1775. By Mr. BRUMBAUGH: Petition of Martinsburg Sportsmen Association, Martinsburg, Pa., protesting the enactment of legislation providing for the registration of certain firearms with the Federal Bureau of Investigation; to the Committee on the Judiciary.

1776. By Mr. HOLMES of Washington: Petition of 41 patients in Veterans' Hospital, Walla Walla, Wash., urging passage of House bill 3426 providing for continued ratings of permanent and total degree where active tuberculosis has been established and to terminate reduction of pensions, compensation, or retired pay under laws administered by the Veterans' Administration in the cases of veterans without dependents who are hospitalized or domiciled; to the Committee on World War Veterans' Legislation.

1777. By the SPEAKER: Petition of the League for Columbia Valley Authority, petitioning consideration of their resolution with reference to the antilobby resolution, and requesting passage of same; to the Committee on Rules.

1778. Also, petition of the general assembly of the Federation of the Employees of the Insular Government, petitioning consideration of their resolution with reference to the political status of Puerto Rico; to the Committee on Insular Affairs.

1779. Also, petition of Mrs. Mertha Keller and others, petitioning consideration of their resolution with reference to endorsement of House bills 2229 and 2230, and Senate bills 690 and 809; to the Committee on Ways and Means.

SENATE

WEDNESDAY, APRIL 10, 1946

(Legislative day of Tuesday, March 5, 1946)

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

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

O God our Father, Thou searcher of men's hearts, help us in this opening moment of a new day's council to draw near to Thee in tranquillity, in humility, in sincerity. Thou hast so fashioned us that when no low ceiling shuts us from the bending sky our hearts turn to Thee as gladly and naturally as summer flowers turn to the sun.

We thank Thee for friendships that enrich our lives and for duties that challenge our powers, for rainbows of radiant hope and for rosaries of precious memories, for joys that cheer us and for trials that teach us to put our trust utterly in Thee. With Thy benediction, may we face the toil of this day with honest dealing and clear thinking, with hatred of all hypocrisy, deceit, and sham, and in the knowledge that all great and noble service in this world is based on gentleness and patience and truth. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. THOMAS of Utah, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, April 9, 1946, was dispensed with, and the Journal was approved.

LEAVES OF ABSENCE

The PRESIDENT pro tempore. The Chair is in receipt of a letter from the senior Senator from Georgia [Mr. GEORGE] stating that it will be necessary for him to be absent from the Senate for the next few days, and asking leave of absence from the Senate.

Without objection, the request of the Senator from Georgia will be granted.

Mr. WHERRY. Mr. President, I ask unanimous consent that the senior Senator from Indiana [Mr. WILLIS] may be granted leave of absence for the next 2 weeks. He will be absent on very important business.

The PRESIDENT pro tempore. Without objection, the request for leave of absence on behalf of the Senator from Indiana is granted.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 5991) to simplify and improve credit services to farmers and promote farm ownership by abolishing certain agricultural lending agencies and functions, by transferring assets to the Farmers' Home Corporation, by enlarging the powers of the Farmers' Home Corporation, by authorizing Government insurance of loans to farmers, by creating preferences for loans and insured mortgages to enable veterans to acquire farms, by providing additional specific authority and directions with respect to the liquidation of resettlement projects and rural rehabilitation projects for resettlement purposes, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

S. 565. An act to extend the privilege of retirement to the judges of the District Court for the District of Alaska, the District Court of the United States for Puerto Rico, the District Court of the Virgin Islands, and the United States District Court for the District of the Canal Zone;

S. 1298. An act to establish an office of Under Secretary of Labor, and three offices of Assistant Secretary of Labor, and to abolish the existing office of Assistant Secretary of Labor and the existing office of Second Assistant Secretary of Labor;

S. 1841. An act to amend an act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the Superintendent of Weights, Measures, and Markets of the District of Columbia; and for other purposes," approved March 3, 1921, as amended; and

H. J. Res. 328. Joint resolution making an additional appropriation for veterans' housing and related expenses.

CALL OF THE ROLL

Mr. THOMAS of Utah. I suggest the absence of a quorum.

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

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

Aiken	Bridges	Carville
Andrews	Briggs	Connally
Austin	Brooks	Cordon
Ball	Buck	Donnell
Bankhead	Bushfield	Downey
Barkley	Byrd	Ellender
Bilbo	Capehart	Fulbright
Brewster	Capper	Gerry
Gossett	McFarland	Saltonstall
Green	McKellar	Shipstead
Guffey	McMahon	Smith
Gurney	Magnuson	Stanfill
Hart	Maybank	Stewart
Hatch	Mead	Taft
Hawkes	Millikin	Taylor
Hayden	Mitchell	Thomas, Okla.
Hickenlooper	Morse	Thomas, Utah
Hoey	Murdock	Tunnell
Johnson, Colo.	Murray	Vandenberg
Johnston, S. C.	O'Daniel	Wagner
Kilgore	O'Mahoney	Wheeler
Knowland	Overton	Wherry
La Follette	Pepper	Wiley
Langer	Reed	Wilson
McCarran	Revercomb	Young
McClellan	Robertson	

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL] and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Maryland [Mr. TYDINGS] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], the Senator from Maryland [Mr. RADCLIFFE], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

The Senator from Pennsylvania [Mr. MYERS] and the Senator from Massachusetts [Mr. WALSH] are absent on official business as members of the Board of Visitors to the Naval Academy.

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Michigan [Mr. FERGUSON] is necessarily absent.

The PRESIDENT pro tempore. Seventy-seven Senators have answered to their names. A quorum is present.

EXECUTIVE COMMUNICATIONS, ETC.

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

PENALTY MAIL MATTERS

A letter from the Acting Postmaster General, transmitting, pursuant to section 2 (b) of Public Law 364, approved June 28, 1944, a tabulation showing the number of envelopes, labels, and other penalty inscribed material on hand and on order June 30, 1945; the number of pieces procured; the estimated mailings, and the estimated cost, by departments and agencies, for the period July 1 to December 31, 1945 (with an accompanying paper); to the Committee on Post Offices and Post Roads.

DISPOSAL OF MATERIALS OR RESOURCES ON CERTAIN PUBLIC LANDS

A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to provide for the disposal of materials or resources on the public lands of the United States which are under the exclusive jurisdiction of the Secretary of the Interior (with an accompanying paper); to the Committee on Public Lands and Surveys.

AMENDMENT OF SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation

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to amend section 17 (a) of the Soil Conservation and Domestic Allotment Act (49 Stat. 1151) (with an accompanying paper); to the Committee on Agriculture and Forestry.

PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

A resolution of the Legislature of the State of New York; to the Committee on Post Offices and Post Roads:

"Whereas in December 1945 there was introduced in the House of Representatives H. R. 5059 and in the United States Senate S. 1715, providing for temporary additional compensation for postmasters and employees of the postal service; and

"Whereas these faithful public servants, whose services are at times performed under the most trying difficulties, have not adequately been compensated for their services and in spite of the additional demands made upon them as a result of increased communications resulting from the war, they have devoted themselves cheerfully to the tasks of seeing that the mails go through; and

"Whereas provisions have been made for other public employees for increased salaries so as to maintain a decent living standard under the greatly increased cost of living and the postal employees, who are a part of our everyday life, have not been given the same consideration as other Federal employees; and

"Whereas the postal revenues have increased to such an extent that the postal service is showing a substantial profit, due largely to the faithful employees who have assumed the additional burden of those in the service who have joined armed forces: Now, therefore, be it

"*Resolved* (*if the senate concur*), That the Congress of the United States be and it hereby is respectfully memorialized to speedily amend and enact H. R. 5059 and S. 1715 or other legislation to the end that additional permanent compensation in the sum of $500 per annum be provided for postal employees; and be it further

"*Resolved* (*if the senate concur*), That a copy of this resolution be transmitted to the President and Secretary of the Senate, to the Speaker and Clerk of the House of Representatives, and to each Member of Congress elected from the State of New York."

By Mr. SALTONSTALL (for himself and Mr. WALSH):

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on Military Affairs:

"Resolution memorializing Congress relative to providing for the maintenance by the Federal Government of Camp Edwards in this Commonwealth for the hospitalization of war veterans and as a place for their convalescence and recreation

"*Resolved*, That the General Court of Massachusetts urges the Congress to take immediately such action as may be necessary to provide for the continued use of Camp Edwards in this Commonwealth by the Federal Government by maintaining the facilities at said camp for the hospitalization of war veterans and as a place for their convalescence and recreation; and be it further

"*Resolved*, That copies of these resolutions be sent forthwith by the State Secretary to the President of the United States, to the Secretary of War, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth."

(The PRESIDENT pro tempore laid before the Senate resolutions of the General Court of the Commonwealth of Massachusetts identical with the foregoing, which were referred to the Committee on Military Affairs.)

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on Finance:

"Resolution memorializing Congress in favor of extending the benefits of the GI bill of rights, so-called, to persons who served in the merchant marine of the United States during World War II

"*Resolved*, That the General Court of Massachusetts hereby urges the Congress of the United States to extend the benefits provided by the Federal law known as the Servicemen's Readjustment Act of 1944, and also called the GI bill of rights, to persons who served in the merchant marine of the United States during World War II; and be it further

"*Resolved*, That copies of these resolutions be sent forthwith by the Secretary of the Commonwealth to the President of the United States, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth."

(The PRESIDENT pro tempore laid before the Senate resolutions of the General Court of the Commonwealth of Massachusetts identical with the foregoing, which were referred to the Committee on Finance.)

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"Resolution memorializing Congress to adopt an adequate anti-poll-tax bill

"Whereas there exists in a number of the States of this Nation a policy of requiring payment of cumulative poll taxes as a condition to the right of citizens to vote; and

"Whereas the vast proportion of the citizens, many millions in number, both white and colored, are prevented from exercising their right of franchise because of poverty; and

"Whereas the governments of these several States have done nothing to alleviate this undemocratic situation: Therefore be it

"*Resolved*, That the General Court of Massachusetts urges the Congress of the United States to adopt an adequate anti-poll-tax law which would remove forever the vicious poll-tax system which has now and for many years deprived millions of our citizens of their constitutional right to vote; and be it further

"*Resolved*, That copies of these resolutions be sent forthwith by the secretary of the Commonwealth to the President of the United States, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth."

(The PRESIDENT pro tempore laid before the Senate resolutions of the General Court of the Commonwealth of Massachusetts identical with the foregoing, which were referred to the Committee on the Judiciary.)

COMPULSORY MILITARY TRAINING—EXTENSION OF DRAFT LAW

Mr. CAPPER. Mr. President, I have received many letters on the question of peacetime compulsory military training and the extension of the present draft law. Among them is a letter from the Reverend A. B. Madison, of the First Methodist Church, Minneapolis, Kans., in which he gives several excellent reasons why he is opposed to a continuation of the draft and the institution of a policy of compulsory military training in this country. I ask unanimous consent to present the letter for appropriate reference and that it be printed in the RECORD.

There being no objection, the letter was received, referred to the Committee on Military Affairs, and ordered to be printed in the RECORD, as follows:

THE FIRST METHODIST CHURCH,
Minneapolis, Kans.

Senator ARTHUR CAPPER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I want to commend you on your views, expressed publicly on the matter of universal military training. It appears now that the strategy of the administration and the military forces is to get the present draft measure extended.

I am unalterably opposed to universal military training and I am likewise opposed on most counts to any extension of the present draft law.

Concerning the whole matter of military training, I quote Francis Bacon who wrote The Greatness of Kingdoms. He said "Walled towns, stored arsenals, goodly races of horses, chariots of war, and all such like is as a sheep in a lion's skin unless the breed and disposition of the people is strong. Numbers mean nothing if the people are of weak courage, for as Virgil saith, 'it never troubles a wolf how many sheep there be.'"

Militarism, at best, makes sheep of us. The strength of the British and American nations in the past has been due to the character and quality of its citizens. Militarism will destroy that strength—as it has destroyed it in all nations, save Russia, which has tried it.

It seems strange that we could rise to such strength and greatness, surrounded by powerful nations, and now when we stand supreme, with only one possible nation to threaten, we need peacetime military training. Have we not learned from the nations who followed that road? Where are the nations which regimented and militarized their citizens until they goose-stepped to every command, right or wrong, of their rulers?

Indeed, "It never troubles a wolf how many sheep there be." Would we not prefer a few Patrick Henry's than all the armed sheep one could command?

Specifically, as concerns the imminent attempt to extend the draft law, I have this to say:

If granted, it will lead eventually to universal military training.

It takes men too young. Eighteen-year-old boys are hardly third-grade troops. One-third as many of more mature age would be more effective, especially to do the police duty now required of our forces.

If these boys are not required for some real active duty, then to herd them in camps will mean serious deterioration. Inactive men rot.

I served in World War I. My Tenth Division paraded before you, Senator, with Gen. Leonard Wood at Camp Funston. I know of moral conditions.

Now, my GI friends and chaplains report that moral conditions during this war are much worse. Fathers and mothers bitterly resist loaning their sons to the military to have them subjected to every evil moral influence which predatory evil and indecency can devise.

I trust therefore, my dear Senator, that you will use all of your influence against extending the present draft law, imposing universal military training, or allowing to be fastened upon this Nation the curse of Europe without which, during its history, our Nation has been able to attain its present place of supreme power and leadership.

Respectfully yours,

A. B. MADISON.

INCREASE IN PRICE OF MILK—PETITION

Mr. REED. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in

the RECORD, as a part of my remarks, a petition signed by William A. Miller, and 17 other dairymen of Wellington, Sumner County, Kans., in which they request the Office of Price Administration, a living price be paid to milk producers.

There being no objection, the petition was received, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

APRIL 5, 1946.

THE REGIONAL DIRECTOR, OFFICE OF PRICE ADMINISTRATION,
Fidelity Building, Dallas, Tex.

DEAR SIR: We, the undersigned, producers of grade-A milk for the city of Wellington, Sumner County, Kans., respectfully petition the Office of Price Administration, for a raise in the prices paid to milk producers.

The present price ceilings are discouraging grade-A milk production because:

1. No price differential between grade-A and grade-C milk (uninspected).

2. Wichita, which is in the same area as Wellington, is paying $3.65 per hundredweight of milk testing 3.8 percent butterfat.

3. Wellington is paying $3.35 per hundredweight of milk testing 4 percent butterfat.

Wellington is our trade center, and the natural market for our production. We prefer to sell to Wellington distributors if the price differential is removed.

In order that we continue producing grade-A milk for the city of Wellington, we request a price change for milk, equal to the Wichita milkshed ($3.65 per hundred).

BALANCING THE BUDGET

Mr. LANGER. Mr. President, I ask unanimous consent to present for appropriate reference and printing in the RECORD a resolution adopted by the board of directors of the North Dakota Taxpayers' Association in which they request a balanced Federal Budget.

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

Whereas we firmly believe that sooner or later the Federal Government must balance its Budget and return to a period of pay-as-you-go, or the result will be national bankruptcy and financial chaos; and

Whereas we firmly believe that the time has come when the Federal Budget can be balanced and national finances placed on a sound basis; and

Whereas 16 prominent leaders in Congress, both Democrats and Republicans, did, on March 3, issue a statement insisting that the present Budget for the period from July 1, 1946, to July 1, 1947, be balanced; Now, therefore, it is

Resolved unanimously by the board of directors of the North Dakota Taxpayers Association, That the action of the 16 congressional leaders receive our heartiest commendation;

That the Senators and Congressmen from North Dakota be urged to join in the movement for a balanced Federal Budget;

And that a copy of this resolution be forwarded to North Dakota's two Senators and two Congressmen.

PLACING OF NATIONAL FARM LOAN ASSOCIATION EMPLOYEES UNDER CIVIL-SERVICE RETIREMENT

Mr. LANGER. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a letter from C. H. Erbele, secretary-treasurer, Grandnel National Farm Loan Association, Larimore, N. Dak., relating to the placing of National Farm Loan Association employees under civil-service retirement.

There being no objection, the letter was received, referred to the Committee on Civil Service, and ordered to be printed in the RECORD, as follows:

GRANDNEL NATIONAL FARM LOAN ASSOCIATION,
Larimore, N. Dak., March 28, 1946.

Hon. WILLIAM LANGER,
Senator, Washington, D. C.

DEAR MR. LANGER: Some time ago I wrote to you regarding putting National Farm Loan Association employees under the Civil Service Retirement Act provisions. Since then you have introduced a bill to do this and I want to thank you for your efforts.

Last week the secretary-treasurers of the Federal land bank, St. Paul district, met in St. Paul. At that meeting we unanimously passed the following resolution:

"Whereas national farm loan associations are an integral part of the Federal Land Bank System, and are wholly and entirely subject to the supervisory authority of the Farm Credit Administration; and

"Whereas by an act of Congress, passed January 24, 1942, the employees of the Federal land banks were covered under the Civil Service Retirement Act (sec. 3 (a)); and

"Whereas employees of national farm loan associations, most of whom have been in the employ of these associations for more than 12 years, are not covered by any system of retirement benefits: Therefore be it

"*Resolved by all secretary-treasurers of the seventh farm credit district in a conference assembled at St. Paul, Minn., on the 20th day of March 1946*, That we urge the speedy enactment by the Congress of legislation which shall provide for the inclusion of all the employees of national farm loan associations under the same provisions for civil-service retirement benefits as are now accorded to the employees of the Federal land banks; and be it further

"*Resolved*, That a copy of this resolution be forwarded to all United States Senators and Members of Congress from the States of North Dakota, Minnesota, Wisconsin, and Michigan."

We believe that employees of national farm loan associations and production credit associations should have some form of retirement provision and we feel that civil-service retirement would best fit.

Anything that you can do to further this aim will be sincerely appreciated. We know that you are for this and hope that some action will be taken by Congress.

Thank you.

Yours very truly,

C. H. ERBELE,
Secretary-Treasurer.

CONTINUATION OF FARM SECURITY ADMINISTRATION

Mr. LANGER. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a resolution adopted by the board of directors of the Devils Lake (N. Dak.) Chamber of Commerce, favoring the continuation of the Farm Security Administration.

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

Whereas it has come to our attention that allocated funds to the Farm Security Administration are virtually depleted; and

Whereas the board of directors of the Devils Lake Chamber of Commerce believes that the Farm Security Administration has been an important contributing factor toward extending loans to veterans of World War II for the purpose of establishing themselves on farms or farm projects; and

Whereas, if this Administration should become inactive through lack of funds, it would result in creation of a great injustice to those veterans who desire to avail themselves of this service: Now, therefore, be it

Resolved, by the board of directors of the Devils Lake Chamber of Commerce, in regular meeting in Devils Lake, N. Dak., on this 19th day of March 1946, That the Congress of the United States be urged to appropriate necessary funds for the efficient continuation of the Farm Security Administration; be it further

Resolved, That copies of this resolution be sent to all North Dakota Members of the Congress of the United States and to the Chairmen of the Appropriations Committees of the United States Senate and House of Representatives, and that copies be furnished to Walter J. Maddock, State director of the Farm Security Administration, Bismarck, N. Dak., and to the press.

LYLE HARRINGTON,
President.

DONALD J. DONAHUE,
Secretary.

Adopted March 19, 1946.

APPEAL BY INDEPENDENT DAIRY OPERATORS IN CHICAGO (ILL.) MARKETING AREA

Mr. BROOKS. Mr. President, Mr. H. J. Ward, secretary, Chicago Milk Dealers Association, 6607 Greenwood Avenue, Chicago, has handed to me an appeal signed by members of independent dairy operators in the Chicago (Ill.) marketing area. They requested the incorporation of this appeal of independent dairy operators in the CONGRESSIONAL RECORD, and I accordingly submit it for the consideration of the Senate and ask that it be inserted in the RECORD following my remarks.

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

CHICAGO, ILL., *March 12, 1946.*

To the Congressmen of the United States of America.

HONORABLE CONGRESSMEN: As businessmen affected by the rules and regulations of the Office of Price Administration and the Federal Market Administration, we need your help in securing relief from this oppressive and autocratic governmental imposition.

We, a group of independent dairy operators in the Chicago marketing area, have experienced several years of financially unprofitable, industrially unsound and undesirable regulations under the complicated orders of the above-named governmental agencies. Now we are faced with extinction unless relief is granted. Not only have we suffered because of the orders and regulations but also because of the inefficient confusion and arbitrary policies of the above-named agencies. We call your attention to the substantiating fact that 32 dairies, well-established businesses representing the true American principles of individual enterprise, have been unable to continue operations in a vital health product largely because of the oppressiveness of the above-named agencies. The survivors carry the heavy burden of the cost of operation of the governmental regulations with no benefit to the individual businessman, to the industry in the area, to the industry as a whole throughout the country or to the general public from a social-welfare viewpoint.

Under the Federal Milk Market Administration in the Chicago area, the price of milk has increased; the cost of other supplies, bottles and machinery have also increased. Under another governmental regulation the drivers have been given an increase in wages, also an increase has been granted inside workmen, and another increase is now being asked. Under the Office of Price Administration, the price of milk and its products have been held at a ceiling which makes it impossible to operate (one example, for instance, is outter).

We do not propose to criticize and not to suggest. We believe no milk-market administration is necessary, as this only imposes false economy upon an otherwise healthy industry, well regulated by the laws of supply and demand. However, we believe that if the President deems Federal regulation of milk and its allied products in the Chicago area is essential to fair treatment of the producers, fair regulations or orders simple, reasonable, and sound should be submitted to correct the glaring economic mistakes now existing, and now driving individuals out of their established business. The same suggestion in our mind is applicable to the Office of Price Administration.

We will be pleased to have your assistance in every way possible toward the alleviation of the difficulties we now face.

Sincerely yours.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROBERTSON, from the Committee on Commerce:

S. 1834. A bill granting the consent of Congress to the Iowa State Highway Commission to construct and maintain a free bridge across the Des Moines River at the town of Farmington, Iowa; with amendments (Rept. No. 1143).

By Mr. WALSH, from the Committee on Finance:

H. R. 5856. A bill to provide for trade relations between the United States and the Philippines, and for other purposes; with amendments (Rept. No. 1145).

By Mr. JOHNSTON of South Carolina, from the Committee on Claims:

H. R. 1235. A bill for the relief of John Bell; without amendment (Rept. No. 1146);

H. R. 1262. A bill for the relief of W. E. Noah; without amendment (Rept. No. 1147);

H. R. 1759. A bill for the relief of Mildred Neiffer; without amendment (Rept. No. 1148);

H. R. 2217. A bill for the relief of Rae Glauber; without amendment (Rept. No. 1149);

H. R. 2331. A bill for the relief of Mrs. Grant Logan; without amendment (Rept. No. 1150);

H. R. 2509. A bill for the relief of the legal guardian of James Irving Martin, a minor; without amendment (Rept. No. 1151); and

H. R. 2682. A bill for the relief of John Doshim; without amendment (Rept. No. 1152).

By Mr. ELLENDER, from the Committee on Claims:

S. 1201. A bill for the relief of Arthur F. Downs; with amendments (Rept. No. 1153);

S. 1742. A bill for the relief of Socony-Vacuum Oil Co.; without amendment (Rept. No. 1154);

H. R. 988. A bill for the relief of Bernice B. Cooper, junior clerk-typist, Weatherford, Tex., Rural Rehabilitation Office, Farm Security Administration, Department of Agriculture; without amendment (Rept. No. 1155);

H. R. 1269. A bill for the relief of Virge McClure; without amendment (Rept. No. 1156);

H. R. 2156. A bill for the relief of Lee Harrison; without amendment (Rept. No. 1157);

H. R. 2885. A bill for the relief of Mrs. Frank Mitchell and J. L. Price; without amendment (Rept. No. 1158);

H. R. 2904. A bill for the relief of Clyde Rownd, Della Rownd, and Benjamin C. Day; without amendment (Rept. No. 1159);

H. R. 3161. A bill for the relief of Mrs. Ruby Miller; without amendment (Rept. No. 1160);

H. R. 3217. A bill for the relief of Mattie Lee Wright; without amendment (Rept. No. 1161);

H. R. 3483. A bill for the relief of Mr. and Mrs. Cipriano Vasquez; without amendment (Rept. No. 1162);

H. R. 3591. A bill for the relief of Addie Pruitt; without amendment (Rept. No. 1163);

H. R. 3846. A bill for the relief of the estate of Eleanor Wilson Lynde, deceased; without amendment (Rept. No. 1164); and

H. R. 3948. A bill for the relief of Mrs. Clifford W. Prevatt; without amendment (Rept. No. 1165).

By Mr. RADCLIFFE, from the Committee on Commerce:

H. R. 5316. A bill to repeal the law permitting vessels of Canadian registry to transport iron ore between United States ports on the Great Lakes; without amendment (Rept. No. 1166).

LOAN TO GREAT BRITAIN—REPORT OF COMMITTEE ON BANKING AND CURRENCY

Mr. BARKLEY. Mr. President, from the Committee on Banking and Currency, I ask unanimous consent to report favorably with an amendment Senate Joint Resolution 138, to implement further the purposes of the Bretton Woods Agreement Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, which is ordinarily referred to as the British loan, and I submit a report (No. 1144) thereon.

I wish to state to the Senate that the report I am submitting in connection with the joint resolution is quite comprehensive, and it will be, I think, available to Senators tomorrow. I hope Senators will study the provisions of the joint resolution as well as the statements in the report. I wish to state further that when the bill now under consideration is concluded, which will be followed by the next housing bill, that is, the Wagner-Ellender-Taft bill, I wish to follow that by having the Senate take up for consideration next week the joint resolution providing for the British loan.

The PRESIDENT pro tempore. Without objection, the report submitted by the Senator from Kentucky will be received, and the joint resolution will be placed on the calendar.

BILLS INTRODUCED

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

By Mr. KILGORE:

S. 2048. A bill granting an increase of pension to Charles D. Booth; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

S. 2049. A bill to amend section 508 (d) of the Federal Crop Insurance Act (7 U. S. C. 1508 (d), 52 Stat. 75) as amended; and

S. 2050. A bill to amend section 508 (a) of the Federal Crop Insurance Act (7 U. S. C. 1508 (a), 52 Stat. 75) as amended; to the Committee on Agriculture and Forestry.

By Mr. McCARRAN:

S. 2051. A bill to amend the Longshoremen's and Harbor Workers' Compensation Act; to the Committee on the Judiciary.

By Mr. BRIGGS:

S. 2052. A bill to establish a national memorial forest park in the State of Missouri as a memorial to World War II veterans; to the Committee on Public Lands and Surveys.

By Mr. McFARLAND (for himself and Mr. McCARRAN):

S. 2053. A bill to incorporate the Amvets, American Veterans of World War II; to the Committee on the Judiciary.

FEDERAL AID TO STATE OR TERRITORIAL HOMES FOR SUPPORT OF DISABLED SOLDIERS AND SAILORS—AMENDMENTS

Mr. WALSH submitted amendments intended to be proposed by him to the bill (S. 1845) to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States, which were referred to the Committee on Military Affairs and ordered to be printed.

REEMPLOYMENT RIGHTS OF VETERANS UNDER SELECTIVE SERVICE AND TRAINING ACT OF 1940—AMENDMENT

Mr. JOHNSON of Colorado submitted an amendment intended to be proposed by him to the bill (S. 1823) to provide for continuing the reemployment rights of veterans under the Selective Training and Service Act of 1940, as amended, and for other purposes, which was referred to the Committee on Military Affairs, ordered to be printed, and to be printed in the RECORD, as follows:

At the proper place insert the following additional section:

"SEC. —. The sixth proviso contained in section 3 (a) of the Selective Training and Service Act of 1940, as amended, is amended to read as follows: '*Provided further*, That (1) on July 1, 1946, the number of men in active service in the Army shall not exceed 1,550,000 and such number shall be reduced at an average monthly rate of 40,000 a month for the 12 months following such date; (2) on July 1, 1947, the number of men in active service in the Navy shall not exceed 558,000, and the number of men in active service in the Marine Corps shall not exceed 108,000; and (3) until May 15, 1947, the monthly requisitions on selective service under this act by the Secretary of War and the Secretary of the Navy shall not exceed the number of men required after consideration of the actual number of volunteer enlistments obtained during the preceding month. The men inducted into the land or naval forces for training and service under this act shall be assigned to camps or units of such forces.'"

HOUSE BILL REFERRED

The bill (H. R. 5991) to simplify and improve credit services to farmers and promote farm ownership by abolishing certain agricultural lending agencies and functions, by transferring assets to the Farmers' Home Corporation, by enlarging the powers of the Farmers' Home Corporation, by authorizing Government insurance of loans to farmers, by creating preferences for loans and insured mortgages to enable veterans to acquire farms, by providing additional specific authority and directions with respect to the liquidation of resettlement projects and rural rehabilitation projects for resettlement purposes, and for

other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

ADOPTION OF PROVISIONS IN STATE DEPARTMENT REPORT ON ATOMIC ENERGY

Mr. MITCHELL (for himself, Mr. KILGORE, Mr. FULBRIGHT, and Mr. MORSE) submitted the following resolution (S. Res. 255), which was referred to the Special Committee on Atomic Energy:

Whereas the Secretary of State's Committee on Atomic Energy has issued a report outlining a feasible method for the control of the production of atomic energy by all nations;

Whereas this recommended method does not entail the surrender of any atomic bomb secrets until effective international control protecting all humanity is assured.

Whereas available evidence indicates that prevention of atomic warfare is the only effective defense against the destructive force of the atomic bomb;

Whereas no nation can be secure when the scientists and industrialists of all nations are free to discover and make atomic bombs;

Whereas it is necessary to end all competition between nations to make bigger and more destructive atomic bombs: Therefore, be it

Resolved, That it is the sense of the Senate that the security of the United States and of all nations requires prompt action on an international basis to give effect to the proposals embodied in the State Department publication entitled "A Report on the International Control of Atomic Energy," and that negotiations within the United Nations be undertaken immediately upon the basis of the report to the end that its provisions be adopted and a realistic hope of peace be substituted for the present universal fear of mass annihilation through atomic war.

RECOMMITTAL OF A BILL

Mr. ELLENDER. Mr. President, I move that the bill (H. R. 2091) for the relief of Joseph E. Bennett, be taken from the calendar and recommitted to the Committee on Claims.

The motion was agreed to.

GUARANTEE AGAINST WAR—A PEACETIME ARMY—ARTICLE BY SENATOR THOMAS OF UTAH

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an article entitled "Guarantee Against War—A Peacetime Army," written by him and published in the Army Day Review of April 6, 1946, which appears in the Appendix.]

SITTING DUCKS IN OUR AIR FORCES—ARTICLE BY SENATOR THOMAS OF UTAH

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an article entitled "Sitting Ducks in Our Air Forces," written by him and published in the April issue of the Amerigan magazine, which appears in the Appendix.]

HOW GOOD ARE THE SCHOOLS IN YOUR STATES?—ARTICLE BY DR. JOHN W. STUDEBAKER

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an article entitled "How Good Are the Schools in Your State?" written by Dr. John W. Studebaker, commissioner of education, and published in the April issue of the American magazine, which appears in the Appendix.]

REORGANIZATION OF CONGRESS

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an editorial from the Pioneer Press of St. Paul, Minn., of the issue of March 6, 1946, entitled "For a Modernized Congress"; an editorial from the Cedar Rapids (Iowa) Gazette, of March 6, 1946, entitled "Right Direction"; an editorial from the Lewiston (Idaho) Tribune of March 11, 1946, entitled "Reorganizing Congress," and an editorial from the Salt Lake City Tribune of March 10, 1946, entitled "Antiquated Legislative Machinery May Finally Be Modernized," which appear in the Appendix.]

EXTENSION OF SELECTIVE SERVICE—ADDRESS BY SENATOR JOHNSON OF COLORADO AND EDITORIAL COMMENT

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD a radio address delivered by him on April 9, 1946, together with an editorial from the Washington Post of April 2, 1946, and an article by Thomas L. Stokes, published in the Washington Daily News of April 8, 1946, dealing with the subject of extension of selective service, which appear in the Appendix.]

SOIL CONSERVATION IN CONNECTICUT—ADDRESS BY SENATOR McMAHON

[Mr. McMAHON asked and obtained leave to have printed in the RECORD a radio address entitled "Soil Conservation in Connecticut," delivered by him on April 9, 1946, which appears in the Appendix.]

FOOD FOR FREEDOM—ADDRESS BY GORDON ROTH

[Mr. LANGER asked and obtained leave to have printed in the RECORD a radio address delivered by Gordon Roth, director of public relations, Farmers Union Grain Terminal Association, on the Food for Freedom program, March 31, 1946, which appears in the Appendix.]

A. F. OF L. LABOR STATESMANSHIP PAYS OFF—ADDRESS BY W. C. DOHERTY

[Mr. LANGER asked and obtained leave to have printed in the RECORD an address entitled "A. F. of L. Labor Statesmanship Pays Off," delivered by W. C. Doherty, vice president of the American Federation of Labor, on February 28, 1946, which appears in the Appendix.]

REAL LABOR STATESMANSHIP—EDITORIAL FROM COLLIER'S MAGAZINE

[Mr. LANGER asked and obtained leave to have printed in the RECORD an editorial entitled "Real Labor Statesmanship," published in Collier's magazine for April 13, 1946, which appears in the Appendix.]

ARMY'S NEEDS ARE MODESTLY ESTIMATED—ARTICLE BY ARTHUR KROCK

[Mr. AUSTIN asked and obtained leave to have printed in the RECORD an article entitled "Army's Needs Are Modestly Estimated," written by Arthur Krock and published in the New York Times of April 9, 1946, which appears in the Appendix.]

THE CONSERVATIVE SOUTH: A POLITICAL MYTH—ARTICLE BY WILLIAM G. CARLETON

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article entitled "The Conservative South: A Political Myth," by William G. Carleton, published in the spring issue of the Virginia Quarterly Review, which appears in the Appendix.]

VETERANS' EMERGENCY HOUSING ACT OF 1946

The Senate resumed consideration of the bill (H. R. 4761) to amend the National Housing Act by adding thereto a new title relating to the prevention of speculation and excessive profits in the sale of housing, and to insure the availability of real estate for housing purposes at fair and reasonable prices, and for other purposes.

The question is on agreeing to the amendment of the Senator from West Virginia [Mr. REVERCOMB] to strike out section 3 (a) on page 24. Without objection, the language proposed to be stricken will be printed in the RECORD at this point.

The section proposed to be stricken out by Mr. REVERCOMB is as follows:

SEC. 3. (a) Whenever in the judgment of the Expediter the sales prices of housing accommodations or unimproved lands (as defined in paragraph (e) of section 8) have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he may by regulation or order establish maximum sales prices for such housing accommodations or unimproved lands in accordance with the provisions of this act. Any such regulations or order may be limited in its scope to such geographical area or areas and to such types or classifications of such housing accommodations or unimproved lands as in the judgment of the Expediter may be necessary to effectuate the purposes of this act. Before issuing any regulation or order under this section, the Expediter shall, so far as practicable, advise and consult with representative members of industries affected by such regulation or order, and he shall give consideration to their recommendations and to any recommendations which may be made by State and local officials concerned with housing conditions in any area affected by such regulation or order.

Mr. REVERCOMB. Mr. President, yesterday I offered an amendment to strike out section 3 (a) of the pending bill. The effect of striking out that section would be to eliminate the power proposed to be given to the Expediter to place a ceiling price on the sale of houses. I desire to perfect my amendment by asking that section 3 be stricken out, and in lieu thereof to insert the section dealing with this subject which came over from the House of Representatives and which has been passed by the House. I send the perfecting amendment to the desk and ask that it be stated.

The PRESIDENT pro tempore. The Senator has the right to perfect his amendment. The perfecting amendment will be stated.

The CHIEF CLERK. It is proposed to strike out section 3, on pages 24, 25, 26, and 27, and to insert in lieu thereof subsections (a), (b), (c), and (d) of section 703 appearing on pages 6, 7, 8, and 9 of the printed bill now before the Senate, as follows:

SEC. 703. (a) Whenever in the judgment of the Expediter the sales prices of housing accommodations the construction of which is completed after the effective date of this title have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he may by regulation or order establish maximum sales prices for such housing accommodations in accordance with the provisions of this title. Any such regulation or order may be limited in its scope to such geographical area or areas and to such types or classifications of such housing accommodations as in the judgment of the

Expediter may be necessary to effectuate the purposes of this title. Before issuing any regulation or order under this section, the Expediter shall, so far as practicable, advise and consult with representative members of industries affected by such regulation or order, and he shall give consideration to their recommendations and to any recommendations which may be made by State and local officials concerned with housing conditions in any area affected by such regulation or order.

