not believe that we ought to make the sky the limit.

Mr. FERGUSON. That is just the question. Under the terms of this provision would not the Smaller War Plants Corporation have the right, in its discretion, to lend money to operate a plant for 1 year, 2 years, or any length of time it might see fit?

Mr. JOHNSON of Colorado. I should not be in favor of making the sky the limit.

Mr. FERGUSON. What limitation is there under the language of the provision as it now stands?

Mr. JOHNSON of Colorado. The appropriating power of the Congress.

Mr. FERGUSON. Do we not appropriate in lump sums, so that if an appropriation of $10,000,000 or $100,000,000 were made for the Smaller War Plants Corporation, it could lend it to those who applied first, and the others would not get any?

Mr. JOHNSON of Colorado. The Corporation must come to the Appropriations Committee and give an accounting.

Mr. CHANDLER. That should be done, of course, but the truth of the matter is that it could not be done.

Mr. HILL. Mr. President, it seems to me that this amendment is so important, and so greatly affects the question of what we propose to do about small business, and what encouragement we are to give small business, that it ought to be passed over until tomorrow, when we shall have a better attendance, and can go into the amendment more thoroughly. If it is agreeable to the Senator, I should like to move that the Senate take a recess at this time, so that the amendment will go over until tomorrow.

Mr. WEEKS. Very well.

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

Mr. HILL. I yield.

Mr. TAFT. I send to the desk an amendment which I ask to have printed, and to lie on the table.

The PRESIDING OFFICER. The amendment will be printed, and lie on the table.

Mr. HILL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HILL. We have temporarily laid aside the McKellar amendment. What will be the pending business, under the agreement, when the Senate meets tomorrow?

The PRESIDING OFFICER. The McKellar amendment will be the pending business.

Mr. HILL. Then, after the McKellar amendment, will come the amendment of the Senator from Massachusetts [Mr. WEEKS], will it?

The PRESIDING OFFICER. Yes; if the Senator from Massachusetts calls it up.

Mr. HILL. Very well.

EXECUTIVE SESSION

Mr. HILL. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. ELLENDER in the chair) laid before the Senate executive messages from the President of the United States, which were referred to the appropriate committees.

(For nomination this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

FOREIGN SERVICE

The legislative clerk read the nomination of Philip W. Bonsal, of the District of Columbia, to be Foreign Service Officer of Class 5, a secretary in the Diplomatic Service, and a consul of the United States of America.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the United States Public Health Service.

The PRESIDING OFFICER. Without objection, the Public Health Service nominations are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

Without objection, the President will be notified forthwith of all nominations confirmed today.

RECESS

Mr. HILL. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 24 minutes p. m.) the Senate took a recess until tomorrow, Friday, August 25, 1944, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate August 24 (legislative day of August 15), 1944:

IN THE NAVY

Capt. Gail Morgan, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commander, naval operating base, Midway.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 24 (legislative day of August 15), 1944:

FOREIGN SERVICE

Philip W. Bonsal to be a Foreign Service officer of class 5, a secretary in the Diplomatic Service, and a consul of the United States of America.

UNITED STATES PUBLIC HEALTH SERVICE

PROMOTIONS IN THE REGULAR CORPS

Sidney Frederick to be a passed assistant dental surgeon, effective August 15, 1944.

Raymond F. Kaiser to be a temporary surgeon, effective July 1, 1944.

John P. Turner to be a temporary surgeon, effective July 1, 1944.

POSTMASTERS

ARIZONA

Rebecca W. Burgess, Eager.
Nellie I. Sherman, Hereford.
John J. Newell, Naco.
Don C. Tanner, Show Low.
Mina F. Fleischauer, Tuba City.

ARKANSAS

Leith S. Johnson, Banks.
Robert L. Burleson, Bearden.
John B. Turner, Branch.
Ruth Lloyd, Damascus.
John P. Hanni, Ellis.
Jennie Sharp Pylest, Etowah.
Stella K. Coffee, Gassville.
Fred M. Henry, McRae.
Clara Evans, Maysville.
Mary R. Lancaster, Mountain View.
Allie A. Irvin, Ozan.
George F. Nixon, Ratcliff.
Pleas Fowler, St. Joe.

COLORADO

Miles Crawford, Broomfield.