(b) Any regulation or order issued under the authority of this section with respect to housing accommodations the construction of which is completed after the effective date of this title shall provide that no sale of any such housing accommodations shall take place until after the builder thereof has filed with the appropriate agency designated by the Expediter a description of such accommodations, including a statement of the proposed maximum sales price, and has received from such agency a certification that such price is reasonably related to the value of the accommodations to be sold, taking into consideration (1) reasonable construction costs not in excess of the legal maximum prices of the materials and services required for the construction, (2) the fair market value of the land (immediately prior to construction) and improvements sold with the housing accommodations, and (3) a margin of profit reflecting the generally prevailing profit margin upon comparable units during the calendar year 1941. Any prospective seller of such housing accommodations may apply for such certification at any time, including before the commencement of construction, during its progress, or after its completion. In any case where a certification of approval of a proposed maximum sales price has been issued prior to the completion of construction, the prospective seller may, at any time before the first sale, apply for such revision of the maximum sales price previously certified as may be justified by a showing of special circumstances arising during the course of construction and not reasonably to have been anticipated at the time of the issuance of the earlier certification. The first sale of housing accommodations the construction of which is completed after the effective date of this title shall not be made at a price in excess of the maximum sales price certified under this subsection. The actual price at which any such housing accommodations is first sold, plus any increases authorized pursuant to subsection (c), shall be the maximum sales price for any subsequent sale of such housing accommodations.

(c) The Expediter shall by regulation or order provide for appropriate price increases for major structural changes or improvements, not including ordinary maintenance and repair, effected subsequent to the first sale after the effective date of this title.

(d) The Expediter may promulgate such regulations as he deems necessary and proper to carry out any of the provisions of the title and may exercise any power or authority conferred upon him by this title through such department, agency, or officer as he shall direct. Any regulation or order under this title may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the Expediter are necessary or proper in order to effectuate the purposes of this title. The Expediter shall have power to forbid the export of any lumber or other materials to any foreign country which are needed for the housing program.

Mr. REVERCOMB. Mr. President, the whole effect of this modification of the amendment is that it would permit ceilings to be placed on new houses built under the Government-aid plan, but it would not permit the Expediter to place ceiling prices on dwellings and houses that are in existence at this time.

I think the Senate fully understands the situation. I do not believe the amendment need be a subject of long discussion, certainly not on my part, after I have called to the attention of the Senate its meaning and intent. I may say that if section 3 is enacted into law the Expediter is given the unusual power, the most far-reaching power I think ever given to any single Government official, to determine what property shall be brought under this act or under his control, and under price-fixing, and then to say that the first sale price of a dwelling shall be fixed as the resale price. After the first sale, during the time this bill remains in effect, regardless of how long a person may own the property, regardless of how much a prospective purchaser may desire it, the owner cannot sell for any more than he paid for it. I think that is a power Congress does not intend to give to any man.

However much those on the administrative side may desire to exercise controls over the people of this country, I certainly do not believe that in the case of dwelling houses already constructed, houses built by the people with their own money and representing their invested capital, there should be any curtailment or block upon them in dealing with and trading in the properties which they own. I can understand with respect to new houses built under this plan, for whose construction the Government is expending a large sum of money, that there may be some reason for giving the power to limit the sale price of such houses, so that the Government may hold prices in line. For my part, I would prefer that this power be not given with respect to any property; but some feel that it should apply with respect to new dwellings which may be built hereafter.

I am asking that the view be taken which was taken by the House of Representatives when this subject was before the House and the bill was passed. The House of Representatives took the position that the power of limiting the sale price should be given only with respect to new houses built with the help of the Government. The amendment which I am offering would strike out section 3 in the Senate committee amendment, which restricts the sale price of old houses. If my amendment is adopted, the power will not apply to old houses, but only to those built in the future.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. REVERCOMB. I yield.

Mr. LANGER. At the present time has the Government the power of eminent domain for the purpose of taking land?

Mr. REVERCOMB. Oh, yes. The Government has the power of eminent domain to take land or property for public purposes.

Mr. LANGER. Could such land be used for the building of houses for those who are not veterans?

Mr. REVERCOMB. No; it could not be used to build houses for other people. The power of eminent domain can be exercised only where the land or property taken is to be used for governmental purposes.

Mr. LANGER. Would the Senator say that it could be taken for the purposes covered by this bill?

Mr. REVERCOMB. No; I do not believe it could be taken by eminent domain for the purposes of this bill because the houses to be built are to be owned by private citizens in their own right. They will be private property and not Government property.

Mr. LANGER. Then the only way the Government could obtain a tract of land for this purpose would be through the passage of this bill.

Mr. REVERCOMB. As I understand, the bill does not contemplate the purchase of land by the Government. It does contemplate Government assistance in expediting the production of materials so that houses may be built and sold to veterans.

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

Mr. REVERCOMB. I yield.

Mr. FULBRIGHT. For tax purposes a profit arising from the sale of a house which has been held more than 6 months is treated as a gain in capital assets.

Mr. REVERCOMB. I did not catch the question.

Mr. FULBRIGHT. If a person purchases a house and holds it for 6 months, and then sells it at a profit, for tax purposes the profit is treated as a capital-assets gain, and the tax is only 25 percent.

Mr. REVERCOMB. I have always understood that the general rule was that the profit arising from the sale of a capital asset was treated as a capital-asset gain, and so taxed.

Mr. FULBRIGHT. Would there not be better control of inflation in the case of real estate if such profits were subjected to the ordinary taxes? That is the more normal way to control inflation.

Mr. REVERCOMB. That is a thought. I had not considered it.

Mr. FULBRIGHT. In the case of stocks, if a person buys a stock and holds it for more than 6 months, and sells it at a profit, the profit is taxed at the rate of only 25 percent. That is one way to avoid the very heavy taxes on income above a moderate amount.

Mr. REVERCOMB. It also discourages speculation.

Mr. FULBRIGHT. Yes. It seems to me that that might be one way to deal with the problem.

Mr. REVERCOMB. I appreciate the thought of the Senator from Arkansas.

The whole purpose of the amendment is to remove from the pending bill the power proposed to be given to the Housing Expediter to fix a ceiling price after the first sale of property which is now in existence, regardless of how old the property is, whether it is 100 years old or whether it was built last year. I feel that the Expediter has no right to interfere with the investment of the people of this country in their homes, whether they be humble or great. He has no right to say that they may not sell their property, even if they acquire it after the passage of the act, if it is old property, and place a limitation on the sale price.

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

Mr. REVERCOMB. I yield.

Mr. OVERTON. I believe that the purpose of the amendment suggested by the Senate committee is to prevent speculation in real estate which is to be used for homes. I fail to see why there should be any distinction, such as the Senator makes, between houses which are built pursuant to the provisions of the bill, and hereafter to be constructed, and houses which are already in existence, except for the point which he makes, that the Government is perhaps contributing largely in a financial way to the construction of the new houses. But a home is a home; and the whole purpose of the bill is to provide homes for veterans at reasonable cost.

The purpose of the committee amendment is to prevent a rise in values which would occur if existing houses fell into the hands of speculators. It is very rare that property of this type moves twice within a year and a half. If there is another sale within a year and a half, it is usually by a speculator. When one buys a house to use it as a home—and that is the whole purpose of the legislation—he keeps it as a home. He does not turn around and sell it the next day. I do not believe that the provision in question would have much effect on the right of the individual property owner. I believe that the effect would be very limited in that field. I think it is necessary to carry out the broad purposes of the legislation.

Mr. REVERCOMB. One of the rights of ownership which should continue to exist—the very word "ownership" implies it—is the right of an owner to deal with his own property as he pleases, and to sell it if he wishes to do so. The Senator says that only a speculator would sell property within a short time after buying it. I cannot agree with that statement. Frequently in every community a man buys a home, lives in it for a while, and then his work calls him elsewhere, and he desires to sell it. Shall we say to that man that he shall not sell his property for a profit if someone else wishes to buy it and is willing to pay the price which he asks?

Mr. OVERTON. My statement was a statement of the general rule. I did not say that there were no exceptions.

Mr. REVERCOMB. I rather think that the exceptions mentioned represent a large number of cases in the sale of property. The word "speculation" is mentioned as a bug-a-boo to frighten us. What is speculation with respect to real estate? Are we going to deprive a man who owns property of the right of selling it when he can find a purchaser who is willing to pay the price which he asks for it?

From my own viewpoint, both with respect to new houses and old houses, I would rather not see such great power placed in the hands of an official with respect to any property. However, it is felt by some that it should apply to new houses built with the assistance of the Government, because the Government has an interest in them, and has adopted the policy of going into this business and making an appropriation. Therefore it is felt by some that because of this policy, and because of the financial aid of the Government, the power of limitation upon the sale price might well be granted.

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

Mr. REVERCOMB. I yield.

Mr. DONNELL. As I understand section 3 as contained in the committee amendment, it would not permit the Expediter to fix a price with reference to presently existing houses so far as the first sale is concerned.

Mr. REVERCOMB. That is correct.

Mr. DONNELL. If that be true, I do not see at the moment any special equity in the person who makes the first purchase from the previous owner, if such first purchase be made after the law goes into effect. I can understand the argument to the effect that if the Senator from West Virginia or I had constructed a house 10 years ago, relying upon conditions existing at that time, we should not have our right to sell that property restricted by any authority on the part of the Expediter to fix the sale price. But I am in doubt as to the validity of the criticism directed against the person to whom it may be sold. If I may amplify the question, if the Senator or I had built a house 10 years ago, as I understand section 3 in the committee amendment, we would not be prevented from selling it at any price we might be able to obtain for it. After the house is sold to John Smith, let us say, if he then wishes to sell it, then comes the restriction. It would appear to me offhand, at any rate, that he stands precisely in the position of a person who builds a house after this law goes into effect, and he does not have existing in his favor the equity which exists in favor of a person who built his house prior to the passage of this act.

I should like to have the Senator give me his views in response to my inquiry, if I have made it sufficiently intelligible to him.

Mr. REVERCOMB. The Senator has made it very clear. Mr. President, I think that the John Smith of whom the Senator has spoken, who buys a house after this act goes into effect, and buys it as a dwelling house for himself, has the same right which our people have had since time immemorial, as incident to the ownership of a house, to sell it for what he can get for it. I do not believe this restriction should be placed on either new or old property, although there seems to be more reason to place it upon property which is built with Government aid, so as to let the Government keep its hands on the property. However, I think it is absolutely wrong to impose such a restriction on property which was built 10 years ago without Government aid. I think it is wrong to say that the first price on such property shall fix the future selling price for as long a time as this act shall last—and no one knows how long it will last. I do not think the Government has the right to say to the owner of such a house, "You can sell it at a loss, but you cannot sell it at a profit." I think that is absolutely wrong.

I can understand that there should be a limit on rents in the case of property which is rented on a commercial basis, as a business transaction, such as a building which is not the dwelling of the owner, but is rented as property in which other people may live as tenants.

But the house which a man owns and lives in as his own home—I care not how humble it may be—is his, and he should have the right to sell it for what he can get for it.

Mr. DONNELL. Mr. President, will the Senator yield to me once more?

Mr. REVERCOMB. I yield.

Mr. DONNELL. I wish to say that the argument the Senator makes applies with some force, it seems to me, although possibly not equal force, to a person who builds a house after this law goes into effect, because certainly since time immemorial the owner of a house has had the right to dispose of it at any price at which he wishes to sell it.

My only question is whether a man who purchases a house which is in existence when this law goes into effect has the same equity which is had by the original owner who owned the property before the law went into effect. I can well understand that if the Senator from West Virginia or I owned a piece of property today, there would be serious question as to the right of the Government to say to us that we could not sell it, after this law goes into effect, save at a price fixed by the Expediter. But the difficulty I have is in understanding how, after this law goes into effect, a man who purchases an already existing house has an equity equal to that which is had by the man who owned the house before the law went into effect.

I do not desire to argue the point, and I greatly appreciate the courtesy of the Senator from West Virginia in giving me the benefit of his views in response to my inquiry.

Mr. REVERCOMB. Mr. President, I am very glad to have the benefit of the statement by the able Senator from Missouri.

I believe I have made my point of view clear. I cannot get away from the very old principle which exists under Anglo-Saxon law and under the law of the United States, namely, that the ownership of a house carries with it, as part and parcel of it, the right to sell the property under any terms which the owner may be able to make under a contract of sale.

There is quite a difference between ownership of a piece of property for the purpose of engaging in the commercial enterprise of renting and ownership of a piece of property as the home, the dwelling house, of the owner. I think it would be wrong for the Government to step in, today, and take from a man who owns his home, as his own dwelling house, the right to sell it at any price he is able to obtain for it, regardless of whether he is a veteran. I think there is a very small distinction, indeed, between a house built after this act goes into effect and one which was built before it goes into effect. I repeat that I do not think the act should apply to either one. Some persons think it should apply to houses built hereafter, because of the

aid given by the Government to new construction. That was the position taken by the House of Representatives when it passed the bill, and the same position was taken by the majority of the Senate committee in reporting the bill. Some Senators believe that the restriction should apply to all houses, both those built before this bill is enacted and those which are built after it is enacted.

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

Mr. REVERCOMB. I yield.

Mr. HICKENLOOPER. I should like to say to the Senator from West Virginia that it seems to me that a very definite principle is involved in this amendment.

In the first place, under the emergency of war and because the war effort demanded the complete concentration of all our efforts and activities, thereby restricting building during the wartime, we were thoroughly justified as an emergency measure in controlling rents, in controlling consumer goods, and in controlling the prices of scarce commodities. Such steps were justified because the major effort was being made in connection with the production of war goods. I think that is a philosophy which can be justified at any time during an emergency; and it seems to me that during a period of reconversion, until it is possible to return to a normal flow of goods, certain sensible and practical controls can be very beneficial.

By the same token, during this period, which we may regard as an emergency—and the only justification for this housing program is the emergency—by Government money, by Government regulation, by Government supervision, we are stimulating abnormally, if you please, an unusual production of housing. That is done as a result of the aid rendered by the Government. Therefore, in the production of such housing it would seem to me to be justifiable to prevent speculation upon such emergency housing which is built with Government aid and under Government supervision.

But a home which is already constructed represents, in the overwhelming number of cases, not a speculative investment on the part of the person who builds it, but a permanent investment for his home, and I assume that almost everyone who builds a home expects it to be his permanent home. Such houses as are already completed are not necessarily, except in perhaps a very few cases, wartime construction, but they are houses which have been built in the past and have become a part of the owner's capital investment, for use as his home and for his long-range occupancy. When the Government, under the guise of an emergency, attempts to invade the traditional and inherent right of an American under our laws and Constitution either to sell or to retain his home, which is a capital investment on his part, which was built under peacetime conditions, as a rule, I think such a step should be considered very carefully indeed, not so much because of the proposed control of the price, but because of the very basic principle of the peacetime freedom of the individual, a freedom which we are now attempting to strangle by means of this law.

True, let me say to the Senator, it could be said, perhaps, that it is strangling to impose ceilings on rentals of houses. But I still think that the existence of the emergency and the fact that rentals may be termed a consumable item and the fact that they are an absolutely vital item, probably justify the taking of that step.

I do not think the control of the prices of existing homes will add one bit to the availability of such homes, because there is nothing in the pending bill, even as it is presently written, which provides that a man must sell his home. It would be just as bad to say that anyone who needed a home could require the owner of a house—assuming that the house h d one or two rooms more than the owner needed—to sell it to him at a certain price. That is the logical conclusion of this price control, and it would be the only method by which existing homes could be made more freely available to those who need them. As a matter of fact, I do not believe this will cause the sale of a single home.

Mr. REVERCOMB. I agree, but it will prevent the sale of them. The right to sell is a right which every man who possesses property should have.

Mr. HICKENLOOPER. There is nothing in this bill that denies a man the right to say that he will sell or that he will not sell. No owner of a home will sell it under control or out from under control unless, first, he finds a buyer who is willing to pay a price which the owner is willing to accept. A few owners may sell under distress. But this bill, in its present form, will not move a single existing home, and it will violate one of the basic principles of property ownership, namely, the right of an individual to retain that which he possesses. Under the present emergency I can see no justification for such control as is being requested. I think the language of the bill which we have been discussing will not only not accomplish anything worth while but will violate, without excuse, some of the fundamental principles of home ownership.

Mr. REVERCOMB. Mr. President, I thank the Senator for the very able statement which he has made.

I submit my amendment, which has the effect of placing back into the bill the section which was passed by the House of Representatives, with the exception of one subsection thereof, and displacing the all-coverage control which it is proposed to place in the hands of the Expediter over all the homes in this country.

Mr. BARKLEY. Mr. President, I rise in opposition to the amendment offered by the Senator from West Virginia. I can well appreciate that if the Senator could have his way he would not allow any ceiling of any kind to be established with reference to houses involved under the terms of the proposed legislation. I realize that any proposal of this sort grows out of abnormal conditions. If such abnormal conditions were not present in many cases, we would not be here advocating legislation designed to correct them.

Mr. President, I wish to invite the attention of the Senate to what has transpired and what is now transpiring with reference to existing houses. In order to obtain information on the subject, a survey was made. It was a hastily made survey, but it was the best survey that could be made under the circumstances since the proposed legislation was initiated. A survey was made in 92 cities in the United States having a population of 100,000 or more, according to the census of 1940, as well as in 250 smaller cities having a population of less than 100,000. With reference to the period from the spring of 1940 to February 1946, of 84 cities in the United States containing a population of more than 100,000 9, or about 11 percent of the total number reporting, showed an increase of 100 percent or more in the prices of existing houses. Twenty-three of the 84, or 27 percent of the whole, showed an increase of from 75 percent to 100 percent in the selling prices of existing houses. Thirty-four of the 84 cities, or 40 percent of the total, showed an increase in the selling prices of houses of between 50 percent and 75 percent.

Among the smaller cities, those with a population of less than 100,000, 47 of them, or 17 percent of the total, showed an increase of 100 percent or more in the resale prices of houses. Another 66, or 24 percent of the whole, showed a rise of from 75 percent to 100 percent in the resale prices of houses. Another 102 cities, or 36 percent of the whole, indicated an increase of from 50 percent to 75 percent. Another 58 cities, or 21 percent of the total, showed an increase of from 25 to 50 percent.

Since VJ-day, which was last September, reports from the smaller cities indicate that more than 50 percent of those reporting experienced price increases up to 25 percent within the 6-month period. Another large number of cities indicated increases in the past 6 months since VJ-day of from 25 percent to 50 percent.

Mr. President, every time there is a sale of an existing home there is an eviction. Perhaps I should not say every time; but if the house happens to be rented and it is sold, there will be, in all likelihood, an eviction, especially if the purchaser is buying the house for a residence or a home for himself. If he is buying it for speculative purposes he will increase the rent to the occupant or tenant of the house.

Mr. REVERCOMB. Mr. President, does the Senator mean to say that he would discourage the purchase of homes?

Mr. BARKLEY. No; on the contrary, through the proposed legislation, I am trying to encourage home ownership.

Mr. REVERCOMB. The Senator has said that the rent would be raised. Does not the Government still exercise control over rents?

Mr. BARKLEY. Not everywhere. The Government controls rents in certain areas which have been designated as defense areas, but it does not control rents outside those areas.

Mr. REVERCOMB. If there should be any abuse with reference to rents, I

should think that such abuse could be controlled.

Mr. BARKLEY. Mr. President, I am speaking of the effect of speculative reselling of existing homes. We all know that if a house is rented for which the owner may have paid $5,000 or $6,000, or even $10,000, and is purchased by someone for $10,000 or $12,000, which is not at all unusual because of the speculative spiral and the increase in the selling prices of houses which has taken place, the rent upon that house will likewise be increased, or else there will be an eviction. I may say that the survey shows that evictions from existing houses throughout the United States at the present time are taking place at the rate of a million a year. Of course, not all of the persons being evicted are veterans. But if the speculative increase to which I have referred in the price of existing houses is to be allowed to continue until 1947, and no curb is placed on the speculative sales of houses which may take place during the remainder of 1946 and all of 1947, I think it is fair to say that a majority of the evictions in the year 1947 may well be of veterans who were able to obtain houses for rental. The veteran will either have his rent increased or he will be evicted by the new purchaser, who may wish to rent the house to someone who is abler to pay the increased rent. So that, Mr. President, the amendment offered by the Senator from West Virginia sets up two classes of houseowners. One class consists of those who are willing to go forward and help to stimulate the production of new houses, those who are willing to invest their money in the purchase of building materials in order to provide housing facilities. The man or the organization willing to participate in the production of houses under the amendment offered by the Senator from West Virginia will be penalized as compared to the owner of an existing house, who is put in a specially preferred class simply because he owned the house when this proposed law becomes effective.

Mr. REVERCOMB. Mr. President, will the Senator yield at that point?

Mr. BARKLEY. I yield.

Mr. REVERCOMB. The fact of the matter is that if this bill is passed as written, there will be a great discrimination made between the man who has a house today and the one who builds a house in the future because the bill lays down two formulas. A house existing today has ceiling prices set after the first sale that is made, but the house that is built after this bill shall be passed, has a ceiling price fixed upon the cost, plus a reasonable profit, plus any improvements which may be made, not only before the first sale but from time to time so long as this bill remains in force. In other words, there are two formulas, one applying to the old house, the house which now stands, the sale price of which is arbitrarily fixed at the price paid at the first sale, but the new house which is built with Government aid can be sold at a price to be fixed by the Expediter, based upon a fixed formula in this bill that includes from sale to sale the improvements which may have been made.

Mr. BARKLEY. The Senator is entirely mistaken. Under the very mild formula of ceilings on existing houses, a man who owns a house can sell it in the first instance for whatever he can get for it. If he bought it 10 years ago or 5 years ago or 1 year ago or 6 months ago and paid $5,000 for it, he can sell it for $15,000 if somebody is willing to pay him that much for it. After that the purchaser who paid $15,000 for the house, which will, of course be a speculative value, cannot sell it for more than $15,000, except that he is allowed to add the cost of any improvements he has put into the house and he is also allowed to add any commission or brokerage fees that are customary in the neighborhood where the house is sold. That is the same rule that applies to houses that are built under new construction. From time to time any purchaser or any owner may have an allowance made for additional room. If he installs another bath room, that is a permanent improvement, and he may be allowed to add that to the price, and he may also be allowed, as the bill provides specifically, the customary brokerage fees which are allowed in the community where real-estate men make their living out of the sale and transfer of real property. So there is little difference.

Mr. REVERCOMB. Let us look at the bill to see whether there is but little difference. I refer the able Senator to subsection (c) on page 26, which reads:

(c) Any regulation or order issued under the authority of this act establishing maximum sales prices for housing accommodations in existence on or prior to the effective date of this act or for unimproved lands shall establish as the maximum prices the price of the first bona fide sale of such housing accommodations or such unimproved lands, as the case may be, after the effective date of this act.

There is the formula that applies to houses in existence today. Now I call the Senator's attention to page 24.

Mr. BARKLEY. The Senator did not read all of subsection (c). Let me read the remainder of it. It is as follows:

Any regulation or order under this subsection shall provide for the making of appropriate adjustments in the maximum sales price where substantial improvements to any housing accommodations or betterments to unimproved lands have been made subsequent to the last sale.

Mr. REVERCOMB. I did not think it necessary to read that. It goes along with the provision I read. Of course, it allows for improvements that are added.

Now let us go to the formula to be used for houses constructed after the bill goes into force. On page 24 the following appears in subsection (b):

(b) Any regulation or order issued under the authority of this section with respect to housing accommodations the construction of which is completed after the effective date of this act shall provide that no sale of any such housing accommodations shall take place until after the builder thereof has filed with the appropriate agency designated by the Expediter a description of such accommodations, including a statement of the proposed maximum sales price, and has received from such agency a certification that such price is reasonably related to the value of the accommodations to be sold, taking into consideration (1) reasonable construction costs not in excess of the legal maximum prices of the materials and services required for the construction, (2) the fair market value of the land (immediately prior to construction) and improvements sold with the housing accommodations, and (3) a margin of profit reflecting the generally prevailing profit margin upon comparable units during the calendar year 1941.

Then it goes on and refers to prospective sellers.

Mr. President, in the case of an old house, once a sale is made and the price is paid for it, the Expediter does not have the power to raise that price in future sales except for actual improvements made. So there cannot be a profit on that house after the first sale under this act. But in the case of a house that is built after the act goes into force, there is allowed on any sale made, to be fixed by the Expediter, "a margin of profit reflecting the generally prevailing profit margin upon comparable units during the calendar year 1941." So I submit there is a difference.

Mr. BARKLEY. Let me advert to what the Senator has just stated. The Senator, in connection with that section is talking about new houses. The builder of the new house may have had a priority given to him in order that he might obtain materials with which to build the house. He may have bought materials upon which premium payments have been made, which enabled him to buy them cheaper in the market than otherwise would have been possible. That situation does not surround the owner of an existing house. We did not propose by this legislation to say that the builders of houses shall not have a margin of profit on their construction. The average profit of the builder, I think, is recognized to be anywhere from 5 to 10 percent; I think in many cases, perhaps in most cases, a profit margin of 10 percent upon the construction of a house is usually expected. That is one of the stimulants that induce men to put their money into the building of houses. We could not in this legislation, without absolutely stifling the construction of houses on the part of many who have money to invest in houses, provide that they shall merely be allowed what the house cost, what the material and labor that went into it cost, without allowing a reasonable profit. But that situation does not exist with reference to the man who already owns a house and sells it for whatever he can get for it the first time.

After the price has been fixed, including the cost of the materials and the cost of the labor that goes into it, which the owner of an existing house does not have to deal with, after the certification has been given, allowing a ceiling price upon the first sale, including a reasonable profit—after all that the same rule applies on the resale of that house that applies to the second or third or fourth sale of an existing house.

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

Mr. BARKLEY. I yield to the Senator from West Virginia, and then will yield to the Senator from Missouri.

Mr. REVERCOMB. Where is there in the bill, or under the formula, anything to require the Expediter to peg the price of the newly built house? The bill expressly says that the first sale shall fix absolutely, without change, the price of the old house, and the seller cannot make a profit above that, but for the newly built house it lays down a formula, under which the Expediter has the discretion of taking into consideration all these elements of building and a reasonable profit on top of that. There is no limit as to what the profit may be on any sale made of the new house in the future.

Mr. BARKLEY. Technically, of course, we do not spell out what the profit shall be.

Mr. REVERCOMB. Oh, no.

Mr. BARKLEY. But in fixing the price the Expediter must take into consideration "reasonable construction costs not in excess of the legal maximum prices of the materials and services required for the construction," that is, the cost of the material and the labor, and also "the fair market value of the land, (immediately prior to construction)." All those things have to be taken into consideration, together with "improvements sold with housing accommodations and a margin of profit."

We cannot say what that profit shall be. We have to leave it to the Expediter in his discretion, based upon the total cost of the house, to determine what a reasonable profit may be. After that has been determined and a certificate has been issued with respect to it and a sale has taken place, thereafter the same rule applies to the new house that applies to the old house. I now yield to the Senator from Missouri.

Mr. DONNELL. Along the line the distinguished Senator from Kentucky was just discussing, I think it would be well that the RECORD should show that, as I see it, in very large part, if not in all respects confirming what the Senator from Kentucky has said, the concluding language of section 3 (b) is as follows:

> The first sale of housing accommodations the construction of which is completed after the effective date of this act shall not be made at a price in excess of the maximum sales price certified under this subsection.

Then it provides:

> The actual price at which any such housing accommodations is first sold, plus any increases authorized pursuant to subsection (d), shall be the maximum sales price for any subsequent sale of such housing accommodations.

As I see it, that is precisely the rule, as the Senator from Kentucky has indicated, which is applicable to houses which have already been constructed, because subdivision (c) proceeds:

> (c) Any regulation or order issued under the authority of this act establishing maximum sales prices for housing accommodations in existence on or prior to the effective date of this act or for unimproved lands shall establish as the maximum prices the price of the first bona fide sale of such housing accommodations or such unimproved lands, as the case may be, after the effective date of this act.

That is then followed, as the Senator from Kentucky has pointed out, by the statement:

> Any regulation or order under this subsection shall provide for the making of appropriate adjustments in the maximum sales price where substantial improvements to any housing accommodations or betterments to unimproved lands have been made subsequent to the last sale.

If the Senator from Kentucky will yield for one further observation, it seems to me, therefore, that the concluding language of subdivision (b) of section 3 establishes that after the first sale of any newly constructed property shall have occurred, the actual price of the first sale shall be the maximum sales price for any subsequent sale of such housing.

Then, in the case of old property, the price of any sale subsequent to the first sale shall be exactly the same, subject only to this possibility, that there might be some argument that the language of the last sentence of subdivision (c) somewhat differs from the language of subdivision (d), but to my mind it would seem that the obvious purpose of the draftsman who drew the last sentence of subdivision (c) is to accomplish, in substance, at any rate, the same thing that is accomplished by subdivision (d).

If the Senator from Kentucky will yield further, to my mind he is correct in saying that after the first sale shall have been effected, with respect to both newly constructed property and with respect to existing property, substantially the same rule is intended to, and I believe does, apply under the committee amendment.

Mr. BARKLEY. I thank the Senator from Missouri. Of course, it would be impossible to fix the same standard upon the first sale price of any existing house that we fix upon the first sale price of a new house. It may be impossible to obtain the figures as to the cost of constructing the old house, either as to materials or as to labor. Therefore, in the absence of the ability to fix the same standard for the first sale of the old house as is fixed in the case of the new house, all we have been able to do is to say that the first sale, whatever it may be, shall be the standard of value by which future sales shall be governed.

Mr. DONNELL. That is, the same standard applies with respect to new construction. Substantially it would seem to me, that after the first sale has been effected, in both instances substantially the same rule applies with respect to resale both of new construction and of existing property.

Mr. BARKLEY. There is no doubt at all about that, and there is a reason why we have to set up a little different standard for the first sale of a new house than for the sale of an old house. It is easy to ascertain how much material went into the new house, it is right there before our eyes, and one can understand how much labor went into it, and when we add all those things together, plus a reasonable profit, we can fix the price. After that the same rule applies that applies to old houses, after the first sale of an old house.

Mr. President, I hope the amendment will not be agreed to. The committee felt that it was not fair or wise to men who are willing to put their money in new houses to fix a sale price upon a new house for the first sale, and allow the speculative orgy to go on which is now in progress in many of the cities of the United States, without any sort of control over the sales which take place subsequent to the purchase.

There is nothing unfair about it. If a man has owned a house for years and years he may sell it for twice as much as he paid for it to someone who is willing to pay twice as much. The proposed law does not interfere with that. If he is buying it for a home he will want to move into it, and he is not buying it for speculative purposes. But it is unfair to those who are putting their money and their energy into the construction of new houses for veterans to say to those who are able to buy and speculate in existing houses—and in many cases bring about the eviction of a veteran who is renting an existing house—"There will be no curb on you, no control; the sky is the limit with respect to you, but we are going to curb those whom we induce to go into the building business and the construction of houses for veterans."

It would be an unfair distinction, and the latter class should not be placed in that different category after there has been an establishment of the market value of the house itself, which in the case of the old house is the first sale, and in the case of the new house is the first sale with the ingredients that go into the certification as to the selling price of the new house.

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

Mr. BARKLEY. I yield.

Mr. REVERCOMB. The Senator has been speaking of fairness. I ask him a question in good faith. Very few sales are speculative, in most cases houses are bought by people who desire to live in them. Suppose a man who is a veteran, or one who is not a veteran, because of his occupation has to move to another place and takes his family with him, and he has an opportunity to sell his property. The proposed law says he cannot sell it at a profit. He can sell it at a loss, but he cannot sell it at a profit. Is that fair?

Mr. BARKLEY. I have heard the argument that to put a ceiling on an old house at the figure of the first sale is unfair to veterans, because a veteran might have bought it and might have to move. My answer to that is that the veterans who are buying homes are not buying them for speculative purposes, they are buying them to live in them with their families. They want to take their families out of the cramped quarters in which they now live, perhaps even in automobiles. The Senator from California [Mr. KNOWLAND] yesterday recited that he saw in his own State ex-servicemen with their wives and

children actually living in automobiles, crying for houses in which to live. Those who are able to buy houses are not going to buy them for speculative purposes, they are going to buy them as homes for themselves and families.

This restriction will be in effect only for the remainder of 1946 and during 1947. I can see that it might be possible, in some isolated case that a veteran who has moved into a new community or into another city, after having bought a home, might not be able to make a profit from the sale of the house he had bought in the community from which he moved; but for every veteran who will be denied the right to make a profit out of the resale of a home he has bought, there will be thousands of veterans who will be evicted from the homes they are now renting, if we do not take the proposed action. Evictions will occur by reason of the speculative value of houses which will be taken advantage of by those who seek to speculate in houses. Those who will do that will not be the veterans, but will be those who seek to make money out of the speedy and frequent resale of houses.

Mr. President, we know what is going on. My attention was called to a house in Washington built to sell at $5,000 and which did sell for $5,000 just prior to the war. It sold subsequently for $7,500, and sold subsequently to that for $10,000, and the present owner is asking for that house $12,500, and probably will obtain it. I do not think we will be doing the veteran any harm by making such a thing impossible. If we permit the spiral of increased prices in real estate to continue we will do infinitely more harm to the veterans than could possibly come to them by doing what we now propose to do, by which we seek to do good for the veterans.

So, Mr. President, it seems to me there is no justification for the amendment offered by the Senator from West Virginia, and I hope it will be defeated.

Yesterday afternoon the Senator from North Carolina [Mr. HOEY] asked me a question with respect to farms. This bill does not relate to farms. A farm is sold including the house, and this bill does not deal with the sale of farms. We speak of the sale of a farm, including all the improvements. It is still the sale of a farm. This bill does not deal with farms. It deals with new construction. It might be outside the corporate limits of a city, in a community that is susceptible to subdivision for new housing projects. Fifty or 75 or 100 houses might be built on the outskirts of a city, without the corporation limits. We have provided in our definition of unimproved lands that they shall be either city lots or unimproved lands outside that are susceptible to subdivision into housing projects. So the sale of a farm as a farm, with the house on it, is not included in the bill. There is no control over that. We do not seek any control over it. I think that answers the question which the Senator from North Carolina propounded to me yesterday.

Mr. REVERCOMB. Mr. President, the Senator from Kentucky is making an appeal for the veterans. I wish to say that no one is more deeply interested in the welfare of the veteran than am I. But when the Senator speaks of speculation, certainly I know that these houses are going to be bought by veterans and by others to live in, and not to speculate in. I feel that when the suggestion as to speculation is brought up it is a smoke screen. That is not the actual condition we will meet. Those who will buy these houses will want to live in them with their families, and now it is proposed to provided by legislation that they may sell these houses at a profit, and they will really sell them at a loss if they want to go somewhere else to live and must sell their houses. If a veteran wants to buy a larger house he cannot sell the smaller one at a profit.

Mr. BARKLEY. The Senator from West Virginia uses the word "smoke screen." If what I have said in behalf of the veteran, in opposition to the Senator's amendment, is a smoke screen, then the entire bill is a smoke screen, because the bill was initiated and conceived for the benefit of the American veteran. I am not hiding behind the American veteran. I am not required to do that. The American veteran knows what the bill provides for. The veterans' organizations here in Washington have read the bill and they know what it provides. Representatives of every one of the veterans' organizations—the American Legion, the Veterans of Foreign Wars, and all the other organizations of veterans—came before our committee and endorsed the legislation with the provision in it for ceilings upon existing homes. So if there is a smoke screen I have not observed it, and I certainly did not create it.

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

Mr. BARKLEY. I yield.

Mr. REVERCOMB. I have not accused the Senator from Kentucky of hiding at all.

Mr. BARKLEY. The Senator was referring to what I said as a smoke screen.

Mr. REVERCOMB. As I view the situation, I think the subject of speculation is given too much emphasis. Speaking of the veterans' organizations, the same veterans' organizations appeared before the committee of the House of Representatives, and the House adopted the provision in the form I have submitted it in my amendment, as modified. They felt that this limitation should not be placed upon existing structures.

Mr. BARKLEY. Of course, the Senator from West Virginia must also know that the House of Representatives did not include the premium payments which were endorsed in the Senate yesterday and adopted by a vote of 53 to 20.

Mr. REVERCOMB. That is correct.

Mr. BARKLEY. The veterans' organizations were for any legislation which gave any reasonable hope of providing homes for veterans, and the program of premium payments and of this very mild provision for ceiling prices on existing houses had not been worked out when the House committee was considering the bill. It was hastily thrown together and debated on the floor, and the House rejected both of them. But that in no way means that the veterans' organizations are satisfied with the bill as it was reported by the House committee and as it was passed by the House. Be that as it may, the veterans' organizations, after observing the provisions of this bill, have endorsed them wholeheartedly and enthusiastically.