CONNECTICUT

Frank H. Schonrock, South Meriden.
Florence G. Joyce, Weatogue.

IOWA

William J. Hohnke, Atalissa.
Florence Fox, Fairfax.
Newton V. Benson, Geneva.
Lula M. Wilkins, Goodell.
Donald W. McShane, Luana.
Horace C. Campbell, Ollie.
Elsie C. Allen, Ogden.
William Bryan Fenimore, Peru.
Lou Ella Jones, Rose Hill.
Clifford L. Larson, Scarville.

LOUISIANA

Oscar A. Johnson, Albany.
Ludwig A. Hebert, Bayou Goula.
Annie L. Couch, Chestnut.
Vivian K. West, Evergreen.
Isabelle S. Booksh, Grosse Tete.
Ida E. Mounger, Lettsworth.
Betty M. Voigt, Provencal.
Maude M. Clark, Tioga.
James F. Willis, Sr., Varnado.
William A. Rheams, Walker.

MAINE

Lee M. Rowe, Bryant Pond.

MISSISSIPPI

Mabel C. Basham, Hamilton.

NEBRASKA

Rex Hicks, Amherst.
William A. Horstman, Creighton.
Helen Betty Gott, Fort Robinson.
Guy H. Matteson, Sutton.
Clarence E. Hendrickson, Wahoo.

TEXAS

Lucy F. Reynolds, Aledo.
John W. Boyett, Appleby.
Herman A. Krause, Beasley.
Felix A. Krause, Burlington.
Mary B. Rankin, Bynum.
Zella E. Mitchell, Campbell.
Otis J. Bronstad, Cranfills Gap.
William M. Riddle, Dale.
Eugene B. Griffing, Danbury.
Robert H. Mills, Dodd City.
Huel D. Ray, Ector.
Guyler Hamblen, Fostoria.
Vivian E. Cobb, James.
Charles W. Rankin, Jr., Jonesboro.
Ralph L. Johnson, Laneville.
Ada H. Worley, Malone.
Myrta E. Nichols, Melissa.
Charles K. Langford, Mertens.
Cyrus M. Walsworth, O'Brien.
Neeta Shaw, Ovalo.
Virgil R. Laycock, Ravenna.
Rasselas C. Boyd, Rochelle.
Bertha M. Johnson, Salado.
Claude C. Strickland, Savoy.
Alma Leta Clements, Sebastian.
William E. McIntosh, Utopia.
Peregrina Benavides, Zapata.
Malvin L. Cobb, Zephyr.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 24, 1944

The House met at 12 o'clock noon.

Rev. Bernard Braskamp, D. D., pastor of the Gunton Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou who wert the God of our fathers, leading them through darkness into light, out of bondage into freedom, and through tragedies into triumph, we pray that we may also experience Thy guiding and sustaining presence in all our struggles.

Thou art acquainted with our needs for this new day and art willing and able to supply them. We do not ask deliverance from its heavy burdens but strength to carry them until they shall cease to be burdensome. We do not seek escape from its perplexing problems but wisdom to find a satisfactory and happy solution. May we never rely upon our own unaided strength and judgment but may we avail ourselves of the eternal companionship and counsel of the Christ.

Help us daily to make some worthy contribution to the final victory of those great moral and spiritual ideals and principles which Thou hast ordained. Enable us to stand courageously against every devastating evil that denies to our humanity the right to life, liberty, and the pursuit of happiness. Grant that we may be partners with all who are now seeking to build a highway where men and nations shall walk together in peace.

In Christ's name we pray. Amen.

The Journal of the proceedings of Tuesday, August 22, 1944, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 94. Concurrent resolution authorizing the printing of additional copies of Public Law No. 346, current session, entitled "Servicemen's Readjustment Act of 1944."

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 23. Concurrent resolution establishing a Joint Committee on the Organization of the Congress.

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 Agriculture.
2. Department of Commerce.
3. Department of the Navy.
4. Post Office Department.
5. National Housing Agency.
6. Selective Service System.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries.

SELECT COMMITTEE TO INVESTIGATE ACTS OF EXECUTIVE AGENCIES BEYOND THE SCOPE OF THEIR AUTHORITY

Mr. PETERSON of Georgia. Mr. Speaker, I ask unanimous consent that