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

The PRESIDING OFFICER (Mr. CARVILLE in the chair). Does the Senator from Kentucky yield to the Senator from Vermont?

Mr. BARKLEY. I yield.

Mr. AIKEN. As I understand, if the veteran buys an old house, then the price he pays for that house becomes the ceiling at which it has to be sold in the future. If he occupies it for a year and then has to give it up or move away he can still sell it for the price he paid for it, without deducting what it has been worth to him to live in it for a year.

Mr. BARKLEY. Oh, yes; he can still sell it for what he paid for it, plus any improvements he may have put into it, and he can also include real-estate brokerage fees that are customary in the neighborhood.

Mr. AIKEN. If he occupied it for a year, and it was worth $40 a month to him to occupy it, he could really have that $480 profit, plus brokerage fees.

Mr. BARKLEY. Well, it would be equivalent to paying rent to himself while he occupied it.

Mr. AIKEN. Yes.

Mr. BARKLEY. And if he occupied it a year, depending on when he moved into it, the whole period would almost have expired, because this provision is effective only to the end of 1947. So even if he had to wait for a month or two after he moved out in order to sell it for more than he paid for it, if he could do so, it would not be such a great hardship.

Mr. AIKEN. Oh, strictly speaking, he would not sustain any great loss.

Mr. BARKLEY. No. And the number of veterans who will be reselling old houses they have bought for homes will be infinitesimal compared to those who buy houses for speculative purposes.

Mr. AIKEN. They could not be thrown out before the end of the period anyway, because I think that in most States the law permits them to stay at least a certain number of months, or a year.

Mr. BARKLEY. That is true, but if they were moving into another community, or into another city, they would probably want to move out voluntarily.

Mr. HOEY. Mr. President, I have been very much interested in the discussion of this housing bill, and especially interested in the discussion by the distinguished Senator from Kentucky [Mr. BARKLEY] today.

I voted for the subsidy in this measure, although I do not believe in subsidies as a general rule, but I was so anxious to do something to increase housing facilities for veterans that I was willing to forego my opposition to subsidies generally and support the premium payment. I am extremely anxious that housing

facilities be provided in the greatest possible degree for veterans, and I would vote for the committee provision with regard to price ceilings if I felt that it was essential or desirable in attaining the main objective. I do not think so. I intend to support the amendment offered by the Senator from West Virginia [Mr. REVERCOMB], and I wish to mention some of the reasons why I am supporting that amendment.

There is nothing in the committee provision relating to existing houses which would tend to supply houses to veterans, or would aid in that program in the slightest degree. The provision preventing the sale of existing houses more than once at an increase in price has no relation to providing a single additional house for veterans, or providing housing facilities for them.

I believe that this is a wholly discriminatory measure. Let us consider what the distinguished Senator from Kentucky stated a few moments ago. He wishes to prevent inflation or speculation in houses and real property. Yet he admits that every farm in America would be exempt. Therefore the farms, along with the houses on them, could all be sold over and over again for whatever prices the sellers and the buyers might agree upon. There would be no limitation or restriction upon the sale of farms and the houses which go with them. A large number of the veterans would like to purchase farms. If the idea is to control prices so that they will not get out of hand, there is no restriction on the prices of farms and houses located on farms. That is one discrimination.

On the other hand, it is said that the Expediter should have the right to adopt regulations which would cover the sale of existing houses. In other words, after the first sale, a house could not be sold for a greater price during a period of 2 years. However, that is not a general provision. The Expediter would be given authority to make such a rule applicable all over the United States, but the bill provides that he shall investigate the various communities and geographical locations and specify the places where the restrictions should apply.

What does that mean? Either the Expediter will make a general order covering the whole United States, or he will consider conditions in the various areas of the United States. There would be no end of confusion. In one city, town, or village there might be restrictions, so that a house could be sold once at any price, and then, within a period of 2 years, could not be sold at a price exceeding the price of the first sale. In other sections there would be no limitation or restriction. How is the average person to know where restrictions exist and where they do not? The United States covers a great deal of territory. The Expediter could make an order covering the entire United States, or he could issue orders covering individual sections or locations. I believe that that would lead to endless confusion. What would probably happen would be that he would put an order into effect all over the United States, without making investigations. To begin with, he would not have the time or opportunity to make investigations in all localities in the United States to determine whether or not the necessities required putting such an order into effect in a given locality.

Coming down to the basic principle, why should a man who has built a home and paid for it or who has bought an already existing house and paid for it, be restricted in its sale? The Government has made no contribution, either by subsidy or by granting priorities. Why should he be restricted in the sale of his property?

I think we have gone a long way in taking away individual rights of American citizens. I am unwilling to vote for any measure which writes into law a provision that any home owner in America may not sell property which belongs to him one time, two times, or three times, without obtaining the consent of the Expediter, or permitting the Expediter to prevent him from selling it at a price more than the original selling price.

I am willing to go to the extent indicated in the amendment offered by the Senator from West Virginia, and to say that with respect to new construction, for which the Government has granted priorities, premium payments, or subsidies, prices may be regulated so that they will not get out of hand. Such buildings would be erected by virtue of Government favor, Government priorities, and Government subsidies. Therefore, the obligation rests with the Government to see that there is no speculation in those houses for the immediate future.

But the Government has performed no such service for the citizen who owns an existing house. It has granted him no favor and no special privilege. Why, in peacetime, should we undertake to put into effect a policy which would take away from every home owner in America the right to dispose of his home as he sees fit as often as opportunity may occur to sell it? I think we are going further in this measure than we went in wartime. I do not believe there is any justification for it. It will not provide a single home for a veteran in addition to what is now available.

I am hopeful that the subsidy provision, for which we voted yesterday, will aid in obtaining productior of building materials so that the homes may be readily provided for veterans. For that reason I supported it. But this provision would not furnish a home for a single veteran in America. It would merely invade the rights of private citizens and take from them their right to control the property which they buy and pay for, and to which they have legal title. I am opposed to the Government invading the rights of American citizens further than is absolutely necessary. It is not essential, either for the benefit of the veteran or anyone else.

So far as speculation is concerned, as I stated a few moments ago, we shall not be able to curb speculation if we exempt all the farms in this country and permit them, together with the houses on them, to be sold over and over again at whatever prices can be obtained for them, and at the same time apply the restriction solely to people who have bought homes—perhaps as wage earners—and undertake to curb them, so that when a man works for a long time and pays for his property he will still have the Government standing over him saying, "Even though you can sell your home and make a profit on it, you will not be permitted to do so."

I know that the idea is to curb the speculator. That is a very broad term. It covers a great many people. This provision would not only affect speculators; it would affect every man who buys a home, even a house which already exists. I believe that this is an unnecessary invasion of the rights of citizens. I believe there would be more resentment against the Congress and the administration because of the proposed law than there could be with respect to practically any other law that might be enacted.

I hope that the amendment offered by the Senator from West Virginia will be adopted. I wish to see some rights still preserved for American citizens. I wish to see the man who works and pays for his home have a right to sell it as he chooses.

It is said that if a home owner makes improvements, he can obtain credit for them. Let us see about that. Everyone knows that when a person buys a home he usually paints it or papers it, and makes other improvements to suit himself. The bill provides that after a house is sold the first time the owner may apply to the Expediter for the privilege of selling it again at a price which will cover the substantial improvements which have been made.

In the first place, the improvements must be substantial. The Expediter would say, "Painting and papering are not substantial improvements. They merely take care of the ordinary wear and tear and offset deterioration." A man who spent a considerable amount of money in painting and papering would have no recourse it for any reason—because of misfortune or for any other reason—he should be forced to sell his home. He could not get a cent more than he paid for it.

How long would it require to obtain action on an application filed with the Expediter? This operation would cover the entire United States. Senators know how long a time is required to obtain an answer from the OPA. An application is filed and weeks and months pass. If a man who had made improvements to his property were to make an application to the Expediter for a determination of the substantial value which he had added to his property, weeks and months would pass before he could get the privilege of selling it. His application would have to be acted upon, and in the meantime the purchaser would go elsewhere and buy some other property.

It would mean denying to every purchaser of a home any sort of compensation for the improvements made on his home, if for any reason, it became necessary for him to sell it again or if he wished to sell it again.

I am opposed to restricting the activities of our people. I think this

measure would cause the real estate market in the United States to become stagnant. It seems to me that would be the worst thing that could happen to this country. There are worse things than inflation. Stagnancy is one, and we have tried it. If we provide that there can be no increase in price after the first sale of a house, there will be stagnation wherever the law goes into effect. I think that would be worse than inflation on a moderate scale.

Mr. President, no one forces a man to sell his house. That is a privilege. If the owner of a house wishes to sell it and if he sells it to a man who wishes to buy it, that is free action. I do not think the Government can take a man by the throat and say to him that he cannot sell his house—which he has paid for—at a price which will enable him to obtain a reasonable profit, if he is able to do so.

Therefore, Mr. President, I am earnestly in favor of the amendment which has been submitted by the Senator from West Virginia.

Mr. TAYLOR. Mr. President, I also am in favor of the greatest possible amount of freedom for our citizens, but, on the other hand, when I consider the arguments that have been made, I recall that ceilings have been placed on the prices of automobiles. It is now provided that automobiles may be sold for only a certain amount of money. Yet the Government had no part in manufacturing the automobiles, any more than it did in building the houses on which it is proposed to place price ceilings. So in that respect I do not believe the argument which has been made is valid.

It is also argued that a man who buys a house will not be permitted to sell it at a profit. But most people who buy houses to live in do not buy them with the expectation of selling them at a profit. So the only people whose toes we would consciously by tramping on would be those who are speculators.

When it is said, as the Senator from West Virginia has said, that there is not much speculation in houses at the present time, I can hardly agree. I have just come from lunch with a constituent of mine, who is in Washington visiting his family. It happens that his grown sons and daughters live here. He said that all of them are well to do. We mentioned the housing situation, and he said that all his children are making a lot of money nowadays, speculating in real estate. They are not in the real-estate business, but on the side they are cleaning up a fortune in real estate. He told me frankly, "They buy a house one day and sell it the next day at a big profit."

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

Mr. TAYLOR. Yes; I gladly yield.

Mr. MURDOCK. I am interested in the statement the Senator from Idaho is making. It seemed to me, while the distinguished Senator from North Carolina was speaking, that the same argument he made against any restriction on the selling price of houses could be made against any restriction in regard to the price of any article of property which now is subject to control by the OPA.

Mr. TAYLOR. That is precisely the way I feel.

Mr. MURDOCK. If the argument which has been made by the Senator from North Carolina is logical and sound as to houses, then there should be no OPA controls at all.

Of course, I am sure that the Senator from Idaho and the junior Senator from Utah would agree with the distinguished Senator from North Carolina that if times were normal, if business were being carried on in an ordinary manner, of course the American way would be to avoid any controls. But during the war we found it necessary to impose certain controls in order to prevent runaway inflation, and we found that the American people were absolutely wiling to submit themselves to such controls.

Today we are confronted with a shortage of houses for the men who have been on the battle fronts, fighting our battles, and who now have returned and are asking us to help them obtain houses.

As I understand, the Senator from North Carolina has said that housing is in a somewhat different category than other property, and that therefore no restrictions should be imposed on housing. In my opinion, the Senator from Idaho is correct, Mr. President, for it seems to me that the same argument which the Senator from North Carolina made could be made in regard to every article which now is subject to OPA controls.

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

Mr. TAYLOR. I yield.

Mr. BRIGGS. Is it not a fact that the price of a home decreases, because of deterioration, each day under normal circumstances?

Mr. TAYLOR. Yes; I think that is an undisputed fact.

Mr. BRIGGS. Then if we are setting a ceiling we shall not be preventing a man from making a legitimate profit, because under normal circumstances the home he owns today is not worth the price which was paid for it yesterday.

Mr. TAYLOR. That is correct.

Mr. BRIGGS. I merely wished to make that point.

Mr. TAYLOR. Mr. President, as the Senator from Utah has said, the argument that people are entitled to a profit on their homes could be applied with a great deal more logic to the articles on which OPA price ceilings are established at the present time, and which were manufactured for a profit in the first place.

It has been stated that the imposition of price ceilings on houses will not make one more house available to the veterans. That may be true. Of course, after this law goes into effect, a man who buys a house will not be able to resell it at a higher price. Under this law, if he subsequently is forced to move and therefore has to resell his house, he will not lose anything, and possibly some veteran will have an opportunity to buy that house at the same price at which it was sold the first time after the law went into effect. So the law could benefit veterans in that way.

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

Mr. TAYLOR. I am happy to yield to the Senator from Louisiana.

Mr. OVERTON. And when a veteran goes to a new location and undertakes to buy a house already existing there, he will not have to pay a speculative price for it.

Mr. TAYLOR. That is correct. He will not have to pay a higher price than the price at which the house presently sells.

Mr. President, I know something about this matter, because I had to buy a house last spring in order to find a place to live in. I paid $15,000 for it, and that price was $3,000 or $4,000 more than it was worth before the war. After reading in the newspapers the prices which now are being asked for houses, I am quite certain that at the present time I could sell that house for $18,000 or $20,000. I myself would be perfectly willing to have a price ceiling established at the present time on the basis of the price at which the house was last sold, so far as I am concerned. I could use the money I would obtain if I sold my house speculatively. But I am willing to make that sacrifice for the good of all of us, for the general welfare. I believe that is what this matter boils down to: whether the people of America are willing to sacrifice temporary, unexpected, speculative gains for the general welfare.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia [Mr. REVERCOMB], as modified.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hart	O'Daniel
Andrews	Hatch	O'Mahoney
Austin	Hawkes	Overton
Bail	Hayden	Pepper
Bankhead	Hickenlooper	Reed
Barkley	Hoey	Revercomb
Bilbo	Johnson, Colo.	Robertson
Brewster	Johnston, S. C.	Saltonstall
Bridges	Kilgore	Shipstead
Briggs	Knowland	Smith
Brooks	La Follette	Stanfill
Buck	Langer	Stewart
Bushfield	McCarran	Taft
Byrd	McClellan	Taylor
Capehart	McFarland	Thomas, Okla.
Capper	McKellar	Thomas, Utah
Carville	McMahon	Tunnell
Cordon	Magnuson	Vandenberg
Donnell	Maybank	Wheeler
Downey	Mead	Wherry
Fulbright	Millikin	Wiley
Gerry	Mitchell	Wilson
Green	Morse	Young
Guffey	Murdock	
Gurney	Murray	

The PRESIDENT pro tempore. Seventy-three Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from West Virginia [Mr. REVERCOMB] as modified, which will be stated.

The CHIEF CLERK. It is proposed to insert, in lieu of section 3 of the committee amendment as amended, subsections (a), (b), (c) and (d) of section 703

of the original House text, beginning on page 6, line 10, as follows:

SEC. 703. (a) Whenever in the judgment of the Expediter the sales prices of housing accommodations the construction of which is completed after the effective date of this title have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he may by regulation or order establish maximum sales prices for such housing accommodations in accordance with the provisions of this title. Any such regulation or order may be limited in its scope to such geographical area or areas and to such types or classifications of such housing accommodations as in the judgment of the Expediter may be necessary to effectuate the purposes of this title. Before issuing any regulation or order under this section, the Expediter shall, so far as practicable, advise and consult with representative members of industries affected by such regulation or order, and he shall give consideration to their recommendations and to any recommendatons which may be made by State and local officials concerned with housing conditions in any area affected by such regulation or order.

(b) Any regulation or order issued under the authority of this section with respect to housing acommodations the construction of which is completed after the effective date of this title shall provide that no sale of any such housing accomodations shall take place until after the builder thereof has filed with the appropriate agency designated by the Expediter a description of such accommodations, including a statement of the proposed maximum sales price, and has received from such agency a certification that such price is reasonably related to the value of the accommodations to be sold, taking into consideration (1) reasonable construction costs not in excess of the legal maximum prices of the materials and services required for the construction, (2) the fair market value of the land (immediately prior to construction) and improvements sold with the housing accommodations, and (3) a margin of profit reflecting the generally prevailing profit margin upon comparable units during the calendar year 1941. Any prospective seller of such housing accommodations may apply for such certification at any time, including before the commencement of construction, during its progress, or after its completion. In any case where a certification of approval of a proposed maximum sales price has been issued prior to the completion of construction, the prospective seller may, at any time before the first sale, apply for such revision of the maximum sales price previously certified as may be justified by a showing of special circumstances arising during the course of construction and not reasonably to have been anticipated at the time of the issuance of the earlier certification. The first sale of housing accommodations the construction of which is completed after the effective date of this title shall not be made at a price in excess of the maximum sales price certified under this subsection. The actual price at which any such housing accommodations is first sold, plus any increases authorized pursuant to subsection (c), shall be the maximum sales price for any subsequent sale of such housing accommodations.

(c) The Expediter shall by regulation or order provide for appropriate price increases for major structural changes or improvements, not including ordinary maintenance and repair, effected subsequent to the first sale after the effective date of this title.

(d) The Expediter may promulgate such regulations as he deems necessary and proper to carry out any of the provisions of the title and may exercise any power or authority conferred upon him by this title through such department, agency, or officer as he shall direct. Any regulation or order under this title may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the Expediter are necessary or proper in order to effectuate the purposes of this title. The Expediter shall have power to forbid the export of any lumber or other materials to any foreign country which are needed for the housing program.

Mr. REVERCOMB. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. BANKHEAD. I have a general pair with the Senator from Nebraska [Mr. BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who if present and voting would vote as I am about to vote. I am therefore at liberty to vote, and I vote "nay."

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY], and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator frrom Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Maryland [Mr. TYDINGS] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], the Senator from Maryland [Mr. RADCLIFFE], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

The Senator from Texas [Mr. CONNALLY], the Senator from Louisiana [Mr. ELLENDER], and the Senator from Idaho [Mr. GOSSETT] are detained on official business at various Government departments.

The Senator from Pennsylvania [Mr. MYERS], and the Senator from Massachusetts [Mr. WALSH] are absent on official business as members of the Board of Visitors to the Naval Academy.

I wish to announce further that, if present and voting, the Senator from Pennsylvania [Mr. MYERS], and the Senator from Massachusetts [Mr. WALSH] would vote "nay."

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Michigan [Mr. FERGUSON] is necessarily absent. If present he would vote "yea."

The Senator from Nebraska [Mr. BUTLER] has a general pair, which has been heretofore announced and transferred.

The result was announced—yeas 41, nays 33, as follows:

YEAS—41

Austin	Carville	McClellan
Ball	Cordon	McFarland
Bilbo	Gerry	McKellar
Brewster	Gurney	Millikin
Bridges	Hart	O'Daniel
Brooks	Hawkes	Reed
Buck	Hickenlooper	Revercomb
Bushfield	Hoey	Robertson
Byrd	Johnston, S. C.	Saltonstall
Capper	McCarran	Shipstead
Smith	Thomas, Okla.	Wiley
Stanfill	Vandenberg	Wilson
Stewart	Wheeler	Young
Taft	Wherry	

NAYS—33

Aiken	Hatch	Mitchell
Andrews	Hayden	Morse
Bankhead	Johnson, Colo.	Murdock
Barkley	Kilgore	Murray
Briggs	Knowland	O'Mahoney
Capehart	La Follette	Overton
Donnell	Langer	Pepper
Downey	McMahon	Taylor
Fulbright	Magnuson	Thomas, Utah
Green	Maybank	Tunnell
Guffey	Mead	Wagner

NOT VOTING—22

Bailey	Glass	Russell
Butler	Gossett	Tobey
Chavez	Hill	Tydings
Connally	Huffman	Walsh
Eastland	Lucas	White
Ellender	Moore	Willis
Ferguson	Myers	
George	Radcliffe	

So, Mr. REVERCOMB's amendment, as modified, was agreed to.

Mr. REVERCOMB. I move to reconsider the vote by which my amendment, as modified, to the committee amendment, was agreed to.

Mr. BUCK. I move to lay that motion on the table.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Delaware [Mr. BUCK].

The motion to lay on the table was agreed to.

Mr. WHERRY. Mr. President, for myself and on behalf of other Senators I offer an amendment which I send to the desk and ask to have stated, and I ask that the names of the sponsors of the amendment be read.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. Mr. WHERRY, for himself, Mr. CAPEHART, Mr. REVERCOMB, Mr. BROOKS, Mr. ROBERTSON, Mr. CORDON, and Mr. WILSON, offer the following amendment: On page 38, beginning with line 23, it is proposed to strike out all down to and including line 16, on page 40, and insert in lieu thereof the following:

SEC. 11. The Administrator of Veterans' Affairs is authorized and directed to pay, under such regulations as he may prescribe, to or on behalf of any veteran of World War II a sum equal to 5 percent of the cost of a dwelling heretofore purchased or constructed by such veteran and to be occupied by him or his family as a home. No payment in excess of $500 shall be made to or on behalf of any such veteran and no payment shall be made to or on behalf of any such veteran with respect to more than one dwelling. Regulations prescribed under this section shall contain such provisions as the Administrator deems necessary to insure the use of payments made under this section for the purpose for which such payments are made.

Mr. WHERRY. Mr. President, the amendment needs very little explanation. I would say it is self-explanatory. What we propose by the amendment is to pay to the veterans by way of a direct benefit the $600,000,000 subsidy proposed to be paid to producers. Generally speaking, I have always been opposed to subsidies, though. I have voted for some. I voted against the production subsidy yesterday because I do not think it will result in producing any more lumber. Under the action taken

by the Senate yesterday a production subsidy will be given to the producers of the country, and the veteran will not receive any benefit at all thereunder. In fact the veteran does not receive any aid under the provisions of the bill as amended, because any other person can build a house just as cheaply as the veteran can even though he receives the so-called aid provided in the bill. Any other individual can build a house just as cheaply as the veteran can in spite of the aid proposed to be given to him under this so-called veterans' bill. The only advantage in the world that is given to the veteran under the bill as now amended is that he is given a priority. He does not get a special reduction in the cost of his house, because the same reduction is given to anyone else who builds a house.

The bill is framed on the old theory that if an incentive is made the cost of production is kept down. But if we really propose to give the veteran something, let us be fair, let us be honest about it. By the provisions of this bill we are not giving the veteran the advantage that some have claimed are given to him. Everyone in the United States is given the same benefit that is given the veteran under this bill. In fact, what is actually being done is to get the Senate to adopt incentive payments to producers, and that is being done by riding on the coattails of the veterans. The people of the country are being misled. The veterans are being misled. The veterans are not being given any benefit at all by this bill.

Now, what would the amendment just offered do? It would use the amount which would otherwise be paid out in subsidies to make direct payments to the veterans. The subject was discussed on the floor of the Senate yesterday by the able Senator from Ohio [Mr. TAFT] and by the able Senator from Kentucky [Mr. BARKLEY], and they said the bill would save to the veteran about 5 percent of the cost of the house. It was estimated that if he built a $6,000 house, the bill would save the veteran about $300, or if he built a $10,000 house, it would save him about $500.

Let me say, Mr. President, that there is nothing in the bill which would give the veteran a dime, no, not even a penny, if he were to buy a house. There are many veterans who would rather buy houses than build them. The only way some veterans are ever going to get houses is by buying them.

Mr. President, the previous title of legislation has been "National Housing Act." We call it now "Veterans' Emergency Housing Act." That is the title of the pending bill. We tell the veteran that this is an emergency measure. Why should we mislead the veteran. It is my opinion that if we strike out the provision with respect to incentive payments and require the Housing Expediter to allow flexible price ceilings we will get the needed production in the private profit motive way, and we will get more production than can be gotten by the incentive route. That is my position. If it is our purpose to give the veteran anything, let us be honest and honorable about it, and give the veteran a subsidy rather than give it to the producer, to whom benefits could come through production by the profit-motive way.

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

Mr. WHERRY. I yield.

Mr. BANKHEAD. Is this proposal in addition to the general incentive, or in lieu of the general incentive?

Mr. WHERRY. No; this proposal is in lieu of the incentive. The Senate has already voted to provide premium payments in the sum of $600,000,000. Our proposal is that instead of giving this money to the producer, as the result of which the veteran will have no favoritism shown him, or will receive no advantage, we should give the money to the veteran by way of direct aid. We propose to give it direct to the veteran instead of to the producer, because we can obtain needed production by the profit motive way to build the needed houses.

Furthermore under our amendment aid is given to the veteran who buys a home. There are 35,000,000 homes in this country, and some of them are going to be sold, and veterans are going to buy them. Instead of letting someone ride on the coattails of the veterans in obtaining subsidy payments, let us be fair about the matter; let us give the man who is buying a home the same advantage he is supposed to receive under the incentive subsidy, which is about 5 percent.

Mr. McCLELLAN. Will the Senator yield?

Mr. WHERRY. I yield.

Mr. McCLELLAN. As a general principle I believe I would favor the direct payment, possibly over the incentive payment provided in the bill. But this is what disturbs me about the amendment just offered. I also have some misgivings with respect to the incentive payments. By this legislation some veterans would be favored, but no provision is made to take care of other veterans. In other words, only the veteran who wants to buy a house in the future is provided for. Some veterans have already bought homes. They have obligated themselves to pay for them, and they still have the debt. The amendment just offered would make no provision to take care of the veteran who is in that situation. There are other veterans who perhaps own a home which has a mortgage on it, who are undertaking to go into business and become adjusted to civilian life, who need financial aid, and yet no provision is made for them. How are we going to justify an expenditure of Federal funds to give assistance to a veteran who merely wants to buy a home, and at the same time not make similar provision or comparable provision for payment to all other veterans?

Mr. WHERRY. I think the Senator has misread my amendment. The pending bill does the very thing the Senator is talking about. All the bill does is to provide an incentive to help veterans who want to build houses from this time on. The amendment I have just offered provides that a veteran who wants to buy a house for $10,000 will be given a $500 payment, and the one who wants to buy a $5,000 house will be given a $250 payment. It was asserted yesterday that a comparable saving would come to the veteran through the incentive payments made to the producers, but I do not think that saving will come back to the veteran. I want to include all veterans who want to buy houses, and if the Senator desires to bring under the bill all veterans who have bought houses since VJ-day, and give all of them the 5 percent, I have no objection. If the Senator wishes to amend the amendment and permit every veteran of the Second World War to receive the benefit payment, very well.

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

Mr. WHERRY. Yes.

Mr. McCLELLAN. I do understand the bill as it is at present with respect to the incentive payment. I voted to strike out the $600,000,000 subsidy.

Mr. WHERRY. So did I.

Mr. McCLELLAN. But I did it because I do not think that is the remedy for the present situation. I think the power already exists in the authority which OPA has, to adjust prices on all critical materials so as to obtain production. That power is already delegated by the Congress, and reposes in an official of the Government. It is not being exercised. It is not being administered to that end and to get those results. My position simply is that even if incentive payments are made, unless and until the condition which now exists is corrected, we are not going to get the needed production. The basic evil is the present pricing of critical materials, so that it is no longer profitable to produce them, and those who are in a position to produce are not producing, and our capacity for production is not being utilized. The incentive payment is not the cure for the situation.

Mr. WHERRY. I agree absolutely and in toto with what the distinguished Senator from Arkansas has stated. I, too, voted against incentive payments yesterday for the same reasons so ably set forth by the Senator from Arkansas. But I want to say to the distinguished Senator that the Senate now has willed to pay the incentive premiums. We have in this bill a subsidy of $600,000,000. What we want to do is to see that the subsidy gets to the veteran, and not to producers, to be reflected back to the veteran.

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

Mr. WHERRY. I yield.

Mr. McCLELLAN. The Senator's amendment, if adopted, would certainly offer no incentive toward production, would it?

Mr. WHERRY. I agree entirely with what the distinguished Senator has said, that the way to get production is exactly as he has described, that is, to require the Housing Expediter to compel OPA to provide a flexible pricing system which would result in increased production of lumber. When we get increased production of lumber, there will be no need for any incentive. We can get it in the way which has been suggested, as I shall attempt to prove later, whereas we could never get it through

the so-called emergency premium payments.

Mr. McCLELLAN. If the Senator will further yield, I should like to make my position clear.

Mr. WHERRY. I yield.

Mr. McCLELLAN. Since the Senator's amendment is not designed to increase production, but is designed to make a direct payment to the veteran, the position I am taking is that it is hardly fair for Congress to make a direct payment to one veteran who chooses to engage in one pursuit and acquire a home, and not make a similar payment to another veteran to do something else. Therefore we are discriminating against a great number of veterans.

Mr. WHERRY. That is what we would be doing in connection with the $600,000,000 subsidy. We propose to spend $600,000,000 so that some veterans may build homes, while we make no provision whatever for veterans who wish to buy homes. There is no provision in the bill to aid a veteran in buying an already existing house.

Mr. McCLELLAN. I do not believe that the incentive payment would actually help the veteran.

Mr. WHERRY. I agree with the distinguished Senator from Arkansas completely relative to the bill as it now stands. I do not believe that incentive payments would result in any more production than we have now. The only thing left in the bill which gives the veteran any benefit is the priority. I agree that priority in obtaining materials which are channeled by the Housing Expediter would be a direct benefit.

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

Mr. WHERRY. I yield.

Mr. CAPEHART. I should like to say a word in response to the able Senator from Arkansas.

In the first place, this bill is not a veterans' bill. In the second place, the bill plays favorites all the way through. It is proposed to grant a subsidy of $600,000,000. It is also proposed to guarantee the market for the sale of prefabricated houses. No one knows how much that would cost. It is estimated that the cost might be as much as $1,000,000,000. Yet we call this a veterans' bill. It takes care of only the veteran who wishes to buy a new house, a house to be constructed in the future. Why it was ever called a veterans' bill is beyond my comprehension. In the bill we single out veterans who wish to purchase new houses to be built in the future. We are doing absolutely nothing for the veteran who wishes to purchase an existing house. I do not know how many veterans will wish to purchase houses. Many of them will. But we are picking out the class of veterans who wish to purchase houses, and saying to them, "Hereafter we will give you 30 days in which to purchase all the new homes built in America. At the end of 30 days, if you have not purchased the house, they will be sold to nonveterans."

That is all we are doing so far as the veteran is concerned. We are doing nothing for the hundreds of thousands of veterans who would like to build a commercial place of business. We are doing nothing for the farm veteran who would like to buy a farm, a tractor, or other farm implements. We are doing nothing for the veteran who is a doctor, so far as renting a location for him or buying equipment for him is concerned. We are saying to one class of veterans, "We are going to do something for you." Then we are fooling them by making them believe that they are going to be able to buy houses cheaper, and that they are going to be able to get more houses because we have authorized the expenditure of a few hundred million dollars to pay subsidies and premium payments, or guarantee the market for prefabricated houses, when the manufacturers and businessmen of America are against the subsidy plan. They are against guaranteeing the market for prefabricated houses.

I was happy to join the Senator from Nebraska in offering the amendment. It is really and truly a veterans' measure. It would do something directly and specifically for the veteran, and it would do something for him now, not later. I hope the amendment will be adopted.

Mr. WHERRY. I thank the distinguished Senator for his contribution.

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

Mr. WHERRY. I yield to the distinguished Senator from Arkansas.

Mr. McCLELLAN. The remarks of the Senator from Indiana have emphasized the position which I have taken with respect to the bill from the very beginning. But the point I am making is that if we do not stick to the incentive payments as provided in the bill, and undertake to make payments directly to veterans in connection with the purchase of houses, we shall be in the position of expending whatever sum of money is appropriated for the group of veterans who wish to buy houses, without doing anything, comparatively, for those who may choose to do something else. It seems to me that we are favoring a group of veterans and not favoring veterans as a whole. Those who are not interested in buying houses are going to be in the position of saying, "You gave $300 or $500 to certain veterans to buy houses. We think we ought to be taken care of proportionately in some other way." We are going to invite some criticism.

Mr. WHERRY. Mr. President, I should like to reply to the statement of the Senator. What are we doing under the pending bill but favoring a group of veterans?

Mr. McCLELLAN. I do not believe that we would be favoring a group of veterans at the expense of the Government if we were to stick to the proposition of channeling the material into construction and having prices fixed on a basis which would encourage production.

Mr. WHERRY. I agree absolutely with the Senator. The Expediter would have the right, without giving an incentive payment, to do what the Senator has suggested. But if we make incentive payments, we shall require every veteran, through taxes, to pay his share of the subsidy whether he uses it or not. So under the present provisions of the bill there is a great deal of discrimination against the veteran who does not build a house.

Mr. President, it is my opinion that there is more than one way to get production of houses. We have heard an abundance of evidence, ably presented to the Senate, to the effect that the way to obtain increased production is through an incentive program. After all, the interest of the veterans will best be served by a program which achieves the greatest number of houses of the best possible quality at the lowest possible cost. We are all agreed on that. The question is, Should that result be accomplished solely by the incentive route, or should it be done by establishing flexible prices under which private industry can furnish the lumber and other building materials?

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

Mr. WHERRY. I yield.

Mr. CORDON. The suggestion has been made that the amendment now pending would not in any way provide an incentive for the production of the materials necessary for a housing program. I am in agreement with that statement as a single statement of fact. The payment of a percentage of the cost of a house to the veteran who purchases it would not, in itself, provide the incentive necessary for a vast expansion of housing construction.

But the point I wish to make, if the Senator will indulge me a moment, is this: This bill puts into the hands of the Expediter the power to create that incentive; and he can create it in other ways, rather than by attempting to buy it. He can create it under paragraph (2) on page 22, and that is how it should be created. That paragraph provides that the Expediter may "issue such orders, regulations, or directives"—I do not like any one of those three words—"to other executive agencies, including the Office of Economic Stabilization"—which is Mr. Bowles—"and the Office of Price Administration"—which is the other bottleneck in production.

If Mr. Wyatt, or whoever the Expediter may be, will issue the appropriate orders to those agencies, there will be no need of any price incentive or premium payments. Production will come in a flood. The payment of the 5 percent, or maximum of $500, to the veteran will give to the veteran the offset which is necessary if he is to be given any preferential treatment whatever. God knows, if he is not entitled to preferential treatment, certainly all of us, who have done nothing but wait for him to win the war for us, are not entitled to it, as we would get it under the bill as it came from the committee.

The bill itself carries the authority to create all the production which is necessary; and the amendment which has been offered would channel any funds which are to be handed out to anyone, to those who have earned the right to receive them.

Mr. WHERRY. Mr. President, I thank the distinguished Senator from Oregon for his contribution, and for the points which he raises. I had planned to discuss those points, but they have been so

ably put that I am saved the trouble of discussing them.

As I have already stated, it is my sincere feeling that we all want to help the veteran. The question is how best to do it. Those who believe in the incentive method have a perfect right to their opinion, and I have a perfect right to mine. My experience as a member of the Small Business Committee, in talking with hundreds of producers of lumber and other building materials, leads me to the conclusion that the profit motive offers the best method of obtaining production; but that we must have a flexible pricing system—and by "flexible pricing system," I mean that we must establish prices which will permit the making of a profit based on current costs.

Mr. CORDON. Mr. President, will the Senator yield to me once more?

Mr. WHERRY. I yield.

Mr. CORDON. I am sorry to interrupt the Senator, but I hope he will give consideration to another criticism of the amendment, made by the distinguished Senator from Arkansas, which seems to me to be valid, and which I believe would improve the amendment if the distinguished Senator from Nebraska were to modify it accordingly.

The Senator from Arkansas calls attention to the fact that the amendment is prospective only in its operation, that it would provide a subsidy for only veterans of World War II who purchase or build houses after the date of enactment of the bill.

Mr. WHERRY. That is correct.

Mr. CORDON. If veterans are to receive the subsidy it would seem to me altogether proper to provide that any veterans who have purchased or built houses since the emergency began should be placed in the same position. I suggest that the Senator consider modifying his amendment to the extent of adding the words "heretofore and since December 7, 1941," following the word "hereafter" in the fourth line of the amendment, so that the amendment then would read:

> The Administrator of Veterans' Affairs is authorized and directed to pay, under such regulations as he may prescribe, to or on behalf of any veteran of World War II a sum equal to 5 percent of the cost of a dwelling hereafter or heretofore and since December 7, 1941, purchased or constructed by such veteran—

And so forth.

Mr. WHERRY. I accept the modification, Mr. President, because, after all, the Veterans' Administration is responsible for handling the benefits received by veterans, and it is the authority which defines the status of the veteran. I shall be glad to modify my amendment so as to make it cover all veterans of World War II, so that no partiality shall be shown in respect to giving to veterans the aid which will be provided by my amendment and by the act.

The PRESIDING OFFICER. The Senator has a right to modify his amendment, and it will be modified accordingly.

Mr. WHERRY. Mr. President, I should like to return for a moment to a discussion of the question of production. As I have said before, I feel that all of us have a right to express our opinions about the way to obtain production. I know that maximum production has a terrific effect upon prices, and I know that an ample supply or a surplus of a given commodity has a tendency to keep down its price, and it serves a useful purpose because then everyone who wishes to obtain the commodity is able to do so.

I know that in this country the private enterprise system has always produced sufficiently, if given a chance. No country in the world had a better production record during the recent war than did the United States, and our production record was made the free enterprise way.

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

Mr. WHERRY. Mr. President, I shall be very happy to yield. I always yield. I should like very much to explain the amendment first; and if the Senator from West Virginia will ask me his question afterwards, I shall be glad to answer it. Will that be satisfactory to the Senator?

Mr. KILGORE. Mr. President, I might merely observe that the Senator from Nebraska has yielded to Senators on his side of the aisle, but he does not now yield to a Senator on the other side of the aisle.

Mr. WHERRY. Mr. President, if the Senator feels that way about it, I shall be glad to yield.

Mr. KILGORE. I withdraw my request.

Mr. WHERRY. Mr. President, I am speaking in favor of the veterans. If we are going to give aid to the veterans, I think we must put the aid in the hands of the veterans, rather than in the hands of the producers.

If the Senator from West Virginia feels that I have been partial in yielding, I shall be very glad to yield to him now. If not, Mr. President, I should like to continue my statement, and to say for the third or fourth time that I think all of us have a right to express our opinions about production. I am one of those who firmly believe that if we establish prices under which production can be obtained, regardless of whether it is production on the farm or in the forest, whether it is production of lumber or of other commodities, we shall be making the best possible contribution.

Mr. McFARLAND. Mr. President, I suggest that the Senator also include the production of copper.

Mr. WHERRY. Mr. President, of course there are times when there is a scarcity of production of the goods we are talking about—for instance, when too low a ceiling is placed on the price of the goods, and especially when domestic production is interfered with by goods coming from abroad under a reciprocal trade agreement, particularly from countries where lower wage scales exist. That, however, is an entirely different situation, and is not at all comparable with the one we are now considering.

Today we no longer have any tariff to speak of. So now the system has been changed, and today the requirement is that the prices of commodities must include or reflect the labor costs, as well as other costs both at home and abroad.

However, I am not talking about that problem. I am talking about the wholesale production of lumber, food, and various other commodities which can be produced in this country, and with respect to which no difficulty arises because of competition with foreign countries. That is an entirely different matter. Here in the United States we can produce the lumber and the brick we need. In my own State there are half a dozen brickyards that are closed today. If the OPA had, 6 months ago, granted an increase of $2.50 a thousand on brick, those brickyards would be operating today; but as conditions now are, they simply cannot operate under the price ceilings which the OPA has fixed.

Yesterday I read to the Senate a letter which was written by the vice president of the Johns-Manville Corp. In his letter he states that his corporation has stopped manufacturing about a dozen different articles, including shingles, which are used in house construction. Why? Because they cannot produce them at a profit, under the prices allowed by the OPA. All Members of the Senate know that to be so.

So if the establishment of a flexible price structure is permitted, it will be possible to obtain the needed production, and then it will not be necessary to pay subsidies in order to help the veterans indirectly. As a matter of fact, in my opinion the subsidies will never get back to the veterans.

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

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

Mr. WHERRY. I yield.

Mr. McFARLAND. When I spoke a few minutes ago, I was not trying to take issue with the Senator.

Mr. WHERRY. I realize that.

Mr. McFARLAND. I simply wished to ask the Senator to help us get a fair price established for copper.

Mr. WHERRY. Mr. President, I will say to the Senator from Arizona that there is no Member of the Senate whom I have tried to help more than I have tried to help him. My first speech in the Senate was made in an effort to help the Senator from Arizona in connection with a bill in which he was interested. As a matter of fact, I received a tremendous number of letters protesting against that action on my part. [Laughter.]

Mr. McFARLAND. Mr. President, perhaps I had better sit down.

Mr. WHERRY. Oh, no; not at all. I wish to help the Senator; and I have the highest regard for him, as he knows.

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

Mr. WHERRY. I yield.

Mr. OVERTON. Let me inquire whether the amendment would permit the Administrator of Veterans' Affairs to take care of the widows of veterans?

Mr. WHERRY. The Administrator of Veterans' Affairs can take care of the widows of veterans today. Any right

which accrues to a veteran can be extended to the widow of a veteran by the Veterans' Administration.

However, if the Senator from Louisiana is able to suggest more appropriate language—and I realize that I am now talking to one of the most able lawyers in the country——

Mr. OVERTON. I thank the Senator.

Mr. WHERRY. If the able Senator from Louisiana can suggest a modification of my amendment by which the widows of veterans can be better helped, I shall be glad to accept it.

The Veterans' Administration will administer this matter in the same way that it administers any other benefits which veterans receive. So I say that if the Senator from Louisiana is able to suggest more appropriate language—and he knows I have the highest regard for him, and as I have said, he is a distinguished and able lawyer—I shall be glad to accept it as a modification of the amendment.

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

Mr. WHERRY. I yield.

Mr. McFARLAND. First, I wish to say that I agree that an increase in the price of lumber and in the prices of other materials will result in increased production. We have been working for a reasonable increase in prices, and recently there has been an increase in the price of western pine.

Mr. WHERRY. The increase in price has been confined to just one product—western pine.

Mr. McFARLAND. It includes western pine.

Mr. WHERRY. That is correct.

Mr. McFARLAND. There should be other adjustments. However, I wish to ask the Senator whether the adoption of his amendment will result in increased production.

Mr. WHERRY. It will.

Mr. McFARLAND. How?

Mr. WHERRY. I am about to explain that now, if the Senator will permit me to do so.

Mr. McFARLAND. We are talking about production. I think increased production will help the veterans. It will mean more homes for them. So it seems to me that the real question is whether the Senator's amendment will result in increased production.

Mr. WHERRY. It will.

Mr. McFARLAND. Frankly, Mr. President, I have talked to a considerable number of ex-servicemen along the line of the amendment offered by the Senator from Nebraska and they have expressed doubt that it will increase production. Of course, that is what we are trying to accomplish.

Mr. WHERRY. Allow me to ask the distinguished Senator a question. Does he not feel that if flexible prices were allowed in the building industry we would obtain production?

Mr. McFARLAND. When I voted for premium payments I did so because I thought they would be used to stimulate production.

Mr. WHERRY. I understand. I myself believe that most of the Senators who voted for the amendment yesterday did so on the theory that it would stimulate production. But I assert to the distinguished Senator from Arizona, and I can back up my statement by reference to numerous statistics showing production during the past 160 years, that if we remove the restrictions from the backs of producers, and give them merely a bare profit on which to operate, we will have production in a greater volume and at a lower cost than we will ever obtain under a system of incentive payments.

Mr. McFARLAND. I do not like subsidy payments for the building industry, but I recognize that a great emergency exists involving housing for veterans.

Mr. WHERRY. The emergency will continue to be just as urgent, whether lumber is produced by the incentive payment route, or by the profit-motive route. There are those among us who believe that production can be increased by the profit-motive route. I do not wish to quote anyone, but yesterday several Senators wrapped the flag around themselves in protestations of help for the veteran. The proposal I offer would help the veteran by giving him a direct benefit.

Mr. McFARLAND. I believe that every Senator who voted for the subsidy did so because he felt that in so doing he was helping the veteran.

Mr. WHERRY. That may be true, but those of us who did not vote for it felt that we could help the veteran a great deal more by pursuing another course.

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

Mr. WHERRY. I yield.

Mr. KILGORE. The Senator from Nebraska has used the term "flexible prices." I should like to know what is the proper definition of "flexible prices." I should like to have the Senator give a definition of the term.

Mr. WHERRY. I shall be glad to do so. A flexible price does not mean that ceilings should be removed from the price of building materials. I am merely arguing that the price be a flexible one. "Flexible" is a word which is used by economists, and they define it as a price sufficient to produce a reasonable profit, based on current costs.

Mr. KILGORE. Is it true that under the plan being proposed the profit motive may be no part of a plan to stimulate production?

Mr. WHERRY. That would be up to the Housing Expediter. He would have absolute authority, under the bill, to settle that matter.

Mr. KILGORE. Allow me to cite an example. Let us say there are five automobiles in a certain town, and that 10 persons want to buy them. Six of them have unlimited funds, and the remaining four have limited funds. To give those persons $100 each would not help them in their purchase of automobiles. The thing that would help them buy automobiles would be to place 10 automobiles in the town so that competition would result in selling them. If we have a flexible price we must have competition in selling the article which producers wish to dispose of.

Mr. WHERRY. I agree with the Senator. If, 6 months ago, we had given the automobile companies a flexible price system so that they could produce automobiles at a profit, even a small profit, we would have 100 automobiles where we now have only one. I happen to know something about that subject. Today we are expecting a dealer in automobiles to sell them for the same price he sold them for in 1942. It is an acknowledged fact that labor costs have increased 40 percent. Only a month ago we gave union labor a considerable increase in the compensation they receive.

Mr. KILGORE. Mr. President, I apologize to the Senator for diverting from the subject at hand and getting onto the subject of automobiles.

Mr. WHERRY. No, Mr. President; the Senator from West Virginia does not need to apologize. He has given the best illustration of which I know. If we had given the automobile companies the right to charge an adequate price for their products there would be many more automobiles in West Virginia than there are today.

Mr. KILGORE. Of course, the first thing we must do in connection with meeting the demand for housing is to obtain steel and other building materials.

Mr. WHERRY. Very well; then let us get back to the subject of lumber.

Mr. KILGORE. I am talking about the housing situation. I am very sincere in my statement, but I believe that the building and ownership of homes can be stimulated if we help the veteran. But merely giving him a small sum of money will not produce for him a house if the number of houses to be constructed is limited.

Mr. WHERRY. Mr. President, the same answer could be made to the Senator's observation as the one which I made with reference to automobiles. Some time ago I spent 2 weeks in Nebraska, and visited a number of small retail lumber yards. Senators would be surprised to know the small stocks of materials now lying in those yards. It is impossible sometimes to prove the existence of black-market operations, but if one will listen to those who are seeking relief from OPA restrictions, one will learn that in States such as Oregon, California, Washington, Idaho, Minnesota, Michigan, and in various sections of the South, a great bulk of the lumber being sold is hauled on trucks and disposed of on the black market.

Mr. MURDOCK. Mr. President, am I correct in understanding that the Senator's amendment is limited to the veteran who wishes to buy a home?

Mr. WHERRY. Oh, no.

Mr. MURDOCK. I am sorry if I misunderstood the Senator.

Mr. WHERRY. The amendment provides——

Mr. MURDOCK. I am sorry that a copy of it is not available to Senators on the floor.

Mr. WHERRY. I submitted it only recently. I shall be glad to let it lie over until tomorrow if the Senator wishes to study it in the meantime. The amendment has been modified to include not only those who wish to buy or build

homes, but those who may have purchased homes prior to the enactment of the legislation, and would be entitled to such consideration as veterans of World War II.

Mr. MURDOCK. I know that the Senator does not wish to discriminate against any veteran.

Mr. WHERRY. No.

Mr. MURDOCK. He does not wish to differentiate between this veteran and that veteran.

Mr. WHERRY. No.

Mr. MURDOCK. I believe that the evidence before the committee will bear out my position. I can imagine that there will be millions of veterans in this country who will not want to build or buy homes, but will, nevertheless, need homes in which to live.

Mr. WHERRY. Yes.

Mr. MURDOCK. In all probability, those veterans will rent homes. Under the Senator's amendment, what consideration is to be given to them?

Mr. WHERRY. Let me ask the Senator, What will be done with the veterans under the amendment which was agreed to last night?

Mr. MURDOCK. As I understand, the pending bill contemplates that some veterans will wish to build homes, and that others will wish to buy homes.

Mr. WHERRY. What benefit does such a veteran receive under the bill?

Mr. MURDOCK. Other veterans will wish to rent homes. I am not so sure that the pending bill represents the only remedy, or the best one, but in my opinion, it is the best one that has yet been submitted, and each veteran in the United States will come under the provisions of the bill. If he wishes to rent, it is hoped that under the provisions of the bill an apartment will be made available to him at a reasonable rental.

Mr. WHERRY. Mr. President, there are no provisions in the bill with reference to apartments.

Mr. MURDOCK. Yes; there are.

Mr. WHERRY. Where are they?

Mr. MURDOCK. I know there are no apartment provisions, as such, but there are provisions in the bill, if the Senator will indulge me, which provide for incentive premiums to be paid for the construction of apartments.

Mr. WHERRY. Yes; for the production of materials.

Mr. MURDOCK. Yes; in order to obtain materials.

Mr. WHERRY. And the priorities go into the construction of houses.

Mr. MURDOCK. What the Senator wishes to do is to make every veteran in the United States a victim of some real-estate program.

Mr. WHERRY. Every veteran in the United States is to be required to pay his share of a subsidy which the Senator would give to the producers, whether the veteran wished to build a house or not.

Mr. MURDOCK. I may say, however, that the remaining people in the United States would be included.

Mr. WHERRY. That may be.

Mr. MURDOCK. One hundred and forty million people in the United States would be included.

Mr. WHERRY. I contend that in many ways the veteran will receive no benefit whatever.

Mr. TAYLOR. The Senator said that the veteran receives no benefit. He receives priorities.

Mr. WHERRY. Oh, no. The Senator was not here when I made my statement. If he will listen to me now——

Mr. TAYLOR. I have been here all the time.

Mr. WHERRY. I have stated not only once, but at least half a dozen times——

Mr. TAYLOR. At least that many times.

Mr. WHERRY. Yes; so the Senator should have heard me. I said that the only thing which the veteran receives is a priority. I admit that. If the RECORD does not show it, I should like to have it underscored.

Under the bill the only benefit the veteran gets is a priority. He builds a house, or I build a house. I am not a veteran of this war, so I am not entitled to a priority, but I go out and build a house as a civilian. I pay the same price the veteran pays, he pays the same price I pay, and we all pay the subsidy. What are the veterans receiving except a priority, and if the priorities do not work any better in this case than they have worked as to lumber up to now, the results will be negligible. We have had priorities in force on lumber. The Senator knows that to be so, for he is on the committee. It all goes into the black market, where there can be no priority.

I should like to call attention to the speech of the senior Senator from New Mexico [Mr. HATCH] relative to the priorities that were not observed in the disposal of surplus property. He said the condition was terrible, and he has introduced a bill to see if there cannot be some protection against the black marketing of surplus property, and to see if we cannot somehow provide that the veteran shall get his priority.

We have not any assurance, and I cannot believe, that the incentive premium plan will result in the production of any more lumber, or that it will result in any lumber being taken out of the black market.

Mr. TAYLOR. I can tell the Senator that it would, but I cannot prove it in advance.

Mr. WHERRY. There is no evidence to show that it can be done.

Now let me continue to expound my philosophy of private enterprise, which I think is the thing which has made America great. We never made America great by paying subsidies or paying incentives, and we did not know what black markets were until subsidies were provided, and we have not heard the last of them.

Speaking of incentives, the bill as it passed the House gives the Housing Expediter virtually czarist powers over all new construction. Just think of it, he has more power than Congress ever gave Bowles. Of course, he will not assume as much power as Bowles assumed. The Expediter can control prices on all new houses at every step of their construction. He can control prices of new houses in the first sale and in the resale. He can issue orders.

Listen to what the Housing Expediter can do to make an incentive. He can issue orders or directives to other executive agencies. He can compel OPA to fix a price that will permit the production of lumber. He can direct OPA to make such price adjustments as are necessary, and such price adjustments as would have been made 2 years ago if there had been a desire to bring about heavy production of lumber.

He can give such directives as to stop the exportation to other countries of lumber which our veterans need now. I understand that day before yesterday an order was issued to cut it 25 percent. He can carry out the billion dollar mortgage insurance program intended to encourage the production of rental houses.

These are only a few of the powers which the Housing Expediter has under the bill, and which he can use to help the veteran get a house.

Think of it! We are asked to give an incentive to the producer under the theory that the producer can thereby produce more quickly and at less cost, and furnish more material, which will be reflected to all the people of the United States.

I may say to the distinguished Senator from Idaho—and I think he must know it to be so—that if we could get a flexible price increase which would permit production at a fair profit on current costs, we would get all the lumber we needed to build these houses. I make that statement based upon authority, because we already have assurance that 1,500,000 houses will be built this year. That is the testimony, that 1,500,000 will be built anyway, without any incentive program.

Furthermore, yesterday we provided for a guaranty on prefabricated houses to Mr. Kaiser, or anybody else who wants to build them, up to the number of 200,000, at any time they are in construction. It really means we guarantee 850,000 houses, if we take the explanation of the majority leader as to how the guaranty will be applied, that is, that the Expediter will continue to guarantee 200,000 houses all the time. If there were 200,000 houses and 20,000 were sold, when the 20,000 were sold 20,000 more would be put in the program. So that until the program is completed it is really a floor we guarantee under 850,000 homes of the 1,500,000 houses which the majority leader and the Senator from Ohio say will be built whether we have an incentive program or not.

Just think of that as we hear it said that the producers should be given an incentive so that assistance may be afforded to the veterans if and when they build houses under a veteran's building program. We voted a $600,000,000 subsidy, and all I am asking the Senate to do is to take the $600,000,000 and give it to the veteran, let him buy a house, and help him to the extent of 5 percent; that is all.

Mr. TAYLOR. Mr. President, will the Senator from Nebraska yield?

Mr. WHERRY. I yield.

Mr. TAYLOR. Yet a while ago the Senator voted not to put any ceilings on houses, and then he would give the veteran money to pay any price, clear to the sky.

Mr. WHERRY. Mr. President, if we may have a housing program, if the lumber may be furnished, old houses will go down in price so that they will not bring half what they are selling for today. There is going to be a black market in housing just a there is in building materials if ceilings are put on. Mr. Snyder testified before the committee, and if I recall his words correctly he said it would be almost an impossible task to abolish the black market in the sale of houses if a ceiling is put on. The only way in the world to clean up a black market is to get production, exactly as in the case of used automobiles. Just as soon as the manufacturers announced the new cars and the new prices, the prices of the old cars were cut in two. Is that not correct?

Mr. TAYLOR. No; it is not.

Mr. WHERRY. It is correct. There is no one who would give half as much for an old Ford as he would have given 6 months ago, because the new cars are just around the corner, and people are going to buy the new cars at a price set by the Administrator. It applies not only to the low-priced cars, but to the high-priced cars; the prices of used automobiles are going down every day. The same thing will happen in regard to houses.

Mr. TAYLOR. I agree with the Senator that the prices will go down, but so far they have not gone down much, if in any degree.

Mr. WHERRY. I have all kinds of testimony to that effect, and the Senator knows it. He is a member of the committee.

As to incentive payments, let me make a further statement. I am sorry the distinguished senior Senator from Michigan is about to leave the Chamber, because I should like very much to have him hear the example I am about to give.

Mr. VANDENBERG. Will the Senator yield?

Mr. WHERRY. I yield.

Mr. VANDENBERG. I have to go and listen to another atomic bomb explode. [Laughter.]

Mr. WHERRY. I should like to say to the distinguished Senator if that is why he is leaving, he has my permission. I only hope the atomic bomb here will go so high and go so far that the Senate of the United States, if it is going to give a subsidy to anybody, will give it to those to whom it should be paid, and not to a group of producers who do not need it. We should give them a price under which they can operate, and which will also make it possible for the Government to collect taxes on their profits—and we are going to need plenty of taxes to pay the $275,000,000,000 debt which the country owes today.

Of course, Senators will smile when I mention meat, but I shall refer to that subject. Meat incentives did not result in the production of meat. I know something about meat, as does the Senator from Idaho. Does he know how much subsidy we pay on a thousand-pound steer today if it brings $17.50 a hundred? Does the Senator know?

Mr. TAYLOR. No.

Mr. WHERRY. We pay $51.46. We pay that as a premium incentive to get production of meat. I have here a market letter which came in today, which says:

> The black market in meat is worse than it has ever been.

By the way, it has been in operation ever since Mr. Vinson gave the directive back in 1943, and it is getting worse every day, and yet, I want Senators to know, we have 10,000,000 more cattle in this country than we had in the 10-year average period before the war. We have so many cattle we do not know what to do with them.

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

Mr. WHERRY. I yield.

Mr. TAYLOR. I saw an article in the paper a few days ago to the effect that some employees of a big packing company were asking for a congressional investigation. They said the big packers were responsible for the meat shortage.

Mr. WHERRY. I should like to say to the distinguished Senator that I have two communications in my pocket from union labor leaders who are asking that OPA restrictions be taken off entirely from the production of meat because it is destroying their jobs. They do not have jobs.

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

Mr. WHERRY. I yield.

Mr. CAPEHART. I should like to ask the able Senator from Idaho when the packers ever grew any cattle, hogs, or lambs, or ever produced any animals of any kind? All they can do is take what is raised by the farmers and delivered to their plants. Therefore it would be impossible for them to be responsible for the meat shortage.

Mr. WHERRY. Mr. President, let me read from one of these letters—

> The black market in meat is worse than it has ever been. Black market profits in cattle now run $50 a head. Swift & Co. at Fort Worth is laying off its men. Its cattle kill is running 15 percent of normal.

Just think of it, 15 percent of normal.

> The new cattle rustlers grab the rest, slaughter them in dirty barns, and the profits, of course, pay no taxes.
>
> In Kansas Swift, Armour, Wilson, Cudahy, and Morrell are said to have reduced their operations by 80 percent.

Just think of it, 80 percent of their normal kill. Why?

> OPA can't force them to lose $15 a head forever. Government officials estimate that noninspected black-market meat has tripled since last fall.

The Senator well knows that whereas there were 4,000 packers in the United States before the war, the number has now increased to more than 24,000. Many of those do not even expect to collect their subsidies because they sell their meat on the black market.

My reason for mentioning this is that it is the result of incentive payments. If the OPA would open up the market as it should have done—the Senator from Wyoming [Mr. ROBERTSON] knows about it, as he is familiar with meat production—if OPA had opened up the price in 1943 and permitted us to produce we would have furnished at reasonable prices all the meat we needed and need now, and our people would not have had to buy their meat in the black market, which has been the result. That is what has happened in the great meat industry.

Now we are asked to apply the same treatment to the lumber industry. That is exactly what will happen. We simply cannot get production by the incentive route. When we start restricting, start licensing, start dealing out assistance here and there, then we play favorites, and the first thing we know we get a black market. There will be more black markets in lumber than we have ever had if this incentive program goes through. That is the testimony of those in the business, those who know what they are talking about.

Senators might say it is inflationary. If it is inflationary to give the veterans 5 percent directly it is just as inflationary to give the producer $600,000,000 by way of incentive payments. What is the difference? The one is just like the other. It is too late now to say that this thing cannot be done because it is inflationary. The Senate has already voted to provide $600,000,000 by way of incentive payments. Let me tell you, Mr. President, that if the $600,000,000 does not do the job we will have a deficiency bill in the Senate in 6 months providing for an additional $600,000,000, and if that further sum does not do the job there will be another deficiency bill calling for the appropriation of $600,000,000 more, because we are never going to let these veterans down.

Mr. President, no one knows whether this program is going to cost $600,000,000 or $6,000,000,000. The foot has been placed in the door, and we have to make good on the program. If it is inflationary to give the money directly to the veteran, it is inflationary to give it to the producer. There is no difference between the two methods. One is the same as the other. As I said, we have already voted $600,000,000, merely to begin this program.

The history of subsidies is that Congress has never appropriated sufficient money in the first instance. Consider the food subsidy. I shall never forget the address delivered by the Senator from Georgia [Mr. GEORGE] when we elected to go the subsidy route. I ask Senators to read that speech. What he said in that speech has come true today. He made it back in 1943. It is one of the finest speeches I have ever heard delivered. Once we elect to go this route, we cannot stop. If the first $600,000,000 appropriated does not do the job, another $600,000,000 will have to be appropriated. No one can say that $600,000,000 will do the job. If it is inflationary to make a direct payment to the veteran, it is also inflationary to give the producer the incentive subsidy.

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

Mr. WHERRY. I yield.

Mr. HAWKES. I want to accentuate the truth of everything the Senator from Nebraska is saying concerning subsidies. I have had a way for a great many years of saying that one subsidy leads to another subsidy, and the other subsidy leads to still another subsidy, and the whole thing leads to socialism.

Mr. WHERRY. That is correct.

Mr. HAWKES. The Senator said that it was not the subsidy process that was followed in the building of America. I will say that if such a process had been followed, we would not have had our America; America would not have existed at all. I shall have considerable to say about the subject of subsidies some of these days, and about the trend of America toward socialism, and what it means.

The Senator just made a statement that we were not going to let the veterans down; that we would vote $600,000,000, and then vote another $600,000,000, and then vote another $600,000,000. The Senator is a veteran; he is an American; is he not?

Mr. WHERRY. Yes.

Mr. HAWKES. Does he not have an interest in the United States of America?

Mr. WHERRY. Yes.

Mr. HAWKES. Did he not think he was fighting the war to preserve the American way of making a living?

Mr. WHERRY. Yes.

Mr. HAWKES. Then, would he not be let down if we destroy the foundation of the thing he thought he was fighting to preserve?

Mr. WHERRY. Yes.

Mr. HAWKES. I want to say to the Senator that unless we watch out and are careful of what we do with the veterans' money; if we do not give him any benefits when we throw this money out in the street the way we are doing, then we are letting him down. The Senator and I are in favor of giving the veteran a square deal. The Senator and I know that there is no way that we can ever repay the American soldier who has gone abroad and fought in this war. There is no way of repaying him, but we want to do an honest job and give him a square deal in trying to help him obtain a home and help him out of his difficulty. We want to help him back on his feet as a great American citizen.

Mr. WHERRY. I thank the distinguished Senator from New Jersey for his contribution. I know how deeply he feels about the philosophy he so ably expounds. I trust he will not delay too long making the speech he proposes to make on subsidies. If there were ever a time when we needed such a speech it is now.

Mr. President, I have voted against subsidies because I do not believe in them, and the Senator knows it. But we have already provided $600,000,000 in this bill. Instead of giving it to the veteran, we are giving it to the producer. If what we do runs true to the history of everything else we have done, it will not help the veteran; it will help only the producer. It will not get back to the veteran. Oh, yes, Senators will stand on the floor and say, "It will result in holding prices down." But such action has not resulted in holding prices down in connection with any other industry that I know of, and it will not do it with respect to lumber.

Mr. President, I wish to say in all sincerity, and with no animosity toward anyone, nor do I quarrel with those who believe in the other system—and if they want to vote the amendment down, that is their privilege—but I want to say to my Legion friends and to those whom I represent in my home State that I think this bill is a misnomer. I do not feel that it provides a subsidy to the veteran at all. It does not give him an advantage over anyone else. I can build a house just as cheaply as a veteran can under this bill. The only advantage he has over me is that of priority, as was brought out by the distinguished Senator from Idaho [Mr. TAYLOR]. I agree with him on that.

I wish to say that if we can get production by the profit motive route we will not have to worry about allocations, we will not have to worry about priorities. We will get the lumber, we will get the brick, we will get the pipes if we will give the producers a chance to produce at a profit. I make that statement after 2 years of intense study, and after attending meeting after meeting of the Small Business Committee, of which the able Senator from Montana [Mr. MURRAY] is chairman, and the distinguished Senator from Idaho [Mr. TAYLOR] is a member. He knows from the reams of testimony that have been taken in that committee, not only in respect to lumber, but in respect to other industries, that the trouble we have encountered at the very outset has been due to price impediments. I think it is not an exaggeration to say that nine times out of ten the trouble is the matter of price. What is the difference whether we obtain production by proper pricing or giving an incentive payment? We will all have to pay the bill. One method is just as inflationary as the other. But in this particular case we give the veteran who has bought or built a house a break if we use the direct payment method. The veteran does not have to go to an administrative agency, because the money is his. He can apply it on the purchase of the house or in building the house. What is unfair about that? If the bill is passed in that form it will provide a direct subsidy to the veteran. If we are to go the subsidy route, let us give the money to the veteran himself and not to some producer who will not reflect it back in the price of his material.

Under the bill the Housing Expediter has absolute authority. He is a czar. He can do as he pleases. He can set the prices. He can raise them. He can lower them. He can do anything he wants to do to create an incentive to obtain production. So why are we giving the incentive to the producer? If there is to be a subsidy at all, let us give it to the veteran who needs it, who has earned it.

Mr. HAWKES. Mr. President, will the Senator yield for a moment?

Mr. WHERRY. Yes.

Mr. HAWKES. I want to emphasize the point we have been making, the validity of which a number of Senators have questioned. They say that the bonus arrangement, or the payment of 5 percent to the veteran, discriminates against the veteran who does not buy a house right now, or against the veteran who might not be interested in buying one. I want to emphasize the fact that so far as I can see, it does not discriminate in any different degree than the bill as it stands discriminates.

With respect to one little privilege contained in the bill as it stands, which gives the veteran 60 days in which to buy a house and 30 days in which to rent it, a veteran will have to be pretty quick on his feet to take advantage of that provision.

Mr. WHERRY. That is correct.

Mr. HAWKES. And I can conceive of thousands of veterans losing the opportunity because they have not been quick enough on their feet. Therefore we are subsidizing industry to give opportunities to other people than veterans to buy houses.

Mr. WHERRY. Mr. President, I thank the Senator from New Jersey for his contribution.

I am sorry I have imposed upon the time of the Senate as long as I have. I am sincere in what I say about the amendment. It is offered with the best of motives. If the Senate decides not to give the direct subsidies, very well. Every Senator has the right to do as he pleases. But I am sincere about the matter. I have not offered the amendment, as suggested by the Senator from Florida, as a crippling amendment, because the measure already carries $600,000,000. It is merely a question of whether we want to give the money to the veteran or to the producer. I feel that if we should give any subsidy at all it should go to the veteran. That is one side of the question. Senators can eliminate the whole subsidy, and if the Housing Expediter will give us price ceilings under which we can operate at a profit we will obtain the lumber. The $600,000,000 has been tied in with the other provisions of the bill. That is why I am offering the amendment.

Mr. President, in conclusion I wish to say that in my opinion, if we continue the $600,000,000 subsidy provided by this bill until December 1947, we shall absolutely have guaranteed the extension of OPA. If Senators want to extend OPA, very well. If they wish to extend it for a shorter period of time than the House has done, very well. But the Housing Expediter will use the OPA to enforce the provisions of this bill, and if we vote a continuation of the $600,000,000 subsidy until December 1947, we in reality put our stamp of approval indirectly on OPA. Senators can take issue with that statement, but I think it is true. That subject is brought up in connection with this bill, and just as sure as that I stand here, when extension of the OPA comes before us we will hear it said, "We need OPA because we have to have OPA in connection with this veterans' housing proposition." Some may say, "It has no place here." OPA is in the bill. It is the agency which enforces prices. It is the agency to which the Expediter gives his orders. If we pass this bill as it is it will mean the extension of OPA.

Mr. President, I ask for a yea-and-nay vote on the amendment.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. WHERRY. I yield.

Mr. MORSE. I am sorry that I did not hear all of the Senator's speech. The point which is troubling me is that the bill as it now stands does not contain any ceiling on old houses. I am sure that the Senator from Nebraska will agree with me that a great many veterans are being gouged today by the prices which they are forced to pay for houses, prices which are out of all relation to their true value. Sooner or later those veterans will have to hold the sack for the exorbitant prices which they have had to pay for old houses. Without a ceiling on old houses, and with the adoption of the $500 figure which the Senator suggests—and for which I would vote if there were a ceiling on old houses—would not one of the effects of the amendment be that the speculators would see to it that the veteran was "soaked" another $500 by an increase in the price, because he must have a house? The speculator would know that the veteran had an additional $500 to sink into a house which was not worth the price he was asking.

Mr. WHERRY. That criticism is a very just one. But the veteran is not compelled to buy an old house. My provision would give him the money to use in building a new house. Materials are to be allocated by the Expediter, and the veteran can always build a new house. That should be the guide, and will be the guide, as to whether a veteran pays an exorbitant price for an old house.

Secondly, $500 is the maximum amount. It was contended yesterday that the saving which would be made to the veteran would be approximately 5 percent, or $300 on a $6,000 house. It was stated that the program provided for the construction of houses costing as much as $10,000. My amendment does not provide that the veteran shall receive $500. He will receive 5 percent of the purchase price or the construction cost of a house costing up to $10,000. Five hundred dollars would be the maximum. If a veteran wished to buy a house the price of which was exorbitant, he could always build a house, under the terms of the bill. There is no provision for one who wishes to buy an existing house. Many veterans would like to buy existing houses which are decently priced—perhaps from some friend or relative. A veteran may not wish to wait and build a house. He should not be precluded from buying an existing house. Certainly the veteran would have all the advantages. He would not pay an exorbitant price for an old wreck of a house, in view of the fact that he could always build a new house.

Mr. MORSE. I thank the Senator. I think I understand his point of view.

Mr. WHERRY. The Senator's criticism is a good one.

I should like to say something else to the distinguished Senator from Oregon. I have received many communications from writers in his section of the country asking that flexible prices be established. There is no ulterior motive in my philosophy. I feel that the Housing Expediter, who would be given the authority of a czar, could set prices which would give us production immediately. If we wait until the incentive-payment plan is put into effect, to be based upon what a manufacturer did during a certain base period, and until every manufacturer has been granted a vertical increase, it will be next December before we can start the construction of houses. It is an impossible task. If the Expediter could agree upon a flexible price system so that mills in Oregon could produce at a profit, the distinguished Senator knows as well as I do that such a plan would give us immediate production. If we can get production, it will do more to remove the pressure of high prices for old houses than anything I know of.

Mr. MORSE. I thank the Senator. I merely wish to make this comment: Without the ceiling to protect the veteran, with the short supply of housing accommodations for him, and with what will be interpreted as an additional $500 in his pocket, the way the law of supply and demand will operate, I think we shall see prices go up enough to absorb the $500. There is danger that the veteran will not gain a single dollar of benefit without a ceiling.

Mr. WHERRY. I think the Senator has a perfect right to his opinion.

Mr. TAFT. Mr. President, there may be a very legitimate dispute as to the effectiveness of premium payments in order to obtain production; but I cannot see any argument for the amendment proposed by the Senator from Nebraska. It is proposed to give any veteran who wishes to buy a house $500——

Mr. WHERRY. Mr. President, that figure has been used——

Mr. TAFT. Five percent of the cost, not to exceed $500.

Mr. WHERRY. That is correct; and he would receive $500 only in the case of the purchase or construction of a $10,000 house.

Mr. TAFT. Let me suggest what any veteran could do. He could build a $10,000 house and sell it the next day for $10,000, and make $500.

Mr. WHERRY. The amendment provides that he must live in the house and own it himself.

Mr. TAFT. He could sell it after a while. The Senator is not proposing to prevent him from selling it. He could not do so, and he should not.

Mr. WHERRY. Certainly not, after he has built it.

Mr. TAFT. In that connection——

Mr. WHERRY. Mr. President——

Mr. TAFT. Mr. President, I do not yield to the Senator. I listened to him with interest for more than an hour without interrupting. I shall be glad to yield at the conclusion of my remarks; but I do not wish to get into a running controversy.

Mr. WHERRY. The Senator should not misquote me.

Mr. TAFT. The whole problem of offering subsidized houses by paying $500 or $250 toward construction was considered by our committee, and we found that it was a wholly impracticable idea. In effect, it makes a present to the veteran to whom it is given. Sooner or later he could sell the house. A group of veterans could be organized to do the same thing, if it were desired to do so. In effect, we would be giving him a house at less than the normal market price of the house.

Furthermore, the great bulk of veterans do not wish to buy houses. During the next 5 years most veterans will live in rented houses if they can possibly obtain them.

The bill provides a very effective means for builders to construct houses under 90-percent mortgages from the FHA. The FHA is now making contracts with builders to give them priorities, if the builders will agree that they will hold a certain number of houses for 2 or 3 years and rent them instead of selling them. Veterans who rent such houses would be wholly excluded from the bonus. The veteran who wished to rent would not receive anything. The veteran who wished to buy a house would receive a maximum of $500. Many veterans perhaps neither need to buy nor rent, and they would not receive anything. If we are to make a payment of $500 to veterans because they are veterans, we had better give a bonus of $500 to all veterans. Then we can accomplish the purpose of helping the veterans.

I do not defend some of the publicity on this bill. So far as I am concerned, I voted in committee on the bill itself. The bill does not emphasize the veterans' feature. The title does not emphasize it. The first paragraph of the bill, even though we give certain priorities to veterans, does not emphasize the veterans' feature. The first sentence of the bill is as follows:

> The long-term housing shortage and the war have combined to create an unprecedented emergency shortage of housing, particularly for veterans of World War II and their families.

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

Mr. TAFT. I yield.

Mr. BROOKS. The Senator stated that the title of the bill does not refer to veterans. The distinguished majority leader [Mr. BARKLEY], in advocating the bill, stated that it was proposed to change the title, so that the act could be cited as the Veterans' Emergency Housing Act of 1946.

Mr. TAFT. I do not find that in the title.

Mr. BROOKS. The amendment of the title is found on page 42; and on page 19, line 21, we find the following:

> That this act may be cited as the "Veterans' Emergency Housing Act of 1946."

I think that should be stricken from the bill.

Mr. TAFT. I agree. I do not believe that that is a proper title for the bill.

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

Mr. TAFT. The only way we can benefit the veterans is to provide more housing. Any bill which would provide more housing would benefit the veteran, primarily. Aside from the veterans, there is no very large group of people without housing. If a person who now occupies a

house moves out and builds another house, the chances are that the house which he vacates will then be available to a veteran. The shortage of housing relates to veterans, and the only way to meet that shortage is to produce more materials. There is no other way. Selling at a cheaper price may be an incident in the whole process; but the main purpose is to produce more materials.

I fully agree with much of what the Senator from Nebraska [Mr. WHERRY] has said. I fully agree that the shortage of materials today is largely due to the OPA. I fully agree that the problem cannot be solved without a substantial change in the present prices prescribed by OPA for building materials, and particularly for lumber.

Furthermore, I call attention to the fact that premium payments are only incidental, because it has been made clear that 70 percent of the building materials must be handled without premium payments. As to that 70 percent, price adjustment is the only remedy given to the Housing Expediter. That is recognized, and the Housing Expediter recognizes that that is the main tool which will have to be used to obtain building materials. I cannot make the statement with complete certainty, but I believe that he realizes that the lumber situation is one which cannot be handled by premium payments. It is probably the most difficult situation in the building material field. I do not see how premium payments could be applied in that industry. Lumber falls within the class of 70 percent of building materials which will have to be handled by price adjustments.

In my opinion, premium payments are not subsidies. So far as the continuation of food subsidies is concerned, I shall vote against it, because food subsidies are merely a provision for shifting the cost from the consumer to the taxpayer. Under this bill premium payments may be applied only on increased production. They may be used only in particular cases in which that kind of payment is calculated by the Expediter to increase production. That is the purpose. If unwisely used, they will not be effective. However, I feel that if wisely used, if used in the proper places, to break bottlenecks, they will provide an incentive for increased production, which a mere increase in prices would not do.

Furthermore, if they are effectively used, they can be used to prevent as high a price increase as might otherwise occur in some fields. We might have to allow a very high price increase temporarily to act as a stimulator of production. I believe that premium payments, applied to only a part of the production of an industry, and by uniform rules so that there will be no favoritism, may successfully increase production and break some serious bottlenecks in the production of materials.

I myself cannot see that the mere fact that something is called a subsidy makes it desirable. We may call it names, but that will not mean anything. For years we paid subsidies to the farmers. We paid subsidies to the merchant marine. We paid subsidies in many fields of operation. I never liked to do it. I certainly do not approve of a subsidy like the meat subsidy, under which we simply pay out $720,000,000 and thereby reduce the consumer's bills by that amount, but add that amount to the burden on the taxpayers. That is a general across-the-board subsidy which I think is wholly unjustified.

But when we consider subsidies for the purpose of securing production and which incidentally may do away with the rapid increase in the price of houses which is occurring today, and which under the proposal of the Senator from Nebraska and under my own will have to continue, because we shall have to increase the cost of many building materials, it seems to me that if we can check that process somewhat by the use of premium payments, that is worth doing.

However, that is not the primary object of the pending bill. The primary purpose is to obtain greater production. We shall not obtain one more stick of lumber or one more house by adopting the amendment offered by the Senator from Nebraska.

Mr. BARKLEY. Mr. President, I do not wish to delay a vote on the amendment, and I shall not do so, because all of us hope to have the bill passed today.

Let me say that the Senator from Nebraska seems to feel that in some way the bill would break down private enterprise. However, under the bill the Government of the United States will not go into the business of producing building materials. All the bill will do will be to offer to private enterprise an inducement to increase its output of such materials. That is all the bill will do. There is no trend toward socialism or any other "ism." The bill is simply an effort to stimulate production by offering premium payments for the part of production which represents an increase.

Mr. HAWKES. Mr. President, will the distinguished Senator from Kentucky yield to me for a moment?

Mr. BARKLEY. I yield.

Mr. HAWKES. When we delegate such vast authority and power to one man—giving him the power to say where the incentive payments shall be made, how they shall be made, and when they shall be made—and when we also delegate the authority to do all the many other things in connection with the houses after they are built, does not the Senator think that we shall have the Government running private enterprise and throttling it rather closely?

Mr. BARKLEY. No; I do not.

Mr. HAWKES. Mr. President, I must differ with the distinguished Senator from Kentucky, for whom I have a very high regard. I do not believe that we can go much further in respect to delegating authority to regulate and control, the way we have been doing, if we in the United States are to continue to have the American system.

Mr. BARKLEY. That could be the subject of a long argument between the Senator from New Jersey and me. But I think that we are now confronted with such a situation that we must provide some authority, unless we wish to permit it to get out of hand and run away. I do not think even the Senator from New Jersey favors that.

Mr. HAWKES. Mr. President, let me ask the Senator from Kentucky if he had any particular purpose in using the word "even" in his last sentence. It might be construed in a rather unfortunate way.

Mr. BARKLEY. No; I had not.

Mr. HAWKES. I thank the Senator very much.

Mr. BARKLEY. Mr. President, I have, as I am sure all Senators realize, the highest respect for the Senator from New Jersey. It may be that the word "even," as used by me, connoted that the Senator from New Jersey leans a little further against any Government regulation than I do.

Mr HAWKES. I thank the Senator.

Mr. BARKLEY. Mr. President, it may be that sooner or later we shall have to consider the question of a bonus for the ex-servicemen of World War II. We paid bonuses to veterans of the First World War. I voted for that bonus, and I have never apologized for doing so.

I hope that when we have all the facts before us and when we have an opportunity to consult with veterans and to understand their views about legislation for their benefit, we may work out a sound, well-considered piece of legislation for that purpose. But it certainly seems to me that this haphazard, jumped-up way, under the amendment now before the Senate, of paying a bonus to veterans is not the proper way to proceed.

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

Mr. BARKLEY. I yield.

Mr. WHERRY. The Senator from Kentucky has referred to the "haphazard, jumped-up way" under the pending amendment. I should like to say that we have only now had an opportunity to offer the amendment. I know it is not perfect; but I remember that the Senator from Kentucky himself had to modify his own bill four or five times before he could get it before the Senate in the proper form.

It may be that the amendment is not perfect, but it is one way of doing what is right. If the amendment, as presented, is adopted and taken to conference, it will be possible for the conferees to write it in a better form than the one in which I have been able to submit it.

Mr. BARKLEY. Mr. President, the committee held hearings on the bill, but at the hearings no one came forward with such an amendment. An amendment of this sort was offered in the House of Representatives, but it was overwhelmingly defeated there.

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

Mr. BARKLEY. I yield this time.

Mr. WHERRY. I understood the Senator from Ohio to say that an amendment similar to the pending one was presented to the Banking and Currency Committee.

Mr. TAFT. I do not think I said so.

Mr. WHERRY. I understood the Senator from Ohio to say that.

Mr. TAFT. No; I do not think so.

Mr. BARKLEY. No, Mr. President; the Senator from Ohio did not make such a statement. If he had, he would have been mistaken.

Mr. WHERRY. Very well. I do not know; I am not a member of the committee.

Mr. BARKLEY. Mr. President, I wish to conclude rather quickly. This amendment would give a bonus to the veteran who could get a house, but it would give nothing to a veteran who could not get a house. A veteran who had to rent an apartment for himself and his wife and children would receive nothing; he would not be recognized as having any need.

When we pay a bonus to the soldiers—and I am quite satisfied that I shall be advocating paying them a bonus when we have had sufficient time to work out the matter, as I indicated a moment ago—I wish to treat all of them alike. I wish to put all of them on the same basis. I do not wish to pick out a few who are to be favored simply because they are in a position to buy a house, and to favor no others, no matter where they fought or whether they were wounded or what their condition may be.

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

Mr. BARKLEY. I yield.

Mr. TAFT. I may also point out that the veterans represent a cross-section of the people of the United States. Only about half of them are in a position to buy new houses at present prices, even with the proposed 5-percent deduction or subsidy. So we would be paying a subsidy to the top half of the veterans, but we would be excluding the bottom half of the veterans, because they are not in a position to buy a house and to pay the charges incident to living in it. Perhaps they could buy a house on credit, but they would be forced to sell it in a short time.

Mr. BARKLEY. Undoubtedly that is true. I also agree with the Senator from Ohio and the Senator from Oregon [Mr. MORSE] that whenever it became known that the 5 percent was to be allowed to veterans in connection with purchasing houses, the prices of the houses to the veterans would go up 5 percent. If a veteran contemplated buying a $10,000 house, the price would go up $500. The veteran might or might not know it, but the increase would be there. The situation would be very much like that in connection with the expense account of a traveling salesman who had been on a long business trip. When he returned from the trip he submitted his expense account. On examining the account, the company's auditor found that there was an item of $27.50 for a raincoat which the salesman had bought when he was on the trip. The auditor said to him, "Well, we cannot allow you for that raincoat. That is your own personal property."

The salesman replied, "Well, if I had not been traveling for the company, I would not have needed the raincoat and I would not have had to buy it. But I had to buy it, and I think it should go into my expense account."

But the auditor would not allow it, and he struck that item from the account.

At the end of the next month the salesman returned from another trip which he had been making for the company, and again he submitted his expense account. When the auditor looked over that one, he said to the salesman, "Well, I see that you don't have the raincoat in there now."

The salesman replied, "Yes, it is in there, but you can't see it."

So, Mr. President, that is what will happen in this case. An additional 5 percent will be included in the price of the house, but the veteran will not be able to see it.

Mr. President, I hope the amendment will be rejected.

Mr. CORDON. Mr. President, the distinguished Senator from Ohio [Mr. TAFT] in discussing the pending measure either yesterday or the day before said, as I recall, that in the testimony before the committee Mr. Wyatt made it clear that very little, if any, of the $600,000,000 to be made available for premium payments would be used to obtain an increased production of lumber. I believe that is the substance of his statement. I do not know what percentage of the houses to be built within the next year or two will be constructed of lumber, but my guess is that of the 4-, 5-, and 6-room homes which will be constructed during that period, and which are so desperately needed, perhaps 75 percent will be constructed of lumber. At the moment, the materials needed for the construction of walls, floors, and roofs, are the most essential. Hardware could come along 2 or 3 months from now and not be too tardy. That statement would be true also with respect to fixtures. So far as I know, the manufacturers of plumbing, hardware, nails, and so forth, need to do little or no reconversion in order to get into high gear in the manufacture of that type of material. The Reconversion Act was passed for the purpose of speeding the process of reconversion. Certainly, if a reasonable price is allowed to manufacturers, they will go into full production. I do not believe that any manufacturer is deliberately withholding production.

I am not as familiar, Mr. President, with the situation with respect to the field of hardware, plumbing fixtures, and similar articles, as I am with the situation in connection with the field of lumber. Because I come from the greatest lumber-producing State in the United States, I know something about lumber conditions. I apprehend that the conditions which face the lumber operators are very much the same as those which face other industries whose products are necessary in connection with the construction of housing.

Mr. President, I do not wish unduly to delay the vote which is about to be taken. On the other hand, the people of this country have been complaining about the lack of production. They have laid the blame here and have laid it there. I believe that perhaps a clarification of the situation will not be out of order this afternoon, even if it consumes a little extra time of the Senate. Therefore, I shall read a letter from one of the large lumber operators in the Pacific Northwest. He is one of that high type of businessmen who patriotically went through the war and, in numerous instances, produced articles in their mills at a loss, but will not go forward on that basis any longer. Because his letter clearly pictures the situation which faces us today, I ask my colleagues to indulge me while I read it to them, and reveal some of the real basic reasons for the absence of 100 percent production at the present time.

The letter was addressed to one of the customers of this lumber operator. He had called upon the operator to fill certain orders for housing materials. The letter otherwise is self-explanatory. It reads as follows:

> DEAR WALES: Your concern as to our increasing inability to supply you and your trade with all the items of lumber and lumber products you formerly depended upon us for is well founded. Unless OPA either is thrown out or very quickly brings about a complete reversal of their destructive policies, the list of items that we are making is going to decline still further.

Mr. President, I interpolate that if the writer had stopped with the words "destructive policies," I would not now be reading the letter. I continue reading:

> As you saw for yourself, we have a lot of idle equipment at our plant.

Again, Mr. President, I interrupt the reading of the letter to say that it was written on April 4, 1946, at a time when there existed the necessity for full production.

I continue reading:

> As you saw for yourself, we have a lot of idle equipment at our plant. We have always refined a larger portion of our sawmill production than most western pine mills. We have provided more labor per unit of sawmill production as a result. The equipment that is now idle represents over 100 jobs. If these jobs were marginal we could have no complaint. The thing that irritates us most is that the jobs we are not filling are being filled in other parts of the country at a higher cost to the consumer and, what is even more important, by the waste of scarce and urgently needed lumber. OPA policies are directly responsible for this.
>
> Among the items we can no longer make are the following:
>
> Building lath, car strips, shade roller stock, cut stock, moldings, industrial boxes of all kinds, as well as a number of operations such as lumber resawing, Linderman, jointing for boxes, box nailers, box stitchers, etc.
>
> We are no longer functioning to care for the needs of the trade—we are merely shadow-boxing and forced to change our scheme of operation from time to time to meet changes in OPA needs. For a firm who has really served the trade this is an unfortunate change for the national economy, which needs production so urgently now.
>
> Among the items discontinued that you are probably most interested in are moldings for the building trade. Unfortunately for both you and ourselves, the OPA seems even less interested in molding production than in most items.
>
> For about 15 years we produced a wide variety of moldings, most of which were for the building trade. We kept this department operating despite constant needless operating and sales handicaps imposed by the OPA. A recitation of all of them would make a lot of red faces in Washington.
>
> Finally, during November 1945, we were forced to suspend operation to cut off the loss. On November 16, 1945, the OPA pub-

lished MPR No. 601, which resulted in lower molding prices for us than we had had in the so-called base period of October 1941–March 1942. This list was published the same week that we had an increase in wage rates of 12½ cents per hour. This department was already operating "in the red" before the simultaneous cut in prices and increase in wages.

In the fall of 1941, our average wage rate for our entire operation was 90 cents—now it is 126 cents, an increase of 36 cents or 40 percent. We were making no such profit on moldings in 1941 that we could absorb such a wage rate increase with resulting wartime decreased production per man-hour, and then take a cut in selling prices at the same time.

If you were to discuss this with OPA officials, they probably would tell you that the changes were made only after long discussions with the industry. They probably will not tell you that every change they made in the molding prices shut off some more production and was made over the opposition of the industry.

During the first 9 months of 1945, monthly sales of moldings by Western Pine Association members were 60 percent below the same 1941 months. Since then, our production has been stopped and I don't know how many others.

Our molding production for many years was about eighteen to twenty million lineal feet, mostly building moldings. This would provide needed moldings for several thousand GI homes that are being talked about so much these days.

Our moldings were made entirely from lumber and edgings of our own production. The lumber grade most largely used is "molding" grade. The edgings, which represent probably one-third of our raw material, actually are salvaged from waste. A goodly portion of this waste is now being burned. This is a fine tribute to OPA business management. The moldings that we are not now making are being made from higher grades of lumber.

We are piling up our molding grade lumber and salvaging the larger edging for use after the OPA may be out of business or may have changed their pricing approach. That won't help build GI homes in the spring of 1946.

Your suggestion that some pictures be taken to illustrate some of these things more effectively than repeated letters is certainly timely. I am happy to hand you herewith a few sets of these pictures.

Mr. President, any of my colleagues who desire to see the pictures I shall be happy to have do so.

Picture No. 1 is view of the interior of one of our sheds that is about half filled with molding lumber and edgings. This shed is about 175 feet long. It now has over a half million board feet of lumber and edgings. The edgings are ripped to size, all ready to be run to pattern.

No. 2 is a close-up of several loads of edgings.

No. 3 shows our three idle—

I call attention to the word "idle"—

No. 3 shows our three idle molding machines. About 16 American citizens formerly were employed here at wages well over the national average.

No. 4 shows smaller edgings being fed into a hog where they are being ground up to make fuel, the need of which is not very great and certainly much less than the small moldings that could be produced, such as screen moldings, glass bead moldings, etc.

At the time the OPA was about to publish the molding price list last November, I was in Washington. I discussed this matter with OPA representatives both before and after publication of the list. Among the OPA personnel who listened more or less patiently were Messrs. Ingram, Young, and Grossman.

Mr. President, I hope Mr. Wyatt will read this letter in the RECORD when he gets ready to put out his directives, orders, and regulations, because OPA is certainly going to need them.

Since then, I have written Mr. Ingram twice on the matter and Mr. Young once. I have not even had an acknowledgment of those letters, despite having asked for information as to how we should go about making application for price adjustments in line with President Truman's public statement that any manufacturer who had had wage advances of 33 percent since January 1941, could apply for an increase.

Mr. President, that means, if I may again interpolate, that this man was trying to get a basis upon which he could manufacture those products. Up to now he has not had the courtesy of an answer to his request as to how he might proceed.

In going to OPA for price adjustments—and we have done it many times—their reply invariably is either (a) submit your cost and profit-and-loss statements for many years to demonstrate whether your over-all profit position justifies an increase, or (b) make an industry-wide survey on the same statements.

OPA policy for integrated operations such as ours provides that, if we make a profit on the manufacture and sale of our lumber, we should not be allowed to make a profit on any refining of it. Why should we be forced to operate our molding department, for example, at cost or at a loss? The profit incentive is one of the very fundamentals of the American way of life. We feel no more obligation to run this department without a profit than a bureaucrat does to work without salary. By the same token, we feel no more obligation to run it at a loss than any bureaucrat does to pay for the privilege of working.

In the past we have participated in some industry-wide surveys. We shall not do it again. Such a survey takes the more profitable figures of the producer who has blackmarketed, cheated, chiseled, and taken every advantage of any loophole that has presented itself and averages them with the less profitable figures of the manufacturer who has conscientiously complied with the conflicting socialistic pricing regulations. The resulting "average" is fair neither to producers nor the public.

A comparison of our past and present molding prices follows. The item used as an example is pattern No. 8065, ¾ by ¾ inch, quarter-round molding, an item needed literally by the hundreds of million lineal feet. The prices are per 100 lineal feet delivered on the Atlantic coast.

Mr. President, these figures are eloquent:

Our price in August 1941, straight or mixed cars, 74 cents.

Our price in March 1942, 70 cents.

OPA MPR 601 price in straight cars, 67 cents * * * in mixed cars with lumber, 71 cents.

Can there be any question, Mr. President as to why we are not getting production, in view of those facts—in view of the fact that the timber itself has risen in price—increased because the Government of the United States increased the price of publicly owned stumpage? That price went up, wages have risen, other costs have risen, but the price of the finished product has gone down. Would it not be a beautiful picture now to ask Mr. Wyatt to dig down into the pockets of the taxpayers of this country and make a premium payment to bring that price into line? Where has reason gone if we are to follow that sort of practice?

Mr. President, the letter continues:

After closing our molding department, we contacted many of our eastern trade to ascertain if they could now buy moldings elsewhere, and, if so, what prices they were paying. With few exceptions, they replied that they were obtaining some poorly manufactured, locally produced moldings and were paying $1.50. One stated he was making them himself at a cost of over $2. Others stated they could find none at any price.

We would be happy to resume molding manufacture on present lumber and wage values with a price on the above item of 95 cents, with other items in proportion. That would be a substantial "bulge" in the price line but it would represent a very worth while saving to the GI who wants to build a home. Further, it would produce a lot more moldings than will ever be produced at $1.50 in the East.

I have often thought that if we could persuade some responsible policy-making official of the OPA to visit our plant, see this idle equipment, inspect the offal being burned instead of converted into needed GI homes and other items, and let us show him just why it is idle, we could convince him that a change was needed and quickly. If you should run into any such official who is interested let me know who he is. I want to extend him an invitation to visit us.

There, Mr. President, is clearly set out the real outstanding bottleneck in the production of materials needed in housing, and, as I suggested earlier, when the pending bill passes giving authority to the Housing Expediter to issue his orders, regulations, or directives to the Office of Economic Stabilization and the Office of Price Administration, that bottleneck can be broken immediately.

It will result in some price increases, it is true. Those price increases as to the veteran will be offset by the subsidy we will pay him if the Wherry amendment shall be adopted—and I hope it will be agreed to; at least I shall support it. It will leave the veteran in the same condition, so far as the purchase of his home is concerned, as he would be in under the statement of the majority leader if the $600,000,000 were spread all across the board in premium payments, a type of premium payment that has not yet been explained on this floor, at least to my satisfaction. Everyone who has talked about premium payments up to now has had a different idea of how they are going to work.

Mr. MAGNUSON. Mr. President, will the Senator from Oregon yield?

Mr. CORDON. I am glad to yield.

Mr. MAGNUSON. I wonder if the Senator would mind telling, if it is not confidential, what company he is speaking of?

Mr. CORDON. I shall be glad to furnish the name of the company to the Senator from Washington. I do not care to put it in the RECORD, because I do not have permission from the writer of the letter to do so, but I shall be glad to furnish it to the Senator from Washington.

Mr. MAGNUSON. The letter is to a third party, I understand?

Mr. CORDON. Yes, written to a customer in South Carolina.

Mr. MAGNUSON. I wish to say to the Senator from Oregon that I appreciate what he has said. The same situation occurs in respect to fir doors, plywood, and many allied building materials, but I think it is only fair to point out that recently—and I share the feeling the Senator has regarding the lumber situation—recently we have had not complete, but some success, as the Senator, who participated in these conferences well knows, in getting a reasonable price for building materials.

As the Senator has pointed out, unless we can provide some profit incentive to our western pine and Douglas fir mills to divert from profitable war manufacture and production of lumber into so-called building materials, we are never going to get the production of western lumber that is so widely needed.

I hope, if the bill passes, that Mr. Wyatt, or whoever the Expediter might be, will see to it that the OPA acts upon these matters. I find after we go to OPA and finally get a decision from OPA that in most cases it is fairly satisfactory, but the delay, in so far as western lumber is concerned, has been unconscionable, particularly in the case of housing materials which we now see are so desperately needed. Molding is one of the items.

The western producer of lumber is willing to go ahead, but because he diverted his plant to making boxes and other things needed for the war, it is not profitable for him to go back to making building materials. Until that is done the bottleneck will never be broken with respect to the lumber end of building materials.

There has been an unconscionable delay in OPA. Last week we secured a raise across the board with respect to western pine—not all that was wanted—and with respect to fir doors and plywood in process. An order is being issued to take care of that situation. But I hope that, as soon as this bill is passed, OPA will dig into the lumber situation because, as the Senator pointed out, houses cannot yet be built without lumber.

Mr. President, before I take my seat I want to make a correction. The Senator from Oregon said he comes from the greatest lumber State in the world. I am sure he means "one of the greatest lumber-producing States of the world."

Mr. CORDON. I do want to divide the honors with my colleague from Washington, although I am afraid that in order to do so I must be generous.

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

Mr. CORDON. I yield.

Mr. WILEY. I think the illustration used by the senior Senator from Oregon with relation to molding is very pertinent. He said, in substance, that the 1941 price for molding was 74 cents. He said that OPA had apparently approved a price in the East of $1.50 or $2 and would not grant a price up to 95 cents to the people in the West for making this molding.

Mr. CORDON. May I say that that is not the price granted to them in the West, but is a price at which they would transport it and deliver it on the Atlantic seacoast.

Mr. WILEY. I am glad to have that clarification. We have been talking about molding. It seems to me there is something moldy down in OPA. The picture that has been given us by the Senator from Oregon is typical of what has occurred in the so-called production field clear across the board. In my own State there are those who have asked for increases to produce certain materials, and have demonstrated that they could not produce them at the price they were receiving. But OPA said, "But you are making money in other fields," and OPA would not grant the increase requested. As a result, the manufacturer, whom we will call A, he has gone out of production. Then right down the street or in the next city OPA has granted an increase correspondingly as great as in some of the cases recited, an increase of 100 percent to someone else, the one to whom the increase was granted being a bungler or new in the field. From that the inference has gone out that perhaps there were those in Government who wanted to see producers go out of business. It seems to me that if in any way we can get instructions or directives across to the Expediter, Mr. Wyatt, so that he will understand that there is no limitation in his power to see that production goes into full swing and we actually get into operation, then we will have the answer.

I have spoken many times on the subject of production. Months and months ago I spoke over a national hook-up on the subject Production, Production, Production. We have not been getting production. The reason we have not been getting production is that the square pegs in the round holes in OPA are still square pegs. I do not call individual names, but the situation was made clearly apparent by the distinguished Senator from Oregon when he mentioned three names. A manufacturer comes here and submits a proposition. He says he has sold a bill of goods clearly and definitely showing a loss. The country is calling for the article he produces. Yet he cannot get his letters addressed to OPA answered. Certainly there is something rotten in Denmark when the servant in OPA will not give a courteous answer to his master, our constituent.

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

Mr. CORDON. I yield.

Mr. TAFT. There is one feature of the bill which I think should be emphasized. Up to this time price control has been under the rules of the Stabilization Act, and under that act, and going beyond, I think, the real purpose of the act, the Price Administrator has in effect said that the price level is the first consideration over every other consideration, including production and even the existence of business, and many other things. Now for the first time in this measure we take away from him the power to direct price control and give it to the Administrator, with the injunction that it is for the purpose of increasing production. It seems to me that that transfer should have a very effective and salutary result if Mr. Wyatt will exercise the powers that are given to him. But I think Congress here for the first time is indicating that production is more important in that field than price control.

Mr. CORDON. Mr. President, I thank the distinguished Senator from Ohio, and I hope that he joins me in the deep regret that a time has come in the history of government in the United States when we must depend for the success of a law upon the judgment and whim or caprice of any single individual.

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

Mr. CORDON. I yield.

Mr. TAFT. I am afraid Congress has long ago given away that power. In foreign policy we have vested the power to make war in one man. It rests in him and his caprice to make war or not to make war. There are many circumstances in which we have gone much further than we have in this bill.

Mr. CORDON. Permit me to say to the distinguished Senator from Ohio that those things were done under the Constitution, and that now the Congress seems to be bent on doing it by statute, and I am opposed to that.

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

Mr. CORDON. I yield.

Mr. TAFT. I think the Senator voted for the bill which transferred to the President, in the UNO Act, complete authority to make war or not make war in complete violation, I believe, of the Constitution of the United States.

Mr. CORDON. Again I will have to differ with the distinguished Senator as to whether that was or was not in violation of the Constitution of the United States.

I want to say, Mr. President, that I may have to hold my nose and vote for this bill. I do not want to do it, but I do not see any other way at the moment to get some of these things done except to vote for the bill. But I insist, and shall insist insofar as I can, on maintaining all the controls we can maintain, and particularly do I want to place in the measure a provision for the shortest possible period of time for its operation and the earliest possible time for its termination.

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

Mr. CORDON. I yield.

Mr. MAGNUSON. I think the Senator, like myself, being interested in the lumber situation, will vote for this bill. I hope the Senator will agree with me that it is not so much what the OPA does about these matters, once they consider them and make a decision, but there have been great delays. We are giving the title "Expediter" to the Administrator in this bill. If we can expedite these things the lumber industry will get along all right. I hope the Senator will vote for the bill. I am sure if he does he will probably find that if we get the right kind of administrator our moldings and fir doors and all the things that go into houses will be speedily taken care of.

Mr. CORDON. I wish I could be as optimistic as is my distinguished col-

league from Washington. I had the pleasure of working with him recently for several days in an attempt to get some type of price adjustments into the heads of OPA, and as the Senator has suggested, we partially succeeded. We can be hopeful at least when we see OPA commencing to show some signs of intelligence, even if we have to wait until the last few days of its life, when OPA is breathing its last, and wants to get another lease on life.

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

Mr. CORDON. I yield to the Senator from New Jersey.

Mr. HAWKES. I wish to ask the Senator from Washington [Mr. MAGNUSON] if he really meant what he just said, that it does not make so much difference what OPA does, so long as we can get it to do something. I think it makes a tremendous difference.

Mr. MAGNUSON. Mr. President, the Senator misunderstood me. I stated that my experience in connection with lumber has been that when the OPA ultimately arrives at a decision, most of the time the decision is pretty fair. It is not always exactly what the industry wants, but it moves along, and the price ceilings are in many cases raised. The problem which both the Senators from Oregon and I, and others in lumber-producing States, have had is to get the OPA to act. I hope the Senator will not misunderstand me.

Mr. HAWKES. I think the Senator will find from the RECORD that he stated that it did not make much difference what the OPA did, if it could be induced to act. That is the point which I wish to correct. There are two factors. First, there is the desire or the necessity for getting the OPA to act; and second, there is the necessity for OPA acting intelligently, with some knowledge of what brings about production.

Mr. MAGNUSON. The Senator has expressed my opinions; and I am sure the RECORD will be corrected.

Mr. CORDON. Mr. President, I should like to make one or two further observations, and then I shall conclude.

I recognize that the amendment now before us needs some working over. I recognize that due to the shortness of time it is not a perfect document. I also recall that on numerous occasions under similar circumstances the argument has been heard on the floor to the effect that imperfections can be cured in conference, when there is more time. I suggest that that can be done in this case.

I recognize the force of the argument of my distinguished colleague from Oregon [Mr. MORSE] that as to existing houses any subsidy given to a veteran may well be considered simply additional money in his pocket, from the standpoint of the real-estate seller to be taken advantage of by an equal increase in price, particularly now that there is no basis for a ceiling on existing houses. However, that situation does not apply as to houses to be built, because under the terms of the bill as it is now written a ceiling can be placed on such houses. If the amendment is adopted, I think the conference committee should give some consideration to broadening it to include widows of veterans.

Mr. President, I wish to close with this statement, because to me it is the very meat of the whole argument; if this bill is enacted we shall have clothed the Housing Expediter with authority over presently existing executive bureaus, so that he can compel action in every one of those bureaus, directed toward the one object of breaking the log jam and causing a flood of building materials. That authority will be granted to him no matter what we do with the pending amendment. I hope the amendment will be adopted, I agree with the distinguished majority leader that one of these days we shall probably be called upon again to consider, as the Congress considered after the last war, the matter of a veterans' bonus. At that time I am perfectly willing to support legislation which will provide, in such bonus law, for an offset or deduction in every instance of the amount paid to any veteran because of this legislation, so that in the end all will be treated alike. By such procedure the man who must have his house today would, in effect, simply obtain an advance on account of a settlement yet to be made. I am perfectly willing to serve notice now that I believe that such a settlement should be made. I do not believe that the debt is yet paid to the men and women who saved civilization in this world.

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

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

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

Aiken	Hawkes	Pepper
Austin	Hayden	Radcliffe
Ball	Hickenlooper	Reed
Bankhead	Hoey	Revercomb
Barkley	Johnson, Colo.	Robertson
Briggs	Johnston, S. C.	Saltonstall
Brooks	Knowland	Shipstead
Buck	La Follette	Smith
Bushfield	Langer	Stanfill
Capehart	McCarran	Stewart
Capper	McClellan	Taft
Carville	McFarland	Taylor
Connally	McKellar	Thomas, Okla.
Cordon	McMahon	Thomas, Utah
Donnell	Magnuson	Tunnell
Downey	Maybank	Vandenberg
Ellender	Mead	Wagner
Fulbright	Millikin	Walsh
Gerry	Mitchell	Wheeler
Gossett	Morse	Wherry
Green	Murdock	Wiley
Guffey	Murray	Wilson
Gurney	O'Daniel	Young
Hart	O'Mahoney	
Hatch	Overton	

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

Mr. BROOKS. Mr. President, I should like to observe that the title of the pending bill is a complete misnomer. As the bill came from the House of Representatives, its title was in the correct form. The title then was "To amend the National Housing Act," and so forth. That is still all the bill is. The only benefit a veteran, as compared to anyone else, will receive from this measure is a preference to buy a house, if he is able to find out where the houses are and if he ever is able to determine what his rights are. The only other benefit the veteran will receive will be the doubtful one of having his name attached to this bill. It is now to be called the "Veterans' Emergency Housing Act of 1946."

The amendment which has been proposed by the junior Senator from Nebraska [Mr. WHERRY], and in which I join, merely attempts to give to the veteran some benefit under his own name, under an act which the Senate pretends is a Veterans' Emergency Housing Act. When it said that we are subsidizing the upper half of the group of veterans, because the others cannot afford to buy houses, I ask what we are doing in this bill when we provide $600,000,000 for so-called incentive payments. They will not increase the ability of our people to buy houses. We are simply subsidizing them in another way.

What this measure really does is, not to continue the OPA, but to bring into existence and power a super OPA. The bill continues the War Powers Act, and it is merely another tentacle of the octopus that is strangling this country.

I agree with the Senator from Nebraska that we have not yet tried in the American way to obtain normal production. All the way through the OPA has said, "Hold the line," and they fixed prices on the ordinary articles used by Americans. But the manufacturers got around that by putting frills on the ordinary articles, and then they were able to sell them at higher prices. Today it is impossible to buy an ordinary shirt, but it is easy enough to buy all kinds of sport shirts at high prices. The OPA has said, "We have held the line." But today the women of the United States find that it is impossible to buy ordinary house dresses in the stores, although they are able to buy all sorts of elaborate dresses at higher prices. The OPA said that it held the line all the way, but it has prevented the production of the things the people of the United States need.

When the OPA was given all those powers, we were told that it was for the duration of the war. But, Mr. President, the war will never end so long as the bureaucrats can keep it alive. Every Senator in this Chamber knows that we cannot get a bureau of this Government out of existence to save our souls. Now they are coming in droves. During the war we were told that they were needed because of the war. Now we are told that they are needed for the veterans. Every department is asking for more and more employees because, so we are told, the veterans need their help.

Mr. President, if the veterans were able to hear the bureaucrats who are asking for more employees and more money, they would raise literal Cain when they went into the offices around the country and were shunted from pillar to post. If the veterans could hear the leeches who come before congressional committees and ask to be allowed to perpetuate themselves with the power they now have, the veterans would start a new march of victory.

Mr. President, I tell you that this type of legislation is a fraud on the veterans. It puts all Members of Congress in a very peculiar position, because all of us hate to vote against a bill which is proclaimed as one to provide houses for veterans.

Of course, all of us want to help provide more houses.

I desire to explain my position on this measure. I wish to give the incentives to the veterans and I wish to take steps to have the American producers given an opportunity to produce. If we do that, we shall be fair to both, we shall in some measure be paying the debt we owe the veterans who wish to have houses, and we shall make more houses available to everyone throughout the land.

If the Senate votes to reject the amendment which would give the so-called subsidy directly to the veterans, the Senate had better change the name of the bill, for it will no longer be a "Veterans' Housing Act."

Mr. CAPEHART. Mr. President, I rise to make a brief statement which is not particularly on the subject now being considered, but is in line with what the able Senator from Illinois has just stated.

Today there is in Washington a radio manufacturer from Indiana, with whom I have absolutely no connection. During the past 4 months that manufacturer has made six trips to Washington in an endeavor to obtain from the OPA a price of $7.04 on a radio set which he will manufacture. That would be his price to the distributor. The radio set would sell at retail for $12.75. The manufacturer's cost is $6.50. The best price the OPA will allow the manufacturer is $6. He has been before the OPA all day today wrestling with it. A moment ago I received a telephone call that the OPA has declined to permit the price of $7.04 to the manufacturer—a manufacturer who has orders for 170,000 sets to be sold to the public, the poor people, at $12.75; a manufacturer who will put to work, tomorrow, 400 or 500 people, if the OPA will permit him to sell that radio set to his distributors for $7.04. Think of that, Mr. President. The manufacturer is asking the OPA to permit him to set a price of $7.04 to the distributors, on radio sets which will be sold to the public for $12.75. Yet the OPA denies that right to the manufacturer, although he is asking for a profit of only 54 cents on each set. Yet there are those who say that the OPA is not interfering with production in America. I say to you, Mr. President, that the OPA is interfering with production in America. Furthermore, I say that the OPA is violating the law when it denies any manufacturer or anyone else who is in business a legitimate profit.

I apologize to the Members of this body for getting off the subject, because what I have said certainly is not particularly germane to the matter now under consideration. But I just received the message that the bureaucrats have denied the manufacturer the right to make a 54-cent profit on a radio set which would be sold to the public for $12.75.

Mr. BARKLEY. Mr. President, may we have a vote on the pending amendment? The yeas and nays have been ordered. I ask all Senators to remain in the Chamber after the vote is taken on the amendment, in order that we may conclude action on the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. WHERRY], as modified, proposing a substitute for section 11 of the committee amendment, as amended, which then would read as follows:

SEC. 11. The Administrator of Veterans' Affairs is authorized and directed to pay, under such regulations as he may prescribe, to or on behalf of any veteran of World War II a sum equal to 5 percent of the cost of a dwelling hereafter or heretofore and since December 7, 1941, purchased or constructed by such veteran and to be occupied by him or his family as a home. No payment in excess of $500 shall be made to or on behalf of any such veteran and no payment shall be made to or on behalf of any such veteran with respect to more than one dwelling. Regulations prescribed under this section shall contain such provisions as the Administrator deems necessary to insure the use of payments made under this section for the purpose for which such payments are made.

On this amendment the yeas and nays have been demanded, but they have not been ordered.

Mr. BARKLEY. I think they have been ordered, Mr. President.

Mr. WHERRY. I believe that the yeas and nays have been ordered.

The PRESIDENT pro tempore. The yeas and nays were demanded, but the Chair is advised that they were not ordered.

Is there a sufficient second?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Nebraska [Mr. BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who, if present and voting, would vote as I intend to vote. I am, therefore, at liberty to vote. I vote "nay."

Mr. WALSH (when Mr. MYERS' name was called). I announce that the Senator from Pennsylvania [Mr. MYERS] is attending a meeting of the Board of Visitors at the Naval Academy in Annapolis. If present and voting, he would vote "nay."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. Not knowing how he would vote, I transfer that pair to the Senator from Pennsylvania [Mr. MYERS] who, if present and voting, would vote as I intend to vote. I am, therefore, at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS] and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

The Senator from Mississippi [Mr. BILBO], the Senator from West Virginia [Mr. KILGORE], and the Senator from Virginia [Mr. BYRD] are detained on official business at various Government departments.

I wish to announce further that, if present and voting, the Senator from Florida [Mr. ANDREWS] and the Senator from West Virginia [Mr. KILGORE] would vote "nay."

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Michigan, [Mr. FERGUSON] and the Senator from Maine [Mr. BREWSTER] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nebraska [Mr. BUTLER] have general pairs which have been heretofore announced and transferred.

The result was announced—yeas 19, nays 54, as follows:

YEAS—19

Brooks	Hickenlooper	Stanfill
Bushfield	Langer	Wherry
Capehart	O'Daniel	Wiley
Capper	Reed	Wilson
Cordon	Revercomb	Young
Gurney	Robertson	
Hawkes	Shipstead	

NAYS—54

Aiken	Hatch	Murdock
Austin	Hayden	Murray
Ball	Hoey	O'Mahoney
Bankhead	Johnson, Colo.	Overton
Barkley	Johnston, S. C.	Pepper
Briggs	Knowland	Radcliffe
Buck	La Follette	Saltonstall
Carville	McCarran	Smith
Connally	McClellan	Stewart
Donnell	McFarland	Taft
Downey	McKellar	Taylor
Ellender	McMahon	Thomas, Okla.
Fulbright	Magnuson	Thomas, Utah
Gerry	Maybank	Tunnell
Gossett	Mead	Vandenberg
Green	Millikin	Wagner
Guffey	Mitchell	Walsh
Hart	Morse	Wheeler

NOT VOTING—23

Andrews	Eastland	Moore
Bailey	Ferguson	Myers
Bilbo	George	Russell
Brewster	Glass	Tobey
Bridges	Hill	Tydings
Butler	Huffman	White
Byrd	Kilgore	Willis
Chavez	Lucas	

So Mr. WHERRY's amendment was rejected.

ALBERT CANTALUPO

Mr. ELLENDER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1089) for the relief of Albert Cantalupo, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same with an amendment as follows:

Amendment No. 3: In lieu of the sum inserted by the Senate amendment insert $1,708; and the Senate agree to the same.

ALLEN J. ELLENDER,
WAYNE MORSE,
Managers on the Part of the Senate.

DAN R. MCGEHEE,
J. EDGAR CHENOWETH,
Managers on the Part of the House.

The report was agreed to.

JAMES LYNCH

Mr. ELLENDER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2835) for the relief of James Lynch, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agreed to recommend and do recommend to follows: In lieu of the sum inserted by the Senate amendment insert the sum of $4,514.60; and the Senate agree to the same.

ALLEN J. ELLENDER,
W. LEE O'DANIEL,
Managers on the Part of the Senate.

DAN R. MCGEHEE,
J. M. COMBS,
W. A. PITTENGER,
Managers on the Part of the House.

The report was agreed to.

PERMANENT APPOINTMENTS IN THE REGULAR NAVY AND MARINE CORPS—CONFERENCE REPORT

Mr. WALSH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1907) to authorize permanent appointments in the Regular Navy and Marine Corps, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with amendments as follows:

On page 2 of the House engrossed amendments, lines 3, 6, 8, 14, and 17, strike out "permanent"; and on page 2 of the House engrossed amendments, line 17, strike out "8 per centum" and insert in lieu thereof "7 per centum"; and the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same with an amendment as follows:

Amend the title to read as follows: "An Act to increase the authorized enlisted strength of the active list of the Regular Navy and Marine Corps, to increase the authorized number of commissioned officers of the active list of the line of the Regular Navy, and to authorize permanent appointments in the Regular Navy and Marine Corps, and for other purposes"; and the House agree to the same.

DAVID I. WALSH,
MILLARD E. TYDINGS,
PETER G. GERRY,
CHAS. W. TOBEY,
LEVERETT SALTONSTALL,
Managers on the Part of the Senate.

CARL VINSON,
P. H. DREWRY,
LYNDON B. JOHNSON,
ED. V. IZAC,
GEORGE J. BATES,
Managers on the Part of the House.

The report was agreed to.

AGREEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN RELATING TO AIR TRANSPORTATION

Mr. MCCARRAN. Mr. President, about 6 weeks ago I discussed at some length, in this Chamber, the bilateral agreement between the United States and the United Kingdom which had then just been negotiated at Bermuda. To identify this agreement for the benefit of Senators who may not have been present when I discussed it late in February, I may say that the Bermuda agreement covers certain rights to fly into and across the United States, which the agreement purports to grant to air lines of the United Kingdom, and certain similar rights which, by the terms of the agreement, would be granted to United States air lines with respect to flights into and across the United Kingdom. The agreement also comprehended approval by the Civil Aeronautics Board of the International Air Transport Association Conference procedure for fixing rates for international air transportation, and the Civil Aeronautics Board has, pursuant to the Bermuda agreement, approved this rate-making procedure.

For several weeks the Senate Committee on Commerce has been holding hearings on Senate bill 1814, which was introduced by me, and which would require that international agreements of this type be made, if at all, by treaty.

Those hearings were concluded this morning. I had the honor of being permitted to conclude the hearings with a statement summarizing the issues raised during the hearings, and commenting upon the questions presented. In this statement I also endeavored to lay before the committee a carefully considered opinion on the legal points involved.

Because the subject involved is of tremendous importance to the Nation, and, I think, of considerably more than passing interest to the Senate, I now ask unanimous consent that the statement to which I refer, and which I made before the Commerce Committee, be inserted in the RECORD at this point as a part of my remarks.

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

Mr. Chairman, in concluding this hearing on my bill, S. 1814, I shall try to tie up a number of loose ends. I shall discuss certain testimony which has been received during these hearings. I shall discuss the Bermuda agreement from several angles. And I shall discuss the bill itself. I shall also have a few words to say, before I am through, on the question of what is a treaty and the distinction between a treaty and an executive agreement.

I wish to make it clear that I do not propose to discuss all the testimony which has been heard, nor all the phases of the Bermuda agreement. I do not even propose to say all that might be said about the bill or about the question of treaty versus executive agreement. Senators who have not been present at the hearings will, I am sure, wish to read the record for themselves, and the record includes not only the full text of the Bermuda agreement, and the full text of the majority and minority reports of the Civil Aeronautics Board in connection with approval of the Iata conference procedure, but also lengthy discussions of the difference between a treaty and an executive agreement.

Also worthy of study by members of the committee are the statements on behalf of the International Association of Machinists, the Brotherhood of Locomotive Engineers, and the Brotherhood of Railroad Trainmen, and the statements of several other nongovernmental witnesses.

I wish to call the attention of all members of the committee particularly to the very fine statement made on behalf of the American Federation of Labor by Mr. Lewis G. Hines, national legislative representative of the Federation, who appeared before the committee on Tuesday, April 2.

Frequent references have been made during these hearings to the Chicago aviation agreements. I am sure members of the committee are familiar with the transport agreement, commonly referred to as the five freedoms agreement, which came out of the Chicago conference before this committee, and on other occasions, representatives of the State Department have made much of the fact that a substantial number of nations have signed this five freedoms agreement. I invite the attention of members of the committee to the charts inserted in the record at the first day of these hearings, showing the status of the Chicago documents.

The United States has signed the five freedoms agreement; and the State Department says we are bound by it. Now, what other countries have signed? Let me read the list. Afghanistan, Bolivia (but the State Department's chart does not show formal acceptance by Bolivia), China (with a reservation), Costa Rica, Cuba, the Dominican Republic, Ecuado (but no formal note of acceptance has been received from Ecuador, according to the State Department's chart), El Salvador, Ethiopia, Guatemala (but the State Department chart shows no receipt of any note of acceptance from Guatemala), Haiti (but no note of acceptance), Honduras, Iceland (but no note of acceptance), Lebanon (signed ad referendum, and no note of acceptance), Liberia, Mexico (no note of acceptance recorded), the Netherlands, Nicaragua, Paraguay, Peru (no note of acceptance), Sweden, Syria (with a reservation, and no note of acceptance yet received), Turkey (with a reservation), Uruguay (no note of acceptance), Venezuela (signed ad referendum, and no note of acceptance received), the Danish Minister (but Denmark has formally accepted only the interim agreement, and has not accepted the five-freedoms agreement), and the Thai Minister.

Mr. Chairman, the benefits which the United States will receive from the rights granted by those nations in return for the rights they are entitled to from us, as a result of their signature to the five-freedoms agreement, are of very little value to American aviation. Now, what about the nations which really have something to trade? Great Britain has not signed the five-freedoms agreement, nor has any one of the British dominions. France has not signed the five-freedoms agreement. Norway has not signed. Portugal has not signed. Spain has not signed. Other participants in the Chicago conference which have not signed the five-freedoms agreement include Australia, Belgium, Brazil, Canada, Chile, Columbia, Czechoslovakia, Egypt, Greece, India, Iran, Iraq, Ireland, Luxemburg, New Zealand, Panama the Philippine Commonwealth, Poland, Switzerland, the Union of South Africa, and Yugoslavia. With some of these nations, as in the case of Great Britain and France, we have signed bilateral air transport agreements. But those agreements comprehend only an exchange of rights between the United States and the other signatory to the agreement in each case. The theory of the five-freedoms agreement was a reciprocal granting of rights to all other signatories. Because we have signed the five-freedoms agreement, every bilateral agreement we conclude or have concluded with another country, covering air transport, is binding against

us in favor of any nation which has signed or does sign the five-freedoms agreement. But the other signatories to bilateral agreements with us, who have not signed the five-freedoms agreement, are bound only by the terms of the bilateral agreement. They have preserved their bargaining power as against other nations and, as to all matters outside the four corners of the bilateral agreement, as against us. Mr. Chairman, I think those facts are important, and I wanted them in the record.

Mention has been made during these hearings of the fact that the Bermuda agreement comprehends no control whatsoever over frequencies of flight by international air carriers. In connection with this point, there has been some confusion. It should be made clear that whereas section 401 (f) of the Civil Aeronautics Act of 1938 specifically prohibits exercise by the Civil Aeronautics Board of any control over the frequencies of United States air carriers holding certificates for air transportation between this country and foreign nations, section 402 (f) of the act includes broad authority for the Board to prescribe terms, conditions, and limitations which shall attach to any permit issued to a foreign air carrier. This clearly appears to embrace the power to control frequencies of foreign air carriers. It is this power which the Civil Aeronautics Board is giving up under the Bermuda agreement. It is significant that the Congress made different provisions in this respect for United States air carriers, on the one hand, and foreign air carriers, on the other. The intention of the Congress, as ascertained from the Civil Aeronautics Act of 1938, is quite clear. It was the view of the Congress that United States air carriers should not be restricted as to frequencies, but that power to control the frequencies of foreign air carriers should rest with the Civil Aeronautics Board, as an incident to protection of American aviation. This is, therefore, another instance in which the will of the Congress has been flouted by the Bermuda agreement.

During his testimony on the opening day of these hearings, Mr. Baker, of the State Department, called attention to what he said was a fact recognized by the American delegates when they went to Bermuda, namely, that a country into whose air space we wished to fly could prevent us from doing so if our companies charged rates which the foreign nation believed uneconomic. So that there may be no misunderstanding on this point, I should like to make it clear that our position in this respect was not improved by the Bermuda agreement. Unless and until the Congress grants to the Civil Aeronautics Board authority to control rates, the British have reserved all of the rights which they had before the Bermuda Conference relative to stopping American companies from flying into British points. If the Congress does grant the authority to control rates, the Bermuda agreement pledges the Civil Aeronautics Board to use that authority in accordance with what Mr. Baker called advisory opinions of PICAO. Since the British and other foreign governments outvote us on PICAO, it can be seen that under the Bermuda agreement the British will retain effective control over the rates of American carriers landing in British territory, whether Congress acts or not.

Perhaps that point needs a little explanation.

Article 9 of the Bermuda agreement summarized in subparagraph 7 provides, in effect, that any dispute between the two nations relating to the interpretation or application of the Bermuda agreement which cannot be settled through consultation shall be referred for an advisory report to PICAO. Article 8 of the Bermuda agreement provides that if either nation wishes to modify the terms of the annex (which covers routes) it shall consult the other nation, party to the Bermuda agreement. Then, under article 9, if an agreement cannot be reached, the matter is to be referred to PICAO. Subsection (g) of paragraph 2 of the annex to the Bermuda agreement provides that when the two nations cannot agree within a reasonable time upon the appropriate rate after consultation, either party may request, and the other party must agree, to submit the question to PICAO; and both nations agree in advance to use their best efforts under all powers available to them to put into effect the opinion expressed by PICAO in its advisory report.

Thus, in effect, the CAB has abdicated any rights which it may have with respect to rates (and perhaps also with respect to routes) in favor of an international organization on which United States air line can be out-voted 42 to 1.

In this connection, it is interesting that the Bermuda agreement binds the executive branch of the United States Government to seek congressional authority to fix rates for United States air carriers on international air services. But the provisions of article 9, just outlined, provide in effect that if Congress grants such power, the CAB can only use that power in a way approved by the United Kingdom; or, lacking such approval, in whatever way PICAO may direct. In other words, Congress is asked to provide a power but is being told in advance (in an executive agreement) how that power shall be exercised, and under what conditions; and Congress is also being told that the power which it is to be asked to grant shall be subservient to a higher power vested in an international organization. Thus, in effect, Congress is being asked to abdicate its own powers to PICAO.

I call the attention of the committee to the colloquy between Senator CORDON and Mr. Baker, of the State Department during the first day of hearings on this bill. Senator CORDON, speaking of the Bermuda agreement, said: "Your view is that the executive agreement has been reached, signed, and is a fait accompli so far as this country is concerned now?" Mr. Baker replied: "It is my understanding." Senator CORDON then said: "As far as the presentation to this committee is concerned, you are simply presenting a history of something that is done." Mr. Baker replied: "As far as the executive agreement, the air-transport agreement, which is considered to be an executive agreement—that would be true, Senator. It gets a little complicated because part of the agreement is that the executive branch of the Government would urge upon the Congress certain future action, which would be solely within the province of the Congress."

I think that colloquy is important for two reasons. First, it makes it very clear that the State Department's attitude is that the Bermuda agreement, arrived at in secret and without any consultation with the Congress, is completely binding, and that Congress can do nothing to undo it. Secondly, the latter part of Mr. Baker's statement, which I have just read, was somewhat misleading. The "future action" which Mr. Baker referred to as to be urged upon the Congress by the executive branch of the Government, is the proposal to grant statutory authority for the regulation of rates and frequencies in international air transportation. Mr. Baker said this would "be solely within the province of the Congress." The fact of the matter is, as I have just pointed out, that under the Bermuda agreement, any authority of that nature which the Congress might grant would have to be exercised not at the discretion of the Civil Aeronautics Board, but in accordance with the actions of PICAO. In other words, the provisions of the Bermuda agreement, which Mr. Baker has said constitute a fait accompli, signed, sealed, and delivered, would by their terms control the exercise of any authority over rates, fares, and frequencies which the Congress might see fit to grant to the Civil Aeronautics Board. Mr. Chairman, if that is not a clear attempt to tie the hands of Congress with respect to its future action, I have never seen one.

Members of the committee will also find interesting an interchange between Senator BREWSTER and Mr. Baker, which also occurred on the first day of the hearings. Speaking of the Bermuda agreement, Senator BREWSTER asked: "Is this now a fait accompli? Does it require the approval of the President or Secretary of State?" Mr. Baker replied: "As I understand it, I was specifically granted by the President full powers to sign an executive agreement at Bermuda after he had had described to him the material which was to be signed." Senator BREWSTER then asked: "You were given full authority to sign for the President and you did so?" Mr. Baker replied: "I did so."

Mr. Baker of the State Department testified before this committee that the purpose of the Civil Aeronautics Board, in asking for authority from Congress to fix and control rates in international air transportation, and the desire of the State Department in negotiating an agreement that such authority from the Congress would be sought, was to give the Civil Aeronautics Board discretion to go into rate matters and to control such matters. As a matter of fact, the executive branch of the Government already, and before any power of that nature has been granted by the Congress, has abdicated its discretion in that respect, through the provision of the Bermuda agreement requiring ultimate submission of disagreements to PICAO, and binding this Government to do everything in its power to put into effect the advisory opinion which PICAO may render in any case. Since we have agreed to do everything we can to make a PICAO opinion valid, and to enforce it, even to the extent of pledging in advance the authority which Congress has been asked to grant it cannot be denied that the opinions which PICAO will render are certainly somewhat more than advisory.

Members of the committee will remember the lengthy statement of the State Department which Mr. Baker read into the record in answer to an anonymous memorandum which apparently concerned him greatly. That statement of the State Department contains one very interesting passage. After stating that it is assumed that Great Britain will operate its air lines at a lower cost than is possible for American carriers, that statement of the State Department went on to declare that if it is true that the foreign operators are to be the low-cost operators of the future, then—and I quote—"control of rates through adequate powers conferred upon the CAB is not only advantageous but essential for the development of American international aviation." That is our State Department speaking, Mr. Chairman. And yet, in the face of that statement, the power of the CAB to control the rates of foreign air carriers has been traded away under the Bermuda and Paris agreements. In that connection, Mr. Chairman, I should like to point out that the power to control rates which the CAB is asking Congress to grant refers only to the rates of United States air carriers in international air transportation. With respect to foreign air carriers, the Civil Aeronautics Act granted to the CAB powers which would enable it to control the rates of such carriers; and, except to the extent that those powers may have been traded away at Bermuda and elsewhere, they are possessed by the CAB today. The situation, therefore, is exactly this: We have traded away our right to control the rates of foreign air carriers, but the Congress is now being asked to grant control over the rates of United States air carriers, with the express understanding that such power, if

granted, will not be exercised in the discretion of the Civil Aeronautics Board, but in accordance with the findings and opinions of PICAO, an international body on which we are heavily outvoted. We have given up our right to control the rates of British air carriers, but, on the other hand, have agreed to try to hand over to Great Britain and her satellite nations, through PICAO, a measure of control over the rates of United States air carriers which Great Britain could not acquire in any other way.

Now let me turn to another phase of this matter.

Under date of February 11, 1946, the State Department issued a press release explaining the Bermuda agreement. Subparagraph (i) of paragraph 6, on page 2 of this release, stated that one of the high lights resulting from the Bermuda Conference is—and I quote—"Rates to be charged by air carriers operating between points in the United Kingdom and points in the United States are to be subject to governmental review." Mr. Chairman, there is no present authority in law for any agency in the executive department of the United States Government to control or "review" rates to be charged by United States air carriers operating between any point in the United States and any point outside the United States, in international air transportation. Therefore, such rates can be made subject to governmental review only on the theory that the Bermuda agreement itself conveys the right for such review. Since the Bermuda agreement is, according to the State Department, an executive agreement, and not a treaty, it cannot convey any rights nor supersede, amend, amplify, or alter any statutes. Therefore, the Bermuda agreement, if this statement of the State Department is to be accepted at face value, binds the United States to a principle for which there is no legal authorization. It commits the United States to a "review" of rates which it has no right to require and which it cannot enforce.

Section 801 of the Civil Aeronautics Act of 1938 provides that "the issuance, denial, transfer, amendment, cancellation, suspension, or revocation of, and the terms, conditions, and limitations contained in, any certificate authorizing an air carrier to engage in overseas or foreign air transportation, or air transportation between places in the same territory or possession, or any permit issuable to any foreign air carrier under section 402, shall be subject to the approval of the President." Granting to the United Kingdom the freedom to determine the frequency of operations of its air lines to and from the United States must be interpreted either as (1) abrogating this right of the President to approve, or (2) relegating Presidential approval to the status of a mere ministerial act by requiring him to rubber stamp any decision which the United Kingdom may make with regard to its air lines operating to and from this country. It is extremely doubtful, in law, whether the right of approval specifically granted to the President by act of Congress, and by its terms (as well as in practice, heretofore) a discretionary power, can be nullified or coerced in any such way, by means of a mere executive agreement.

From a national defense standpoint, the Bermuda agreement, the agreement with the French, other bilateral air transport agreements entered into between the United States and foreign nations, and the five freedoms agreement which we signed at Chicago should have, and undoubtedly do have, great interest to the high command of our Army, Navy, and Air Force. The combined effect of all these agreements is to grant rights to a number of foreign nations to operate unlimited schedules across the United States. No one can say yet how many foreign air lines eventually will have such rights. It has been clearly brought out during these hearings that the rights which we have granted to the British, and to the French, are a controlling element with respect to the rights which we must grant to any other nation which elects to sign the five freedoms agreement. I do not know whether it is the policy of the State Department to permit the high command to voice opinions when diplomatic negotiations for the surrender of our air sovereignty are pending. I cannot imagine that our high command would favor or does favor the idea of 10 or a dozen or more foreign air lines operating unlimited schedules on routes crisscrossing the United States. The right for any foreign country to fly over the United States at will, to use the strategic outposts of Hawaii, Midway, and Guam, is a question of great concern to our national security. That is one reason why the Congress provided, in section 402 (g) of the Civil Aeronautics Act of 1938, that any permit issued to a foreign air carrier might be altered, modified, amended, suspended, canceled, or revoked by the Civil Aeronautics Board whenever the Board should find such action to be in the public interest. It is one reason why the Congress provided, in section 402 (e) of the Civil Aeronautics Act, that permits to foreign air carriers should be granted only after public notice and after opportunity for any interested person to file a protest or memorandum of opposition to the issuance of the permit. Those provisions of the act appear to have been either overlooked or deliberately nullified by the representatives of this country in negotiating the Bermuda agreement.

Mr. Chairman, the committee certainly should give consideration to the views of the President in this matter. President Truman's statement on the Bermuda agreement, issued on February 26, has been made a part of the record in these hearings. Let me quote from that statement:

"Because civil aviation involves not only problems of transportation but security, sovereignty, and national prestige problems as well, the joint working out of air-transport agreements between nations is a most difficult one. Many countries, naturally desirous of having air-transport companies of their own and with treasuries heavily depleted by their war efforts, have a genuine fear of the type of rate war with which the history of various forms of transportation has been so full. In the Bermuda agreement the executive branch of the United States Government has concurred in a plan for the setting up of machinery which should protect against the type of rate war feared by so many of the countries through whose air space we desire that our airplanes have the right to fly."

Mr. Chairman, what the President says there is, in effect, that foreign countries are afraid they cannot operate as cheaply as we can; and that the Bermuda agreement protects these countries against any possibility that American companies will give the public the advantage of this ability to fly more cheaply. In other words, the President says—and he is right—that not only Great Britain, but many other countries who have been worrying for fear we should get most of the overseas traffic by doing the job cheaper than anyone else, now have nothing to worry about on that score. I am unable to tell whether the President is happy about this, and whether he has endorsed the Bermuda agreement in spite of this or because of it.

The passage I have just quoted from the President's statement indicates that the decision with respect to rate regulations, which was reached at Bermuda, involved considerations of security, sovereignty, and national prestige. Later in his statement, the President quoted approvingly what he called the major purpose of the two Governments, using the language of the Bermuda agreement that—and I quote:

"The two Governments desire to foster and encourage the widest possible distribution of the benefits of air travel for the general good of mankind at the cheapest rates consistent with sound economic principles."

Certainly, Mr. Chairman, such considerations as security, sovereignty, and national prestige, and the desire of many countries to have air-transport companies of their own, have nothing to do with "sound economic principles." Perhaps it is noteworthy that the President did not say that the Bermuda agreement carries out the major purpose which he approved, but rather stated only that the results of the Bermuda Conference "constitute a * * * forward step."

Mr. Chairman, the question of what kind of a trade was made at Bermuda has been very thoroughly explored at these hearings. These are just a few points I want to clear up for the record.

It has been stressed several times during this hearing that the United States obtained, under the Bermuda agreement, landing rights at 17 points in the British Empire in exchange for a grant to the British of landing rights at 9 traffic centers in the United States. This comparison does not tell the whole story. The important factor is the volume of tourist traffic and business passenger traffic originated at the respective points at which landing rights have been granted. Involved in this consideration are such questions as the composition of the population, relative standards of living, traveling habits, and so on. When these considerations are taken into account, it becomes very clear that the potential traffic opened up to the British is substantially greater than the traffic American lines may hope to obtain from the 17 points in the British Empire at which landing rights have been granted to us.

In his statement before the committee on February 27, Mr. Welch Pogue said that—and I quote: "It is, of course, impossible to compute mathematically the passenger miles which the agreement provides United States carriers or the passenger miles which it provides British carriers." Mr. Chairman, that statement is technically correct. It is impossible to compute mathematically the figures in question. It certainly should not be impossible to make fairly accurate estimates, on the basis of known travel figures. But Mr. Pogue and Mr. Baker told us, in response to subsequent questioning, that no such estimates had been made. Yet a little farther along in the same paragraph from which I have already quoted, Mr. Pogue said—and I quote: "However, since the important thing is not the length of the route, but the amount of traffic which is carried over the route, estimates of route mileages are only misleading. * * * Passenger mileage is the significant statistic." Mr. Chairman, I think it is proper to ask, since it was recognized that passenger mileage over these new routes was the most important factor, why no effort was made to estimate the passenger mileage involved in the routes which we granted Great Britain and those which we received in return.

Now, another point. A member of the commitee expressed the opinion, during the course of these hearings, that Americans would prefer to travel on American-flag lines and therefore that there was no danger of traffic being diverted from American air carriers to British or other foreign air lines. I think an excellent answer to that assumption is the record of the historic traffic pattern in surface transportation overseas. The report on overseas air-service patterns, prepared by Mr. F. H. Crozier, of the Civil Aeronautics Board, and issued in December 1944, shows that 89 percent of all the money paid by United States residents for travel overseas on surface vessels went to foreign steamship lines. The same study shows that 72 percent of all money paid for overseas travel between the United States and foreign countries, by surface vessels, was paid by United States residents. Yet United States steamship lines

received only 9.4 percent of all overseas surface travel revenues. Breaking those figures down further, we find that United States residents, in the calendar year 1938, spent $61,800,000 for travel across the Atlantic by surface vessel; and they spent $55,000,000 of that total for travel on foreign steamships. That certainly does not establish any traditional preference by Americans for travel on American-flag ships.

Perhaps this is as good a time as any to raise a point about which I feel very strongly. In his report on this bill the Secretary of State declared that—and I quote—"During the last several years, the Department of State has conscientiously and, I believe, effectively carried out a policy of consultation with appropriate congressional leaders on important foreign negotiations." Mr. Chairman, this statement by the Secretary was cited with approval by the Director of the Budget in his brief report on this bill, which echoes an amen to the report of the Secretary of State. Summarizing the Secretary's statements in this regard, the Budget Director referred to the State Department report as one—and I quote—"in which the Department indicated its complete satisfaction with the policy which has been pursued during the last several years of consulting with appropriate congressional leaders on important foreign negotiations which may be expected to develop into the conclusion of agreements or treaties requiring action on the part of the executive branch of the Government." Mr. Chairman, if that is the policy of the State Department, the Department certainly departed from its policy in connection with the Bermuda and Paris agreements. Those agreements were negotiated in secret, and entirely without either prior or contemporary consultation with any Members of Congress, so far as I know. Certainly this committee was not consulted, and Mr. Baker testified he had not consulted any Member of Congress. Perhaps the State Department did not feel there were any Members of Congress who were "appropriate" for consultation in this case. Mr. Chairman, I want to say most emphatically that, in my opinion, while consultation between executive departments of the Government and Members of Congress is a highly desirable practice, I do not believe it is proper for any executive department to decide for itself, in a case of this kind, who are the appropriate Members of Congress to be consulted. The matter of our international aviation policy is one for the Congress as a whole to determine.

Members of the committee have asked me to make some comment on the authority by which the Bermuda agreement was consummated and implemented.

This question divides itself into two parts: First, the authority by which the State Department entered into the agreement; second, the authority under which the Civil Aeronautics Board approved the IATA conference-procedure agreement. There are some other questions of authority, such as the apparent commitment of the Civil Aeronautics Board under the Bermuda agreement to review rates of United States air carriers in international air transportation, but since, so far, there has been no attempt by the Civil Aeronautics Board to exercise authority in these other fields I speak of, the question of authority narrows down to the two points I have just mentioned.

With respect to the authority of the State Department to negotiate the Bermuda agreement, the State Department's position was made clear in a memorandum read by Mr. Blake, which members of the committee will recall Mr. Blake said was in answer to an anonymous memorandum which he said had been circulated among Members of Congress. In the State Department memorandum, which Mr. Blake read, the following statement was made:

"Under the Civil Aeronautics Act of 1938, the President is empowered to grant air-transport rights to foreign nations through the CAB by means of agreements negotiated by the Department of State in consultation with the Board. These agreements must be within the framework of the existing statute. The State Department believes that the air-transport agreement with Great Britain was negotiated within these powers and conditions." Mr. Chairman, I have already pointed out that the State Department did not contend that its authority to negotiate an executive agreement at Bermuda was derived from the constitutional powers of the President, but that it was statutory authority. The quotation I have just made from the State Department memorandum sums the Department's position up quite clearly; and since Mr. Blake told us that memorandum was prepared in answer to criticism on this point of authority, I think we may quite properly take this statement from the State Department memorandum as the basis for discussion of this point.

Let me read it again:

"Under the Civil Aeronautics Act of 1938, the President is empowered to grant air-transport rights to foreign nations through the CAB by means of agreements negotiated by the Department of State in consultation with the Board. These agreements must be within the framework of the existing statute. The State Department believes that the air-transport agreement with Great Britain was negotiated within these powers and conditions."

Mr. Chairman, section 801 of the Civil Aeronautics Act provides that:

"The issuance, denial, transfer, amendment, cancellation, suspension, or revocation of, and the terms, conditions, and limitations contained in, any certificate authorizing an air carrier to engage in overseas or foreign air transportation, or air transportation between places in the same territory or possession, or any permit issuable to any foreign air carrier under section 402 shall be subject to the approval of the President. Copies of all applications in respect to such certificates and permits shall be transmitted to the President by the Authority before hearing theron, and all decisions thereon by the Authority shall be submitted to the President before publication thereof. This section shall not apply to the issuance or denial of any certificate issuable under section 401 (e) or any permit issuable under section 402 (c) or to the original terms, conditions, or limitations of any such certificate or permit."

Section 802 of the Civil Aeronautics Act reads as follows:

"The Secretary of State shall advise the Authority of, and consult with the Authority concerning, the negotiation of any agreements with foreign governments for the establishment or development of air navigation, including air routes and services."

Section 1102 of the Civil Aeronautics Act reads as follows:

"In exercising and performing its powers and duties under this act, the Authority shall do so consistently with any obligation assumed by the United States in any treaty, convention, or agreement that may be in force between the United States and any foreign country or foreign countries, shall take into consideration any applicable laws and requirements of foreign countries and shall not, in exercising and performing its powers and duties with respect to certificates of convenience and necessity, restrict compliance by any air carrier with any obligation, duty, or liability imposed by any foreign country: *Provided*, That this section shall not apply to any obligation, duty, or liability arising out of a contract or other agreement, heretofore or hereafter entered into between an air carrier, or any officer or representative thereof, and any foreign country, if such contract or agreement is disapproved by the Authority as being contrary to the public interest."

Now, Mr. Chairman, each of these three sections of the Civil Aeronautics act has at one time or another been cited by one or more proponents of the Bermuda agreement as the basis for the authority to negotiate that agreement. Let us consider them one by one.

Section 801 comes closest to meeting the statement of the State Department that under the Civil Aeronautics Act of 1938, the President is empowered to grant air transport rights to foreign nations through the CAB by means of agreements negotiated by the Department of State in consultation with the Board. Actually, of course, both sections 801 and 802 must be considered together to get any such concept. And, if we examine these sections very, very perfunctorily, it might appear that they do grant such authority. A somewhat closer examination, however, reveals several interesting facts.

First, section 801 does not grant the President the right to give air transport rights to foreign nations. It does provide that the CAB can act in this regard only subject to the approval of the President. That may sound like a technical distinction, but it is a very important one. It is important because, on the one hand, you have an assumption that the President may do whatever he pleases about granting rights to foreign air lines, and merely use the CAB as an implement for his actions. On the other hand—and this, Mr. Chairman, is what the Civil Aeronautics Act provides—the President is given only what amounts to a veto power over the actions of the CAB in connection with rights granted to foreign air carriers, or to United States air carriers to engage in overseas or foreign air transportation. I believe it is going entirely too far to assume that this veto power implies the power of the President to go ahead, after he has disapproved a CAB finding, and make whatever agreement or grant whatever rights he may see fit to make or grant. The President does not have that power under the Civil Aeronautics Act. Let me point out further, that section 801 requires that copies of all applications in respect to certificates and permits for overseas or foreign air transportation shall be transmitted to the President before hearing. That portion of the section was not complied with in the case of the Bermuda agreement. As a matter of fact, as we all know, the Bermuda agreement granted rights to foreign air carriers without any hearing whatsoever. Mr. Chairman, it is axiomatic in the law that he who seeks to invoke a statute must himself comply with it. I do not see how the State Department or the Civil Aeronautics Board can claim any authority under section 801 of the Civil Aeronautics Act unless the authority in question was exercised in full compliance with that section.

Now let us consider section 802. This section does not, as the State Department memorandum would lead us to believe, convey any authority to the State Department to negotiate agreements granting air transport rights to foreign nations. Let me read the language of section 802 again:

"The Secretary of State shall advise the authority of, and consult with the authority concerning, the negotiation of any agreements with foreign governments for the establishment or development of air navigation, including air routes and services."

All that section says is that when the Secretary of State is about to negotiate or is negotiating any agreements with foreign governments for the establishment or development of air navigation, including air routes and services, he shall advise the Civil Aeronautics Board of the negotiations and shall consult with the Board concerning them. This is not a grant of power; it is a restriction upon the authority of the State Depart-

ment. The authority to negotiate agreements with foreign governments for the establishment or development of air navigation, including air routes and services, lies outside this section; it lies outside the Civil Aeronautics Act. All this section does is say that in exercising whatever authority he may have for the negotiation of such agreements, the Secretary of State shall advise the Civil Aeronautics Board of, and consult with the Board concerning, the negotiation of agreements of the type specified. If the Secretary of State has authority to negotiate a certain agreement by treaty, and only by treaty, then section 802 of the Civil Aeronautics Act says that if that agreement concerns establishment or development of air navigation, it can be negotiated only after advice to and consultation with, the Civil Aeronautics Board.

The State Department complied with section 802 of the Civil Aeronautics Act in negotiating the Bermuda agreement, since the representatives of the Civil Aeronautics Board were present in Bermuda and, in fact, we are told, actually negotiated the agreement, the State Department representative only signing what had been negotiated by the CAB. However, the fact that the Department complied with the provisions of this section has no bearing on the question of whether the Department had any authority in law to negotiate the agreement.

Now, Mr. Chairman, let us look at section 1102 of the Civil Aeronautics Act. This is the other side of the coin. Whereas section 802, as we have seen, put a limitation on the power of the State Department, namely, that in negotiating agreements with foreign governments for the establishment or development of air navigation, whether by treaty or otherwise, it should advise and consult with the Civil Aeronautics Board, section 1102 provides that the Board, in exercising and performing its powers and duties under the Civil Aeronautics Act, shall have due regard for obligations assumed by the United States in any treaty, convention, or agreement that may be in force between the United States and any foreign country or foreign countries. Section 1102 does not convey any authority to the Civil Aeronautics Board. It is a restriction upon the Board. It refers to the powers and duties of the Board under this act. That is, the powers and duties granted by sections of the act other than section 1102. It provides that in exercising and performing its powers and duties under the act, the Board shall do so consistently with any obligation of the United States that may be in force between the United States and any foreign country or foreign countries. Note the language of the section:

"Any obligation assumed by the United States in any treaty, convention, or agreement that may be in force." This clearly contemplates that treaties, conventions, or other agreements may be entered into; and it provides that when they have been entered into, the Civil Aeronautics Board shall exercise and perform its powers and duties consistently with any obligations thus assumed by the United States. I think members of the committee will agree with me that a treaty, convention, or agreement is not in force between the United States and any foreign country unless it has been negotiated and entered into under existing constitutional or statutory authority. Thus the question of whether the Bermuda agreement was entered into under proper authority and is, therefore, binding on the United States, is a question preliminary to determination of whether the Civil Aeronautics Board, under the provisions of section 1102 of the Civil Aeronautics Act, must exercise and perform its powers and duties under that act consistently with the Bermuda agreement. Since it is necessary to show conclusively that the agreement is in force before we can apply to the Civil Aeronautics Board the restriction imposed by section 1102, certainly we may not put the cart before the horse and say that section 1102 makes the Bermuda agreement good, regardless of whether it was negotiated and consummated under proper authority.

So much for the question of the authority under which the Bermuda agreement was entered into. Now, Mr. Chairman, let us consider the question of the authority of the Civil Aeronautics Board to approve the IATA conference procedure.

Members of the committee will recall that Mr. Pogue took issue with Senator BREWSTER when the Senator made reference to the "Legal validity of the Board's assumption of jurisdiction here."

Mr. Pogue said, at that time—and I quote—"The authority to decide on this specific kind of a set-up is in section 412, and it specifically mentions this kind of thing on rates."

Section 412 of the Civil Aeronautics Act provides as follows:

"(a) Every air carrier shall file with the Authority a true copy, or, if oral, a true and complete memorandum, of every contract or agreement (whether enforceable by provisions for liquidated damages, penalties, bonds, or otherwise) affecting air transportation and in force on the effective date of this section or hereafter entered into, or any modification or cancellation thereof, between such air carrier and other air carrier, foreign air carrier or other carrier for pooling or apportioning earnings, losses, traffic, service, or equipment, or relating to the establishment of transportation rates, fares, charges, or classifications, or for preserving and improving safety, economy, and efficiency of operation, or for controlling, regulating, preventing, or otherwise eliminating destructive, oppressive, or wasteful competition, or for regulating stops, schedules, and character of service, or for other cooperative working arrangements.

"(b) The Authority shall by order disapprove any such contract or agreement, whether or not previously approved by it, that it finds to be adverse to the public interest, or in violation of this act, and shall by order approve any such contract or agreement, or any modification or cancellation thereof, that it does not find to be adverse to the public interest, or in violation of this act."

Mr. Chairman, I was intimately concerned with the framing and enactment of the Civil Aeronautics Act of 1938. I spent a good deal of my time for many weary months laboring with this subject. We tried as best we could to anticipate every possible contingency, and to phrase the language of the act so carefully as to cover every such contingency. I am sorry if we failed. But I want to say, here and now, that if we had anticipated that any such interpretation would have been placed upon section 412 as has been placed upon it by the Civil Aeronautics Board in connection with the Board's approval of the IATA conference procedure, we should certainly have amended the language. This is one contingency we did not foresee. This section was intended to require the filing of tariffs by United States air carriers engaged in air transportation within the United States, over whose rates and fares the Board has jurisdiction. It was intended also to require the filing of agreements for joint rates and fares, for divisions of such fares, for pooling of equipment, and for various other matters which might be the subject of agreements between air carriers, whether foreign or domestic. It was also intended to require the filing of any agreements between an air carrier and any other carrier—rail or steamship, for instance, to the end that all such fares and agreements might be scrutinized by the Board before becoming effective. In writing the provisions of the act with respect to agreements between air carriers and other common carriers—those provisions are contained in section 1003 of the act—we used language which makes it clear that the rates, fares, and charges referred to were joint rates, fares, and charges. In writing the language of section 412, we were not, perhaps, quite so careful.

But I submit to you that the intent of the Congress in this connection is readily ascertainable from a reading of the act as a whole, even though it is not spelled out in the section cited. In fact, it is my belief that a reading of section 412 as a whole, without tearing any single phrase out of its context, makes it clear what the Congress intended. I am happy to say that at least one member of the Civil Aeronautics Board understood well enough what the Congress intended. I hope every member of the committee will read carefully, if he has not already done so, the minority opinion of Mr. Josh Lee in connection with the CAB decision on the IATA case. Let me quote one paragraph from Mr. Lee's opinion:

"I further recognize that it will be necessary for the carriers to arrive at understandings in order to facilitate the establishment of through service and joint rates. The Board can, therefore, at its discretion look favorably upon the agreements between connecting carriers for the interchange of traffic, for the coordination of schedules, for the establishment of through services, and for the fixing of joint rates. If these agreements are worked out directly between the connecting carriers themselves without involving other carriers, such agreements should have no adverse effects upon the reservation of competitive incentives and the determination of competitive rates by the action of each carrier. That is, I believe, the type of agreement which Congress anticipated might receive the Board's approval under section 412 (b) of the act."

Mr. Chairman, I have spent perhaps too much time on the question of the intent of Congress in enacting section 412 of the Civil Aeronautics Act. I have done so because I feel particularly well qualified to express an opinion as to that intent, and because it is my belief the committee is entitled to whatever light I may be able to throw on that question. The real crux of the situation, however, is whether the Civil Aeronautics Board has acted within the authority conveyed by section 412, whatever that authority may be.

On this point I can do no better than to again quote Mr. Lee:

"The IATA traffic conference resolution or agreement is admittedly intended to facilitate rate fixing and other joint action with regard to the kind and amount of service to be furnished by international air carriers. Such negotiations or agreements would constitute violations of the antitrust laws of the United States unless the basic agreement providing for this concerted action is approved by the Board, which approval will, pursuant to section 414 of the act, relieve the persons affected from the application of the antitrust laws.

"Section 412 of the act directs that the Board disapprove any contract or agreement submitted to it that it finds to be adverse to the public interest. In my opinion"—and I want to say there, Mr. Chairman, that is not only Mr. Lee's opinion; it is my opinion as well—"the traffic conference agreement submitted to us herein is adverse to the public interest for the reason that it is incompatible with the carefully established international air policy of the United States, and no sound reasons have been advanced why we should abandon this policy, permanently or temporarily."

Mr. Chairman, it has been stated at this hearing that the IATA Conference procedure for fixing rates in international air transportation is a cartel agreement. I do not wish to labor this point, but so that members of

the committee may ponder the matter for themselves, I want the record to contain a statement of what a cartel is.

Broadly speaking, a cartel is an agreement between companies, nominally competitive, to eliminate competition between them. Most cartel agreements contain provisions for the limitation of output, division of markets, and often for the fixing of prices. The word is often used interchangeably with the word "monopoly," although such use is probably not technically correct since the word "monopoly" also connotes the control of an industry by a single company as well as control by many companies operating through agreements. The word "cartel" does not apply to single-company domination, but rather applies to the understandings and agreements between companies for the joint control and private regulation of production and marketing. Cartel agreements are not necessarily formal or in writing.

The encyclopedia of the social sciences describes a cartel as an association based upon a contractual agreement between enterprises in the same field of business, which, while retaining their legal independence, associate themselves with a view to exerting a monopolistic influence on the market.

In common parlance the word more often refers to agreements between companies of different countries (sometimes cartels have been called private international economic governments), but the term does not necessarily refer merely to international agreements. It has also sometimes been used to refer to agreements between domestic companies, to regulate domestic production and marketing.

Now, Mr. Chairman, let me call the attention of the committee to a paragraph from the statement made by Mr. L. Welch Pogue, before this committee, on February 27. Mr. Pogue said—and I quote—"In addition to air transport rights in * * * strategic United Kingdom territories, it is also essential to obtain rights in several other strategic areas whose governments are guided by the United Kingdom in their policy and attitude toward air transport. Although obviously this agreement could not avoid landing rights in the territories of these sovereign countries, there is little doubt that the manifested willingness of the United Kingdom not only to cooperate with the United States but in large part to embrace its basic air-transport policy, will be of great assistance in obtaining the necessary traffic rights in these other countries." Mr. Chairman, Mr. Pogue was talking about the Bermuda agreement. I submit that the language which I have just quoted means only one thing: That in negotiating the Bermuda agreement, we were dealing with Great Britain as the head of a cartel, and that we recognized that fact.

Mr. Chairman, I promised to discuss the question of the difference between a treaty and an executive agreement. We have had considerable difficulty with that question during the course of these hearings.

The letter of the Secretary of State, which was read to the committee by Mr. Miller, reporting on this bill, refers to numerous agreements with foreign countries respecting aviation, and declares that "in all of these cases the agreements have been consistent with and could be carried out under the terms of existing legislation." A little later in that statement, the Secretary of State points out that "throughout the history of this country, there have been numerous instances where foreign negotiations have been concluded through agreements authorized or approved by acts of Congress in one of the fields of congressional responsibility under the Constitution. So long as these agreements remain with the scope of declared congressional policy, there would appear to be no objection whatever to this procedure."

In other words, Mr. Chairman, the Secretary of State recognizes the principle that executive agreements must be carried out consistent with and under the terms of existing legislation, and within the scope of declared congressional policy. The authority for executive agreements, therefore, is statutory. Now, that being the case, certainly Congress can withdraw that authority, either with respect to specific statutes, or with respect to any particular field of negotiations. That should dispose of any contention that S. 1814 is either unconstitutional or improper. The authority for making executive agreements comes from Congress; and Congress can take it away or modify it or circumscribe it, as Congress will.

In that connection, I call the attention of the committee to the statement made by Mr. Miller on the occasion on his appearance before the committee on March 7, that the Bermuda agreement "was only deemed to be within the power of the Executive because of the existing authority vested in the Executive by virtue of previous legislation in Congress."

I am rather inclined to approve the definition of executive agreement offered by our chairman, who said that "an executive agreement is an agreement entered into by the executive department with another country, on behalf of the United States, founded upon an existing treaty or derived from an act of Congress and existing only so long as the authority of the Congress exists."

While Mr. Miller of the State Department, in his discussion of executive agreements, contended that one source of authority whereby foreign agreements may be concluded, other than as treaties, is the inherent constitutional power of the President as the Chief Executive and diplomatic officer of the Government and Commander in Chief of the armed forces, to conclude agreements with foreign countries within the scope of his constitutional responsibilities, Mr. Miller went on, as I have pointed out, to make it clear that he does not consider the authority for making the Bermuda agreement, or similar agreements, to stem from this source. In fact, Mr. Miller cited what he referred to as, and I quote, "the various so-called executive agreements in the field of international civil aviation," as examples of agreements 'concluded by the executive branch in conjunction with legislative action by the Congress under one of its delegated powers." And Mr. Miller went on to say that "while for want of a better term such an agreement is customarily referred to as an executive agreement, it might with equal correctness be called a congressional agreement, since in the nature of this type of instrument its provisions could not be binding upon, or carried out by, the United States without legislative action by the Congress." Pointing out that there may be several different methods in which action by the legislative and executive branches may be combined to bring into being an agreement of this nature, Mr. Miller said that "in the first place, an agreement may be entered into with a foreign country under general powers vested in the executive branch through previous action by Congress." He then cited the various so-called executive agreements in the field of international civil aviation as examples of this type of agreements.

On this question of treaties versus executive agreements, I am somewhat inclined to agree with William Ephraim Mikel, who wrote in his book Limitations on the Treaty-Making Power that something has been written on the extent of the treaty-making power of the President and the Senate. Little has been decided.

Article II of the Constitution, section 2, clause 2, gives the President the power to make treaties by and with the advice and consent of two-thirds of the Senate present at the time, and such treaties are the supreme law of the land. These constitutional provisions contain no definition of the word "treaty" or the words "executive agreements."

It has long been recognized that a treaty is not immutable, but rather is subject to acts of Congress. In 112 U. S. 580, the Supreme Court, back in 1884, declared that: "We are of opinion that, so far as a treaty made by the United States with any foreign nation can become the subject of judicial cognizance in the courts of this country, it is subject to such acts as Congress may pass for its enforcement, modification, or repeal."

Bouvier's law dictionary, third revision, volume 2, page 3312, defines a treaty as a compact between two or more independent nations with a view to the public welfare. Bouvier's continues: "Treaties are for a perpetuity, or for a limited time. Those matters which are accomplished by a single act and are at once perfected in their execution are called agreements, conventions, and pactions, but the distinction in name is not always observed."

Here is another pertinent quotation from Bouvier's: "A treaty may supersede a prior act of Congress, and an act of Congress may supersede a prior treaty." And again: "When a treaty is inconsistent with a subsequent act of Congress, the latter will prevail, the Constitution does not declare that the law established by a treaty shall never be altered or repealed by Congress, and while good faith may cause Congress to refrain from making any change in such law, if it does so, its enactment becomes the law. No person acquires any vested right to the continued operation of a treaty. Although the other party to the treaty may have ground of complaint, still everyone is bound to obey the latest law passed."

In the case *Altman and Co.* v. *U. S.* (224 U. S. 583), the question was raised but not decided, as to whether under the provisions of the Constitution of the United States an agreement is a treaty unless made by the President and ratified by two-thirds of the Senate.

Black's Law Dictionary, third edition, page 1752, defines a treaty as an agreement, league or contract between two or more nations or sovereigns, formally signed by commissioners properly authorized, and solemnly ratified by the several sovereigns or the supreme power of each State.

Mr. Charles Cheney Hyde's textbook on International Law, volume 2, page 1405, carefully points out that the Constitution contains no definition of a treaty and no statement declaring under what circumstances a conventional arrangement purporting to bind the United States must be dealt with according to the procedure that is mandatory in the case of treaties."

Mr. Green Haywood Hackworth, in his Digest of International Law, volume 5, page 390, cites with approval a memorandum prepared by a former solicitor of the Department of State, classifying agreements made by the Executive and not submitted to the Senate as (1) "Agreements made pursuant to authority contained in acts of Congress," and (2) "Agreements entered into purely as Executive acts without legislative authorization."

On page 402 of the same volume, Mr. Hackworth quotes Under Secretary of State Grew as follows:

"In addition to the authority of the President under the Constitution to negotiate and sign treaties with foreign governments and by and with the advice and consent of the Senate to ratify them, the Executive is empowered without legislative sanction to conclude with foreign governments certain classes of agreements which are not classified as treaties in the sense in which that term is used in the Constitution. These agreements are concluded by virtue of the authority inherent in the Chief Executive under the Constitution, and are confined to subject matter within the purview of his constitutional authority."

Mr. Wallace Mitchell McClure, in his book International Executive Agreements, at page 277, says: "Perhaps there is no exact definition possible of the expression 'executive agreements.' It is doubtless used to include international agreements made by the Executive (whether under statutory authority or not), but excluding those made by and with the advice and consent of the Senate. In this sense it is obvious that the term comprises agreements and acts of a quite varied nature; for while such an agreement may finally be made by the President or under his direction, it may in some cases have a very different basis of authority from others; it may rest on a statute; it may follow a treaty; it may be an exercise of the power of the President under the Constitution and without the aid of statute or treaty, such as a modus vivendi or an agreement for the determination of claims of American citizens against another country; or it may, as in the case of an armistice, be his act as Commander in Chief."

An article in the Illinois Law Review, volume 35, page 375, expresses the opinion that executive agreements "are not the supreme law of the land," that they "cannot invalidate conflicting previous legislation," and that they are "not binding on individual citizens"; but then expresses the final conclusion that they are "nonetheless binding on the Nation as a whole."

The article in the Yale Law Journal, which was quoted approvingly to this committee by Mr. Miller, of the State Department, appears in volume 54. The committee might be interested to know that Mr. Miller deleted a phrase from the passage which he quoted. The full passage is as follows: "Despite many attempts to make distinctions between treaties and executive agreements in terms of form, subject matter and legal practical consequences, and however surprising or even shocking the conclusion may be to any who have not examined the record, this common usage is the only distinction that the facts of our constitutional law and practice will sustain." This article continues: "There are no significant criteria, under the Constitution of the United States or in the diplomatic practice of this Government, by which the genus "treaty" can be distinguished from the genus "executive agreement" other than the single criterion of the procedure or authority by which the United States consent to ratification is obtained. More explicity, agreements with other governments, when consummated pursuant to congressional authorization or when subsequently sanctioned by Congress, have the identical legal and practical consequences both under the municipal law of the United States and under international law, as treaties, consented to by two-thirds of the Senate. Agreements with other governments made pursuant to the President's authority alone, when within the scope of his independent powers, has furthermore, substantially the same status as treaties, except in some cases where there is contradictory legislation." Mr. Chairman, although the writer there states definitely his opinion that everything which is not a treaty is an executive agreement, he certainly implies by his choice of language that executive agreements fall into two classes, namely, agreements with other governments consummated pursuant to congressional authorization or subsequently sanctioned by Congress, and agreements with other governments made pursuant to the President's authority alone and within the scope of his independent powers. That is, to my way of thinking, coming a good deal closer to a definition that Mr. Miller led us to believe.

This same article in the Yale Law Journal contains a very interesting comparison between treaties and executive agreements. It is printed in parallel columns. I believe the distinctions made are so important, particularly in view of the fact that the State Department has quoted this article with approval, that it is worth while to take up the time of the committee to call attention to at least some of them.

A treaty, this article points out, is like a constitutional amendment. It can deal with any subject appropriate to international negotiations. On the other hand, the article states, "An executive agreement is strictly limited. It can deal only with subjects especially delegated by Congress, or if made independently by the President, can deal only with normal powers vested in the Commander in Chief and principal diplomatic officer.

A treaty, says this article which the State Department regards as authoritative, can do what Congress cannot. It confers legislative power on Congress. On the other hand, the article declares, an executive agreement cannot do what Congress cannot. It cannot confer on Congress powers of legislation it did not have before.

A treaty, says this article, must be ratified to be binding. An executive agreement, on the other hand, "need not be ratified by the United States." Mr. Chairman, that language is interesting and the reason for it is explained in the next distinction which the article makes between treaties and executive agreements.

A treaty, says the article, binds the United States for its duration. It cannot be repealed by act of Congress except for domestic purposes only. The international obligation remains binding. An executive agreement, on the other hand, this article points out—and I quote—"Binds only as long as it suits both sides. It morally binds only the signing executive, not his successors. If they wish it to continue, it is by voluntary act. An executive agreement is subject to repeal by act of Congress domestically and internationally. Unilateral indication of desire to terminate suffices. Repeal of authorizing statute suffices."

Mr. Chairman, it surprised me somewhat to find this comparison in the article from which the State Department representative was quoting. If Mr. Miller read this comparison, I cannot understand why he did not bring it to the attention of the committee. Perhaps he did not have time to read the whole article. The portion which he quoted was from about page 181. The comparison from which I am now quoting begins on page 623.

"A treaty," says this article, "has a special significance in constitutional law. It can repeal an act of Congress. An executive agreement is unmentioned in the Constitution and has grown only through the necessity of making agreements of a character not to warrant submission to the Senate. It can be repealed by Congress at any time, but cannot repeal an act of Congress. It can of course be nullified or abrogated by treaty, prior or subsequent."

The article points out that a treaty, under the Constitution, is the supreme law of the land, whereas an executive agreement, "with a few exceptions as to contrary State law or when made pursuant to act of Congress" is not supreme law of the land.

The article then points out that a treaty lasts, with unimportant exceptions, as long as its terms provide. On the other hand, the article states, an executive agreement—and I quote—"Is terminable at any time at the unilateral wish of one of the parties. This is true even if it purports to run for a given number of years. No successor to the President is bound by the latter's agreement, although he may consent to permit it to stand."

Mr. Chairman, this comparison concludes with what I consider to be something of a masterpiece of understatement. Pointing out that "no secret treaty can be made by the United States," the article states that: "An executive agreement invites secrecy since the President can make it without notifying anybody. Several secret agreements are now known."

Now, Mr. Chairman, I have just one more matter to discuss and I shall be through.

It has been loosely stated that S. 1814 would prohibit the executive branch of the Government from making any agreements respecting aviation. That is not so. The bill merely requires that certain types or kinds of agreements, in the field of international aviation, shall be made in the form of treaties if they are to be made at all. The kinds and types of agreements to which this requirement would be applied are carefully delineated in the bill. I know the committee will wish to consider this point, so let me paraphrase the bill to make this point clear.

One of the kinds of agreements which the bill would require to be made by treaty is an agreement with any foreign government restricting the right of the United States or its nationals to engage in air transport operations. That seems to be a perfectly proper provision. Restrictions on the right of American citizens to engage in international air transportation should not be made effective by this Government except through the orderly and constitutional processes which guarantee an opportunity for the persons affected by the proposed restrictions to have their day in court.

The next kind of agreement which the bill would require to be made by treaty is an agreement with any foreign government generally granting to such government or its nationals, or to any air line representing such government, any right or rights to operate in air transportation or air commerce other than as a foreign air carrier in accordance with the provisions of the Civil Aeronautics Act of 1938.

The Civil Aeronautics Act sets up a specific procedure and method for granting to foreign air lines operating rights in the United States. It provides for notice and opportunity for hearing. It provides for findings with respect to public convenience and necessity. It provides for Presidential approval. That is the pattern laid down by the Congress. Nothing in S. 1814 would change that pattern. On the contrary, enactment of S. 1814 would insure that the procedure set forth by the Congress shall be followed. Since this procedure is laid down by an act of Congress it cannot legally be changed by an executive agreement. If it is to be changed, it must be changed by treaty or by a subsequent act of Congress. Therefore, the provision of S. 1814 that no attempt may be made to change this procedure except by treaty certainly does no violence either to the Constitution or to the principles of international law.

One other kind of agreement would be required, under S. 1814, to be made by treaty, if at all. That is, agreements with foreign governments respecting the formation of, or the participation of the United States in, any international organization for regulation or control of international aviation.

Mr. Chairman, participation of the United States in an international organization for regulation or control of international aviation necessarily involves giving up some part of the sovereignty of the United States. No such waiver of sovereignty should ever be made by the mere action of the executive branch. Here, if anywhere, is a proper field for the exercise of treaty powers. Here, again, is a matter of vital interest to the public; a matter upon which all interested persons should have an opportunity to be heard, and upon which the will of the people, expressed through their elected representatives, should be listened to.

Participation by the United States in an international organization for regulation or control of international aviation is a continuing matter, of considerable permanency.

By any accepted definition, arrangements for such participation must be regarded as properly the subject of a treaty, rather than an executive agreement.

Those are the provisions of S. 1814. It does not usurp any powers of the President. It does not take away from the executive branch of the Government any powers which it legally has or can lawfully exercise. In a very large degree, this bill is only an attempted assertion of what is already the law.

This bill is an effective vehicle for the expression of the will of the Congress on this subject. A mere resolution by the Senate would not be effective.

This is a matter which cries out for assertion by the Congress of its right to form and control the policy of the United States. This bill is a means for asserting that right effectively and unequivocally, in the present instance. If the Congress, with all the evidence before it, refuses to assert its rights now, it will by its silence assume responsibility for what the executive agencies of the Government have done and may do; and if the result is loss by this country of its rightful place in world aviation, the fault will lie, in the eyes of the future, not with any official or department in the executive branch, but at the door of Congress, where it will then belong.

Mr. McCARRAN subsequently said: Mr. President, in the New York Times of March 10, 1946, there appeared a news article entitled "British Would Block United States Air Line in Italy." In keeping with the subject matter of my presentation earlier this afternoon, and in keeping with the study which is being made by the Senate Committee on Commerce with reference to the Bermuda agreement, the article to which I have referred is exceedingly interesting, and I ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks.

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

BRITISH WOULD BLOCK UNITED STATES AIR LINE IN ITALY

ROME, April 9.—The British are exerting pressure through their Embassy here on the Italian Government to hold up ratification of the Trans-World Airline contract with the Italians for joint operation of Italian internal airways, it was asserted here tonight by a highly qualified person.

This is the newest move in an earnest undercover fight, with no holds barred, which has gone on for months between American and British air interests. The whole proceedings are invested with a heavy air of mystery, which can no longer be laid to a need for "security" but which is assiduously maintained.

The contract between TWA and the Italian Government was signed February 11 and approved by the combined Chiefs of Staff. The Allied Commission so informed the Italian Government March 22. Ratification by the Italian Government is still necessary.

The British have been bitter over their exclusion from Italian internal traffic and claimed the contract was negotiated without their knowledge. That is difficult to understand, since the Allied Commission representatives, including the British, were necessarily in touch with all developments.

Now it is charged the British are blackmailing the Italian Government with suggestions that, although the British cannot prevent the execution of the contract, they can make life easier or more difficult for Italians when the peace treaty is negotiated.

VETERANS' EMERGENCY HOUSING ACT OF 1946

The Senate resumed consideration of the bill (H. R. 4761) to amend the National Housing Act by adding thereto a new title relating to the prevention of speculation and excessive profits in the sale of housing, and to insure the availability of real estate for housing purposes at fair and reasonable prices, and for other purposes.

The PRESIDENT pro tempore. The question now recurs on agreeing to the committee amendment as amended.

Mr. McCLELLAN. Mr. President, I send forward an amendment which I ask to have read.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 21 it is proposed to strike out lines 4 to 23, inclusive, and insert in lieu thereof the following:

SEC. 2. (a) There is hereby created an office to be known as Housing Expediter; and the President is authorized, by and with the advice and consent of the Senate, to appoint an existing official of the Government to serve as Housing Expediter, or to appoint the Housing Expediter either within any existing agency or as an independent officer of the Government. In the event of an appointment of an existing official, he is hereby authorized and permitted to continue in his present post while serving as Housing Expediter, except that he shall receive no additional compensation by reason of his appointment hereunder. If, however, such Housing Expediter is appointed within an existing agency of the Government, he shall receive compensation in compliance with the laws and regulations applicable to officers within such agency; if the Housing Expediter is appointed as an independent officer of the Government, he shall receive compensation at the rate of $12,000 per annum.

Mr. BARKLEY. Mr. President, if the Senator yields, may I inquire if I am correct in stating that the amendment provides for senatorial confirmation of the Housing Expediter, no matter whether he be an existing official of the Government or is appointed within any existing agency, or as an independent officer of the Government?

Mr. McCLELLAN. That is the objective of the amendment.

Mr. BARKLEY. I have no objection to the amendment, Mr. President.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN] on page 21 of the committee amendment, as amended.

The amendment to the amendment was agreed to.

Mr. BUCK. Mr. President, I send forward an amendment which I ask to have stated. On page 39 of the bill, in line 8, after the word "than", I propose to strike out "$600,000,000" and insert in lieu thereof "$400,000,000."

Mr. President, I am opposed to subsidies, although yesterday I voted very reluctantly to retain subsidies in the bill. I did so because Mr. Wyatt, who appeared before the committee, gave us to understand that unless he had access to money for premium payments, this bill would not be effective. He stated that he would not be able to provide for the erection of houses as rapidly as we all want them to be constructed in order that they may be made available to veterans. He did not, however, to my satisfaction, tell us why $600,000,000 was fixed upon. He may have reached out into the air and gotten it, but, be that as it may, it is questionable whether it is too much or too little. I should much prefer to see the sum cut down and the Administrator come to Congress again and ask for an additional sum if he finds, in due time, that additional money is needed.

Mr. President, I hope the amendment I have offered will be agreed to.

Mr. BARKLEY. Mr. President, I do not like to find it necessary continually to be rising, seemingly monopolizing all the time, but I hope the pending amendment will not be agreed to. It was estimated before the committee that there would be a total of almost $14,000,000,000, at the retail level of building materials, necessary for the 2-year period, and this is a 2-year program. On the producers' level it would be a little above $9,000,000,000. It is estimated that there would be premium payments made upon 30 percent—we provided in the bill that it could not be beyond 30 percent—of the total amount of material. That would make it necessary to spend on the whole program a total of $426,000,000 in premium payments for the conventional material.

The Senate has authorized the Expediter to pay premium payments upon new materials which will amount to $200,000,000. In other words, the total amount estimated to be necessary to carry out the 2-year program is $626,000,000, but we are providing for only $600,000,000 as the maximum allowable under the bill.

If we cut this amount below $600,000,000, the Expediter must make his plans for the 2-year period according to the cloth he has. He cannot depend upon coming back to Congress at the beginning of 1947 and getting more money if he finds he needs it. He has to prepare a program for 1946 and 1947.

We have authorized the Expediter to use the premium payments. Certainly we are not going to be niggardly with him and hobble him in carrying out the program which we have authorized, by reducing the amount by one-third. If it turns out not to be necessary to use the entire $600,000,000, it will not be used, but if we cut it to $400,000,000 the Expediter will be required to prepare his plans for 1946 and 1947 based upon the $400,000,000 figure. He cannot go beyond that by one cent, and it would be entirely too late, anyway, to come back to Congress next January or February, or sometime in 1947, and try to amend his program so as to make it what it is necessary to make it now, in order that the 2-year program can be carried forward. I hope the amendment will not be agreed to.

Mr. TAFT. Mr. President, in the first place, the Expediter has no program. He is able to say that here and there he needs premium payments. So far as

making up a program as to where premium payments are to be made is concerned, he has not even gotten to that point yet.

The $600,000,000 is an appropriation. The Committee on Appropriations will never get another look at this money. It is handled in the same manner as subsidies have been handled. It will be handled by the RFC borrowing money to pay it, so that in effect we are now not only authorizing the $600,000,000 but we are making the appropriation. We are doing what we are refusing to do for every other department of the Government: we are at one time making an appropriation for 2 years.

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

Mr. TAFT. I yield.

Mr. BARKLEY. It is not an appropriation in the ordinary sense. It is authority to the Reconstruction Finance Corporation to provide the premium payments to the extent of $600,000,000, as they have provided other payments out of money from sources available to them. It is not necessary for the Reconstruction Finance Corporation to come to the Committee on Appropriations or to Congress every time it makes premium payments, or pays subsidies, or whatever it may pay. The Committee on Appropriations does not have any jurisdiction over this amount, in the sense that it is an appropriation. It is authority to the Reconstruction Finance Corporation to use this amount, and, if necessary, in making premium payments, to obtain the amount from the sources from which it has received other funds.

Mr. TAFT. I do not think there is anything the Senator from Kentucky has said which contradicts anything I have stated. It is not really an appropriation, but in effect it is an appropriation. Unlike the situation in the case of most authorization bills, it is not necessary to come back to Congress for an appropriation. That is the point I am trying to make. If the Expediter did have to come back, I am quite certain that in this case the Committee on Appropriations would give him only the money he needed for 1946, or for the fiscal year 1946.

The $600,000,000 is to be spread over all of 1946 and all of 1947. It seems to me we should have another look at the program. Even its most earnest advocates must admit it is an experimental program. I think the amount should be cut to $400,000,000, and when Congress meets next January, if the experiment is a success, and if it is necessary to continue it, we can give the Expediter the other $200,000,000.

If we appropriate the $600,000,000, we cannot stop the program without direct and positive legislation, which probably could not be adopted, but if the Expediter needs more money he can return to Congress, and we can decide whether the program shall continue through the year 1947. I think we should have another look at the program.

Furthermore, if we give him now the $600,000,000, there is absolutely nothing in the bill to prevent his spending all of the $600,000,000 in 1946, and then coming back at the end of 1946 and saying, "I have established these rates, and they should not be changed, and I want more money."

It seems to me perfectly logical, assuming that $600,000,000 is to be spent over the whole program, if it continues, that we limit the appropriation at this time to $400,000,000, with the invitation to the Expediter to return next January, if he wishes, and if the program is a success we can look it over at that time, and retain the power in our hands to stop the program then if we think it should be stopped.

Mr. President, that is the purpose of offering the amendment, and on the amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BARKLEY. Mr. President, just one word in reply to one of the suggestions of the Senator from Ohio. He says the Expediter has no program. He has a program. He has a program of 1,200,000 houses in 1946 and 1,500,000 in 1947, which makes a total of 2,700,000 houses for veterans.

Two hundred thousand of those houses are provided for by appropriations which we have already made for veterans' housing, which reduces the number to 2,500,000. If we reduce the authorization by one-third, we reduce the number of houses in the program by one-third, and instead of getting 2,700,000 houses in 1946 and 1947, we will get about 1,600,000, plus the 200,000 for which we have already provided.

It will be impossible for the Expediter to bring about the necessary increase in production, which is the prime objective of the premium-payment program, if he has to wait until 1947 to begin the process of increasing production for the houses to be built in 1947.

The result will be that he will have to thin out his program and spread it out over a 2-year period, which will make it impossible to build the number of houses called for by the program.

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

Mr. BARKLEY. I yield.

Mr. VANDENBERG. Is the $600,000,000 intended to cover a 2-year program?

Mr. BARKLEY. It is.

Mr. VANDENBERG. What would be the objection to a slight protection at this point to insure that it is not all exhausted in the first year, so that we then would confront the necessity of making a supplemental appropriation? In other words, I am asking the Senator what his reaction would be to an amendment which said, "Provided that not more than $600,000,000 shall be used for such premium payments, of which not more than $400,000,000 shall be used or obligated during the calendar year 1946."

Mr. BARKLEY. It may be necessary in 1946 to enter into contracts with producers by which they will be paid the premium on the increased production in 1947, or during the period 1946 and 1947. There ought not to be any prohibition against making provision in advance for the payment of the amount that will be due in 1947.

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

Mr. BARKLEY. I yield.

Mr. TAFT. There is nothing that I know of relating to any contract with producers. No premium payments up to date have been made under contract. The private producers have announced what they are going to do, and when they stop doing it they will stop doing it. I would say that if we were going to limit the expenditure in 1946 it ought to be limited to $300,000,000 in 1946, because we have only part of the year to consider, as against 1947, if it is only payments that are involved. If obligations are involved, then I can agree to the $400,000,000 figure, because I take account of the fact that we have to provide for the first 3 months of 1947.

Mr. BARKLEY. I will say to the Senator from Michigan that there is this difficulty about it. What we need is an increase in production of building materials, not only for the building of veterans' homes, but for the building of other homes. If possible, we should stimulate production to the extent that all these homes could be built, and others besides, that is other construction. If it is possible to increase the production of building materials in 1946 to carry out the veterans' program in 1946 and 1947, it is doubtful whether the Expediter ought to be restricted in his ability to pay premiums on a sufficient amount of building materials to carry out the program.

Mr. VANDENBERG. That is the reason for my suggestion. I suggested $400,000,000 for 1946. I think there is force in the suggestion that, inasmuch as we have authorized the program, we ought to authorize the payments. But I think it may also be said, as the result of our experience with subsidies, Mr. President, that when once a program of this sort is initiated we too frequently confront an expansion of the program to such an extent that it exceeds anything we originally contemplated.

Mr. BARKLEY. That could not take place under this legislation unless Congress hereafter increases the amount beyond the $600,000,000.

Mr. VANDENBERG. I quite understand that; but if the Expediter spends the entire $600,000,000 in 1946, whereas he has already been committed to another year of operations, he would be in pretty good position to come here and justify his additional request.

Mr. BARKLEY. No. This is what would happen in that case: If he paid out in 1946 enough premium payments to bring about the increased production necessary to carry out this program it would mean that there would be enough building material available in the beginning of 1947 almost to guarantee that the program for that year could be continued.

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

Mr. BARKLEY. I yield.

Mr. CONNALLY. If the $600,000,000 can be spent legitimately in 1946, why does anyone want to postpone the spending of any of it to 1947? The need is now, and the more quickly these houses

can be constructed, or the more quickly they can be contracted for or obligated for, the more desirable it is.

Mr. VANDENBERG. Very well. Let us apply it all to this year.

Mr. CONNALLY. I make that statement simply in answer to what the Senator from Michigan said.

Mr. BARKLEY. The objective of the $600,000,000 is to stimulate production of building material. If we stimulate it sufficiently in 1946 to bring about the increase in building material sufficient to carry out the program, there is a serious question whether the Expediter should be required to wait until 1947 to pay premium payments on products of 1946 for the program.

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

Mr. BARKLEY. I yield.

Mr. VANDENBERG. I simply want to add that I am sorry to say I cannot conceive of a situation, under our experience with subsidies, which would lead me to the optimism that even if the scheme succeeded as completely as the Senator from Texas envisions and the $600,000,000 were spent successfully in the first year, there would then be a voluntary abandonment of the program in the year following. That would be just a nature fake.

Mr. BARKLEY. The voluntary abandonment of the program, of course, would not involve the program for building of houses, which the Government is not doing. It is stimulating the production of the material necessary to build the houses in the 2-year period.

Mr. President, regarding subsidies, the constant increase in authorization is more apparent than real. As a matter of fact a considerable amount of the subsidies authorized has already been saved and reallocated to another purpose, to be expended up until the 1st of July of this year. We did not increase the appropriation. We did not increase the authorization. But we transferred the savings in an amount authorized for subsidies in one category over to another in order to carry on the program until June 30, at which time the OPA situation will be gone into.

Mr. VANDENBERG. I will say to the Senator that I certainly do not intend to cut the appropriation with respect to the 2-year program. But I should like an opportunity to vote to be sure that we are financing a 2-year program.

Mr. BARKLEY. I agree with that objective. I think that is what we are doing. But if we say that the Expediter can spend so much of it in 1946 and so much of it in 1947, it might turn out that he would be handicapped in paying the premiums necessary to get the materials essential to begin the program of 1947 by the time 1947 arrives.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Delaware [Mr. BUCK] on page 39, line 7, to strike out "$600,000,000" and insert in lieu thereof "$400,000,000."

Mr. BUCK. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. WALSH. I announce that the Senator from Pennsylvania [Mr. MYERS] is attending a meeting of the Board of Visitors at the Naval Academy in Annapolis. If present and voting, he would vote "nay."

Mr. BANKHEAD. I have a general pair with the Senator from Nebraska [Mr. BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who if present and voting would vote as I intend to vote. I am therefore at liberty to vote. I vote "nay."

Mr. THOMAS of Utah. I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. Not knowing how he would vote, I transfer that pair to the Senator from Pennsylvania [Mr. MYERS], who if present and voting would vote as I intend to vote. I am therefore at liberty to vote. I vote "nay."

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY], and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Maine [Mr. BREWSTER] and the Senator from Michigan [Mr. FERGUSON] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nebraska [Mr. BUTLER] have general pairs which have been heretofore announced and transferred.

The Senator from Michigan [Mr. FERGUSON] and the Senator from Indiana [Mr. WILLIS] would vote "yea" if present.

The result was announced—yeas 25, nays 50, as follows:

YEAS—25

Ball	Hickenlooper	Saltonstall
Brooks	Langer	Smith
Buck	McClellan	Taft
Byrd	Millikin	Wherry
Capehart	O'Daniel	Wiley
Capper	Overton	Wilson
Gerry	Reed	Young
Gurney	Revercomb	
Hart	Robertson	

NAYS—50

Aiken	Bushfield	Ellender
Austin	Carville	Fulbright
Bankhead	Connally	Gossett
Barkley	Cordon	Green
Bilbo	Donnell	Guffey
Briggs	Downey	Hatch
Hawkes	McMahon	Shipstead
Hayden	Magnuson	Stewart
Hoey	Maybank	Taylor
Johnson, Colo.	Mead	Thomas, Okla.
Johnston, S. C.	Mitchell	Thomas, Utah
Kilgore	Morse	Tunnell
Knowland	Murdock	Vandenberg
La Follette	Murray	Wagner
McCarran	O'Mahoney	Walsh
McFarland	Pepper	Wheeler
McKellar	Radcliffe	

NOT VOTING—21

Andrews	Ferguson	Myers
Bailey	George	Russell
Brewster	Glass	Stanfill
Bridges	Hill	Tobey
Butler	Huffman	Tydings
Chavez	Lucas	White
Eastland	Moore	Willis

So Mr. BUCK's amendment was rejected.

Mr. BARKLEY. Mr. President, I wish to offer an amendment which I am sure will be agreed to. The amendment is on page 32, to strike out lines 4 to 9, inclusive.

The PRESIDENT pro tempore. The amendment offered by the Senator from Kentucky will be stated.

The LEGISLATIVE CLERK. On page 32, after line 3, it is proposed to strike out:

> If the buyer fails to bring an action under this subsection within 60 days from the date of the violation, the Expediter may bring such action on behalf of the United States within 1 year from the date of the violation. If such action is brought by the Expediter, the buyer shall thereafter be barred from bringing an action for the same violation.

Mr. BARKLEY. Mr. President, the language proposed to be stricken out provides that if the buyer fails to bring an action under the subsection within 60 days from the date of the violation, the Expediter may bring such action on behalf of the United States within 1 year. Personally, I do not think it is important. If the purchaser of a house who has been compelled to pay more than the ceiling price is not willing to bring suit to recover the difference, I do not see why the Expediter should be charged with that obligation. Therefore, I offer the amendment to strike out lines 4 to 9, inclusive, on page 32.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BARKLEY].

The amendment was agreed to.

Mr. BARKLEY. Mr. President, I wish to say to the Senator from Michigan [Mr. VANDENBERG], with reference to the suggestion which he made a while ago to limit the expenditure of the 1946 budget to $400,000,000, that the bill must go to conference. There is nothing in the House bill with reference to premium payments, and I should like an opportunity to look into the feasibility of the suggestion, to see whether such a limitation would be harmful. If it would not interfere with the program, I should be glad, in conference, to try to arrive at such a limitation of the expenditure. I think we can do it a little more intelligently in conference than here on the floor of the Senate.

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. TAFT. At what point may the title be amended?

The PRESIDENT pro tempore. After the passage of the bill.

Mr. CORDON. Mr. President, do I correctly understand that the title may be amended only after the passage of the bill?

The PRESIDENT pro tempore. Only after the passage of the bill.

Mr. JOHNSON of Colorado. Mr. President, I have an amendment on the desk. I shall not press it because I have just been informed that the FHA and the NHA both prefer title VI in the present legislation to the amendment which I was about to offer.

I ask unanimous consent that my amendment be printed in the RECORD at this point as a part of my remarks.

There being no objection, the amendment intended to be proposed by Mr. JOHNSON of Colorado was ordered to be printed in the RECORD, as follows:

Amend paragraph (b) of section 711 by striking the period at the end thereof, inserting a colon and adding the following: "*Provided further*, That if the dwelling is designed for a single-family residence and the mortgagor is the owner and occupant of the property at the time of the insurance and is a person who is eligible for the benefits of title III of the Servicemen's Readjustment Act of 1944, as amended, the mortgage may involve a principal obligation not to exceed 100 percent of the Administrator's estimate of the necessary current replacement cost of the property, which otherwise complies with the provisions of this paragraph: *And provided further*, That any excess in the amount of the mortgage over 90 percent of the estimated necessary current replacement cost of the property shall be endorsed on the veteran's discharge or eligibility certificate, together with a notation of the type of insurance used, and such endorsement shall have the same effect upon the aggregate amount of the guaranty available to such veteran under the provisions of section 500 (a) of the Servicemen's Readjustment Act of 1944, as amended, as if such excess had been fully guaranteed under the provisions of title III of such act."

Mr. CORDON. Mr. President, I move that the bill be amended by striking out all the language appearing in lines 21 and 22, on page 19, the language reading as follows:

That this act may be cited as the "Veterans' Emergency Housing Act of 1946."

In my opinion, that title is a misnomer. I do not believe that the act should be cited as the "Veterans' Emergency Housing Act of 1946," or held out to anyone as such an act. It is a housing act for 140,000,000 people, of whom not more than 12,000,000 are veterans.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. CORDON].

Mr. BARKLEY. Mr. President, just a word about the pending amendment. The title was changed by the committee because, instead of being a mere technical amendment to the present housing laws, it is a bill intended to expedite the production of building material primarily for the benefit of veterans.

I hope the amendment will not be adopted.

Mr. MILLIKIN. Mr. President, I should like to read into the RECORD excerpts from a telegram pertinent to the pending bill which I have received from an American Legion post in Denver, Colo., of which I am a member:

At a regular meeting of Leyden-Chiles-Wickersham Post, No. 1, of American Legion, which has membership of over 8,300 and is the second largest post in the United States, it was voted to urge your opposition to the Patman Act and all similar legislation that will result in socialization and regimentation of housing. Since VJ-day continued Government wartime controls have prevented the huge construction industry from building homes needed by veterans, thus also denying employment to hundreds of thousands of veterans and other labor. Government agencies offer as a substitute unsound new legislation. Such proposed solution by public housing propagandists is opposed by veterans. Private enterprise throughout the country is ready with experience, building sites, and money to build more low-priced homes faster and better than any municipal, State, or Federal bureau, but because of Government policies materials and equipment are not available to them. In Denver alone 1,814 low-priced homes stand uncompleted because of lack of materials. We recommend that positive action be taken as follows:

1. Defer for 1 year all nonessential Federal, commercial, and industrial construction, plus construction of deluxe-price residences.

2. Lifting of price ceilings to enable full-scale production of materials and equipment used in homes to be built in the United States of America.

3. Prohibition of continued wholesale foreign shipments of lumber and other building materials.

4. FHA be made responsible that veterans be given 30 days' preference to purchase or rent new homes and apartments and for other directives to implement the spirit of low-priced homes for veterans.

The time has come for a show-down whether the United States of America is going to become socialistic or remain a strong nation of free enterprise.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. CORDON], on page 19, after line 20, to strike out "That this act may be cited as the 'Veterans' Emergency Housing Act of 1946.'" [Putting the question.]

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

Mr. BARKLEY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. WALSH. I anounce that the Senator from Pennsylvania [Mr. MYERS] is attending a meeting of the Board of Visitors at the Naval Academy in Annapolis. If present and voting he would vote "nay."

Mr. BANKHEAD. I have a general pair with the Senator from Nebraska [Mr. BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who, if present and voting, would vote as I intend to vote. Therefore, being at liberty to vote, I vote "nay."

Mr. THOMAS of Utah. I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. Not knowing how he would vote, I transfer that pair to the Senator from Pennsylvania [Mr. MYERS], who, if present and voting, would vote as I intend to vote. I am, therefore, free to vote, and I vote "nay."

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY], and the Senator from Virginia [Mr. GLASS], are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], and the Senator from Illinois [Mr. LUCAS], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Maine [Mr. BREWSTER] and the Senator from Michigan [Mr. FERGUSON] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nebraska [Mr. BUTLER] have general pairs which heretofore have been announced and transferred.

The result was announced—yeas 31, nays 45, as follows:

YEAS—31

Austin	Hawkes	Shipstead
Ball	Hickenlooper	Smith
Brooks	Langer	Stanfill
Buck	Millikin	Taft
Bushfield	Morse	Vandenberg
Capehart	O'Daniel	Wherry
Capper	Overton	Wiley
Cordon	Reed	Wilson
Donnell	Revercomb	Young
Gurney	Robertson	
Hart	Saltonstall	

NAYS—45

Aiken	Hatch	Mead
Bankhead	Hayden	Mitchell
Barkley	Hoey	Murdock
Bilbo	Johnson, Colo.	Murray
Briggs	Johnston, S. C.	O'Mahoney
Byrd	Kilgore	Pepper
Carville	Knowland	Radcliffe
Connally	La Follette	Stewart
Downey	McCarran	Taylor
Ellender	McClellan	Thomas, Okla.
Fulbright	McFarland	Thomas, Utah
Gerry	McKellar	Tunnell
Gossett	McMahon	Wagner
Green	Magnuson	Walsh
Guffey	Maybank	Wheeler

NOT VOTING—20

Andrews	Ferguson	Myers
Bailey	George	Russell
Brewster	Glass	Tobey
Bridges	Hill	Tydings
Butler	Huffman	White
Chavez	Lucas	Willis
Eastland	Moore	

So Mr. CORDON's amendment was rejected.

The PRESIDENT pro tempore. The question now recurs on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDENT pro tempore. The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill was read the third time.

The PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

Mr. BARKLEY. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BARKLEY. Mr. President, before the roll is called, I wish to say that yesterday, during the colloquy between the Senator from Louisiana [Mr. OVERTON] and myself, I stated that the American Federation of Labor has endorsed this legislation in its entirety. I have received a letter from Mr. Harry C. Bates, chairman of the housing committee of the American Federation of Labor. Attached to his letter he sends me a statement issued by the housing committee of the American Federation of Labor. The statement contains their recommendations with respect to this legislation, and in the statement they deal with various phases of the legislation, including the maximum resale prices on existing homes, priorities and allocations, and extension of emergency wartime FHA insurance under title VI, which is included in the bill, and various other provisions. I ask unanimous consent that the statement, together with Mr. Bates' letter, be printed at this point in the RECORD.

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

AMERICAN FEDERATION OF LABOR,
Washington, D. C., April 10, 1946.

Hon. ALBEN W. BARKLEY,
United States Senate,
Washington, D. C.

DEAR SENATOR BARKLEY: In the course of the debate on the veterans' emergency housing bill (H. R. 4761) you stated that the American Federation of Labor "has endorsed this legislation in its entirety." Attached is a copy of a statement setting forth the official views of the American Federation of Labor with regard to this legislation, calling for a number of important changes which we believe essential to protect the interests of the veterans and others against foisting on them high-priced, substandard housing which the present version of the bill would foster. Your efforts to perfect this legislation along the lines recommended will be appreciated.

Sincerely yours,

HARRY C. BATES,
Chairman, Housing Committee,
American Federation of Labor.

STATEMENT BY THE HOUSING COMMITTEE, AMERICAN FEDERATION OF LABOR, ON H. R. 4761 (THE PATMAN VETERAN HOUSING BILL) AS APPROVED BY THE SENATE BANKING AND CURRENCY COMMITTEE

In a letter to the President on February 8, 1946, the American Federation of Labor expressed its support of the veterans' emergency housing program and made certain recommendations regarding standards and procedures which this program should embody. A copy of that letter is attached.

The following is a statement of our views regarding the Patman bill (H. R. 4761) as approved by the Senate Banking and Currency Committee.

MAXIMUM RESALE PRICES ON EXISTING HOMES

The amendments of the Senate committee are directly in accord with the recommendation made by the A. F. of L. that control to prevent further inflation in the price of existing housing be accomplished by placing a ceiling on resale of residential properties, including land, after the first bona fide sale. While we consider the original version of the price control provisions, as proposed in the House in the Patman bill, too broad, general, and, therefore, administratively unworkable, we believe that with the Senate amendments this section becomes wholly acceptable and recommend its adoption in that form.

PRIORITIES AND ALLOCATIONS

Allocation of scarce building materials to assure construction of urgently needed housing was urged by the A. F. of L. nearly a year ago. Last summer and last fall we urged that the wartime limitation order on building materials be replaced with an allocation order which would assure orderly transition in the supply of scarce building materials. This advice was ignored by the Director of the Office of War Mobilization and Reconversion who directed the repeal of the wartime order without any affirmative action to meet the emergency. This has greatly contributed to the scramble for scarce materials and the resulting maldistribution of material supplies, has stimulated much speculative commercial building of small structures throughout the country, and has made the shortages more acute.

The provisions of the bill dealing with priorities and allocations of building materials are in accord with our previous recommendations. We believe, however, that in this portion of the legislation Congress should recognize that certain types of nonresidential construction are needed just as much as homes in order to meet the housing emergency itself and in order to speed reconversion. The proposed act contemplates construction of housing on a large scale. This means development of new neighborhoods and of whole housing projects. It will create an immediate need for new schools, hospitals, and other community facilities to serve this new housing development. Materials needed for utilities—water, sewage, streets, sidewalks, etc., must also be safeguarded. In addition, there will be continued urgent need for industrial construction related to reconversion. There will be many instances of such industrial construction related to reconversion which will bear directly on the expansion of production and employment. We doubt that it is the intent of Congress to assure needed homes to veterans and others, and at the same time deprive them of job opportunities and, therefore, incomes which would enable them to pay for these homes, by stopping industrial construction necessary for productive expansion. In view of this, we ask that statutory provision be made in the proposed system of priorities and allocations to give equal priority status to schools, hospitals, community facilities, industrial construction related to reconversion, and other necessary nonresidential building, in order to make this type of construction eligible for scarce materials without which it cannot be built.

EXTENSION OF EMERGENCY WARTIME FHA INSURANCE UNDER TITLE VI

The Patman bill would extend title VI of the National Housing Act and provides for a further increase in the maximum mortgage amounts insurable by FHA under that title. We reiterate our vigorous opposition to the extension of title VI and disagree strongly with Mr. Wyatt's view that this extension will in any way contribute to the solution of the housing emergency. We believe that the form in which this title is proposed will do nothing but fleece the veteran and the taxpayer by having the Federal Government underwrite mortgage loans at excessive interest rates for emergency-built homes of questionable quality, financed without any risk to the lender. What justification is there for a 4-percent interest rate when a 90-percent commitment by the Government gives the lender an effective 100-percent guarantee and renders the loan absolutely riskless? The committee itself admits that "it is more than likely that much of this housing under title VI will be priced at more than $6,000" and that "at least half of the veterans and their families cannot afford housing in this price range." Actually the proposed title raises the maximum price to $9,000 for a single family house. Most houses during the emergency will be priced near or at the maximum. There are almost no veterans who can afford $9,000 homes. Clearly, then, this provision is designed to benefit not the veteran but the speculative builder.

Titles III and IV of the Wagner-Ellender-Taft general housing bill, S. 1592, as introduced on November 14, 1945, provide a sound, effective, and well-designed program of bringing a large volume of rental housing, as well as sale housing, within the reach of veterans and other families of modest means. We urge that this peacetime extension of wartime title VI be stricken from the proposed bill, and that, instead, Congress give its prompt and unqualified approval to S. 1592.

PREMIUM PAYMENTS AND GOVERNMENT MARKETING

The American Federation of Labor could not support the Monroney amendment on premium payments which was considered and rejected by the House. We offered a number of specific objections to that amendment, which gave a blanket delegation of authority to the Housing Expediter for the disbursement of these incentive payments and set no minimum standards for the products to be produced with the aid of public funds. The Senate committee version meets most of our objections to the form of the Monroney amendment on premium payments which was considered and rejected by the House. The standards which the Housing Expediter must apply under section 13 (b) of the Senate committee version are in general accord with the recommendations of the American Federation of Labor. However, even in this form, the bill does not provide the safeguard which, we insist, is vital to the veterans and other home buyers. In return for special financial aid the Federal Government should require that minimum standards of durability, livability, and safety be met by the producers of homes receiving such aid. Sections 11 (a) (5) and 12 (a) (5) merely provide that materials produced and houses built with such aid be tested for sound quality, and, in the case of houses, for durability, livability, and safety. Nowhere in the bill is there a requirement that a minimum standard of quality of materials and of durability, livability, and safety of homes be met as a condition of financial aid and with proper provision for compliance. Nor is there a requirement that producers and builders receiving premium payments pay not less than the minimum wage standards prevailing in the locality.

Apart from this consideration, we have grave doubts regarding the soundness of the proposal to put the Government in the marketing business. Of all the problems surrounding the present crisis and likely to persist for some time, ready sale of available good homes is certainly not one. If it is contemplated that the Government is to market the homes it buys at a loss, such a double subsidy should be clearly spelled out in the statute and the intent of Congress with respect to it stated in unmistakable

terms. If the Congress does authorize the market-guaranty procedure, it is its clear duty to spell out specific minimum standards for the products it proposes the Government would be marketing. Without such specific standards the effect of the enactment would be to leave the marketing of good housing in private hands while making it the responsibility of the Government to act as an agent for dumping substandard homes, bearing the seal of the United States, upon the unsuspecting veteran.

It is the hope of the American Federation of Labor that H. R. 4761 may be perfected in accordance with the foregoing recommendations and that, with these changes, it will be promptly enacted into law.

HOUSING COMMITTEE,
AMERICAN FEDERATION OF LABOR,
HARRY C. BATES, *Chairman.*
BORIS SHISHKIN, *Secretary.*

Mr. WHERRY. Mr. President, a telegram has been sent to me by R. J. Gray, chairman of the executive council of the building trades department, and Herbert Rivers, secretary-treasurer of the building trades department. The telegram reads as follows:

APRIL 10, 1946.

Senator WHERRY,
United States Senate,
Washington, D. C.:

There appears on page 3351 of CONGRESSIONAL RECORD of April 9, 1946, the following statement made by Senator BARKLEY in addressing the Honorable Senator OVERTON: "Does the Senator from Louisiana realize that the American Federation of Labor, which contains within its membership practically all the building trades of the United States, has endorsed this legislation in its entirety?" We have this day wired Senator BARKLEY that he is mistaken in this statement that the building and construction trades department of the American Federation of Labor has not and does not endorse the proposed veterans housing legislation in its entirety. We are submitting to the Honorable Senator TAFT and Senator BARKLEY written statement of the position of the building and construction trades department on this bill signed by Harry C. Bates, chairman of the A. F. of L. housing committee.

R. J. GRAY,
Chairman, Executive Council Building Trades Department.
HERBERT RIVERS,
Secretary-Treasurer, Building Trades Department.

Mr. BARKLEY. Mr. President, I wish to say that I have not seen that telegram. Although it may be at my office, I have not seen it at all.

Mr. WHERRY. I have submitted it in order to clear the record.

Mr. BARKLEY. I do not object to that. But the colloquy to which reference has been made occurred yesterday under circumstances which all of us can remember, and I simply wished to put the American Federation of Labor on record as it wishes to be put on record.

The PRESIDENT pro tempore. The question is, Shall the bill pass. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Nebraska [Mr BUTLER]. Not knowing how he would vote, I transfer that pair to the Senator from Ohio [Mr. HUFFMAN], who, if present and voting, would vote as I intend to vote. I am therefore at liberty to vote. I vote "yea."

Mr. WALSH (when Mr. MYERS' name was called). I announce that the Senator from Pennsylvania [Mr. MYERS] is attending a meeting of the Board of Visitors at the Naval Academy in Annapolis. If present and voting, he would vote "yea."

The roll call was concluded.

Mr. BANKHEAD. My colleague, the junior Senator from Alabama, is absent on account of the death of his father. If present and voting, he would vote "yea."

Mr. BARKLEY. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Alabama [Mr. HILL], and the Senator from Ohio [Mr. HUFFMAN] are absent because of deaths in their families.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS] and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Illinois [Mr. LUCAS], and the Senator from Georgia [Mr. RUSSELL] are detained on public business.

The Senator from New Mexico [Mr. CHAVEZ] is absent on official business.

I wish to announce further that, if present and voting, the Senator from Florida [Mr. ANDREWS], the Senator from North Carolina [Mr. BAILEY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senators from Georgia [Mr. GEORGE and Mr. RUSSELL], the Senator from Illinois [Mr. LUCAS], and the Senator from Maryland [Mr. TYDINGS] would vote "yea."

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], and the Senator from Indiana [Mr. WILLIS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Maine [Mr. BREWSTER] and the Senator from Michigan [Mr. FERGUSON] are necessarily absent.

The Senator from Nebraska [Mr. BUTLER] has a general pair which has been heretofore announced and transferred.

The Senator from Michigan [Mr. FERGUSON], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Indiana [Mr. WILLIS] would vote "yea" if present.

The result was announced—yeas 63, nays 14, as follows:

YEAS—63

Aiken	Downey	Knowland
Austin	Ellender	La Follette
Bankhead	Fulbright	Langer
Barkley	Gerry	McCarran
Bilbo	Gossett	McClellan
Bridges	Green	McFarland
Briggs	Guffey	McKellar
Buck	Hart	McMahon
Byrd	Hatch	Magnuson
Capehart	Hayden	Maybank
Capper	Hoey	Mead
Carville	Johnson, Colo.	Mitchell
Connally	Johnston, S. C.	Morse
Donnell	Kilgore	Murdock
Murray	Smith	Tunnell
O'Mahoney	Stanfill	Vandenberg
Pepper	Stewart	Wagner
Radcliffe	Taft	Walsh
Reed	Taylor	Wheeler
Saltonstall	Thomas, Okla.	Wiley
Shipstead	Thomas, Utah	Young

NAYS—14

Ball	Hawkes	Revercomb
Brooks	Hickenlooper	Robertson
Bushfield	Millikin	Wherry
Cordon	O'Daniel	Wilson
Gurney	Overton	

NOT VOTING—19

Andrews	George	Russell
Bailey	Glass	Tobey
Brewster	Hill	Tydings
Butler	Huffman	White
Chavez	Lucas	Willis
Eastland	Moore	
Ferguson	Myers	

So the bill H. R. 4761 was passed.

The PRESIDENT pro tempore. The question now is on the amendment to the title as reported by the committee.

Mr. TAFT. Mr. President, I invite the attention of the majority leader to the fact that, in the first place, the words "and existing" and the words "and real estate" were stricken out of the bill, so the title does not conform to what the bill contains.

In the second place, the availability of housing should be stated at least as it is stated in section 1 of the bill. There the language reads:

> The long-term housing shortage and the war have combined to create an unprecedented emergency shortage of housing, particularly for veterans of World War II—

And so forth. I think the title of the act should be amended so as to read, in part, "An act to expedite the availability of housing, particularly for veterans of World War II."

Mr. BARKLEY. Mr. President, that would not be an appropriate title.

Mr. TAFT. Mr. President, I think the title should conform to what is stated in section 1. There the language reads "particularly for veterans." The words "and existing" and the words "and real estate" in the last line of the title should be stricken out.

Mr. BARKLEY. Mr. President, I do not believe that is essential. If there is any change to be made in the wording of the title, it can be done in conference.

Mr. TAFT. I wish to suggest to the Senator that the title contains the words, "by curbing excessive pricing of new and existing housing and real estate." We struck out all curbing of prices of existing housing, and all curbing of prices of real estate. Therefore, the words "and existing" and the words "and real estate" should be stricken out.

Mr. BARKLEY. The Senator is correct about the words "and existing" and the words "and real estate."

Mr. TAFT. I move that the words "and existing" and the words "and real estate" appearing in the last line of the title be stricken out.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Ohio to the amendment to the title.

The amendment to the amendment was agreed to.

Mr. TAFT. I myself believe that the word "particularly" should be inserted

in the second line of the title after the word "housing."

The PRESIDENT pro tempore. Without objection, the title will be amended so as to read: "An act to expedite the availability of housing for veterans of World War II by expediting the production and allocation of materials for housing purposes and by curbing excessive pricing of new housing, and for other purposes."

Mr. BARKLEY. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

The PRESIDENT pro tempore. The conferees will be appointed later.

NATIONAL HOUSING POLICY

Mr. WAGNER. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1147, Senate bill 1592.

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

The CHIEF CLERK. A bill (S. 1592) to establish a national housing policy and provide for its execution.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from New York.

The motion was agreed to; and the Senate proceeded to the consideration of Senate bill 1592 to establish a national housing policy and provide for its execution, which had been reported from the Committee on Banking and Currency with an amendment.

EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, 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 REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. CONNALLY, from the Committee on Foreign Relations:

Maj. Gen. John H. Hilldring, United States Army, to be an Assistant Secretary of State;

George S. Messersmith, of Delaware, now Ambassador Extraordinary and Plenipotentiary to Mexico, to be Ambassador Extraordinary and Plenipotentiary to Argentina; and

Duane B. Lueders, of Minnesota, to be a foreign-service officer, unclassified, a vice consul of career, and a secretary in the diplomatic service.

By Mr. OVERTON, from the Committee on Commerce:

Capt. Thomas A. Shanley, United States Coast Guard, to be appointed a rear admiral for temporary service in the United States Coast Guard to rank from the 25th day of February 1946 while serving as district Coast Guard officer, Fifth Naval District, or in any other assignment for which the rank of rear admiral is authorized;

Capt. Louis W. Perkins, United States Coast Guard, to be appointed a commodore for temporary service in the United States Coast Guard to rank from the 16th day of March 1946, while serving as commander, North Atlantic Ocean Patrol, or in any other assignment for which the rank of commodore is justified;

Admiral Russell R. Waesche to be an admiral (retired) on the retired list of the United States Coast Guard;

Leo Otis Colbert, of the United States Coast and Geodetic Survey, to be Director of the Coast and Geodetic Survey for a term of 4 years, effective April 8, 1946;

Col. Edwin H. Marks, Corps of Engineers, for appointment as president, California Debris Commission, vice Brig. Gen. Philip G. Bruton, Corps of Engineers, to be relieved;

Rear Adm. Merlin O'Neill, United States Coast Guard, to be appointed a rear admiral for temporary service in the United States Coast Guard with date of rank as such from the 15th day of February 1946; and

Sundry employees of the Coast and Geodetic Survey to the position of aide with rank of ensign in the Coast and Geodetic Survey.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

TREASURY DEPARTMENT

The Chief Clerk read the nomination of Edward H. Foley, Jr., to be Assistant Secretary of the Treasury.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The Chief Clerk read the nomination of Robert E. Noonan to be collector of customs, collection district No. 25.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Harry T. Foley to be surveyor of customs in customs collection district No. 10.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

SELECTIVE SERVICE SYSTEM

The Chief Clerk read the nomination of Milton E. Ballangee to be director of selective service for the Territory of Hawaii.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

The PRESIDENT pro tempore. Without objection, the Army nominations are confirmed en bloc, and, without objection, the President will be notified at once of all confirmations of today.

INTER-AMERICAN COFFEE AGREEMENT

Mr. CONNALLY. Mr. President, I move that the Senate ratify the extension of the Inter-American coffee agreement on November 28, 1940, Executive A, which is now on the calendar. This is merely an extension of the coffee agreement we have had for a number of years, and it is very desirable that there be prompt action.

Mr. TAFT. Mr. President, I do not object to this treaty being set down for consideration, but I should like to make some remarks on it, and I am not ready at the moment. This is in direct violation of all the reciprocal trade proposals. It is in direct violation of the State Department's policy in the British loan regarding multilateral trade without quotas. It continues the quota arrangement as to coffee, and is completely inconsistent with everything else the department is urging us to do. I should like to have an opportunity to make a few remarks on the treaty. I had no notice it would come up today.

Mr. CONNALLY. If the Senator will get his remarks ready, I shall not push the matter now.

INTERNATIONAL SUGAR AGREEMENT

Mr. CONNALLY. Mr. President I ask that the Senate consider Executive B, a protocol dated in London, August 31, 1945, relating to the regulation, production, and marketing of sugar.

Mr. TAFT. Mr. President, I suggest that if the two treaties are coming up, we be given notice. One day is enough.

Mr. CONNALLY. They have been on the calendar for more than a month.

Mr. TAFT. I understand that, and for that reason they have slept on their rights, so to speak.

Mr. CONNALLY. If the Senator insists, I do not object.

Mr. TAFT. I have prepared some material, but I do not have it here with me.

Mr. CONNALLY. I serve notice that at the next executive session I shall move that these agreements be considered and ratified.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 52 minutes p. m.) the Senate took a recess until tomorrow, Thursday, April 11, 1946, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 10 (legislative day of March 5), 1946:

TREASURY DEPARTMENT

Edward H. Foley, Jr., to be Assistant Secretary of the Treasury.

CUSTOMS SERVICE

Robert E. Noonan to be collector of customs for customs collection district No. 25, with headquarters at San Diego, Calif.

Harry T. Foley to be surveyor of customs in customs collections district No. 10, with headquarters at New York, N. Y.

SELECTIVE SERVICE SYSTEM

Milton E. Ballangee to be director of selective service for the Territory of Hawaii, with compensation at the rate of $6,650 per annum.

IN THE ARMY

APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

Generals of the Army in the Regular Army of the United States

George Catlett Marshall to be General of the Army in the Regular Army of the United States, with rank from December 16, 1944.

Douglas MacArthur to be General of the Army in the Regular Army of the United States, with rank from December 18, 1944.

Dwight David Eisenhower to be General of the Army in the Regular Army of the

United States, with rank from December 20, 1944.

Henry Harley Arnold to be General of the Army in the Regular Army of the United States, with rank from December 21, 1944.

TEMPORARY APPOINTMENT IN THE ARMY OF THE UNITED STATES

Martin Conrad Shallenberger to be a brigadier general.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 10, 1946

The House met at 11 o'clock a. m.

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

O Master, the world's Saviour, Thou who remainest the same today and forever, we rejoice that Thy mercy never faileth. We pray Thee to cleanse our thoughts and purposes by the inspiration of Thy spirit, that we who take counsel for our Nation shall give the true perspective of our times. O keep us from running in self-chosen and self-pleasing ways and thus we shall maintain our rich estate—the mastery of life. We praise Thee for the heart-winning words of our Saviour, which would teach us the virtue of humility, the real nature and value of wealth, and the capacity to serve in public and in private life. Grant us the spirit of good will, devotion to the truth, the strength to do our work, and the courage to turn our words into deeds. In our labors dispel every shadow of self-seeking, that our hope in Thee may be free from the mark of distrust and the fear that dishonors Thee. We pray that Thy guiding radiance above us shall be a beacon to God, to love, and loyalty. Amen.

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

BOARD OF VISITORS—UNITED STATES MILITARY ACADEMY

The SPEAKER laid before the House the following communication:

APRIL 8, 1946.

Hon. SAM RAYBURN,
The Speaker,
House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: Under date of January 6, 1945, I notified you, pursuant to the provisions of the act approved May 17, 1928 (10 U. S. C. 1052a), of the names of the members of this committee I had designated as members of the Board of Visitors to the United States Military Academy for the Seventy-ninth Congress.

This is to advise that I have designated Hon. W. F. NORRELL, of Arkansas, to fill the vacancy resulting from the death of Hon. J. Buell Snyder.

Sincerely yours,

CLARENCE CANNON,
Chairman.

EXTENSION OF REMARKS

Mr. LANE asked and was given permission to extend his remarks in the Appendix of the RECORD and include a short address he made at a reception tendered to the French consul at Chelsea, Mass.

SPECIAL ORDER GRANTED

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that today, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore entered, I may address the House for 30 minutes.

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

There was no objection.

EXTENSION OF REMARKS

Mr. OUTLAND (at the request of Mr. SAVAGE) was given permission to extend his remarks in the Appendix of the RECORD and include a statement from the National Planning Association entitled "America's Stake in the British Loan."

Mr. ELLIS asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

PERMISSION TO ADDRESS THE HOUSE

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a magazine article.

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

There was no objection.

[Mr. ELLIS addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. FARRINGTON asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article from the United Press about Daniel Webster and Hawaii.

MORE BUNGLING

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

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

There was no objection.

Mr. STIGLER. Mr. Speaker, upon receiving information on March 1 that the Office of War Mobilization and Reconversion had allocated 10,000 tractors to UNRRA, I immediately dispatched a telegram to the Director protesting such action, and asking him to please advise if this information were true. Not having received an answer to my telegram, I dispatched another on March 18 reasserting my protest, and again called on him to advise me if such action had been taken.

On March 27 I received a very short letter in answer to my telegram of the 18th—nothing was said about the one on March 1—advising me that members of his staff were going into the matter and they would communicate with me in regard to it in the near future.

A few days thereafter I received a letter a little more in detail, advising me that—I quote:

> The availability of tractors in the war-torn areas abroad will be an important factor in determining the amount of food which these areas can produce, and thus in lessening the danger of mass starvation overseas.

The quote is somewhat vague, but I assume the tractors were sold or given to UNRRA.

What about the farmers of America? And particularly the veteran? Here we are being called upon to feed the world and our veterans are clamoring for farm machinery and cannot get it. And yet, the over-generosity of some of our officials sanctions the sending of 10,000 tractors overseas.

Mr. Speaker, I know it has been estimated that there are 500,000,000 people in war-torn Europe and elsewhere on starvation. As one, I am willing to miss a meal each day so they may have food, but I was burned up when I read about a war veteran in the State of Washington offering to trade his Distinguished Service Cross for a priority on a tractor and cannot get one.

Think of it—all these tractors being sent to Europe and elsewhere, and our veterans going without.

I call this to the attention of the House in the hope that our Committee on Expenditures in the Executive Departments will correct this situation before it happens again.

EXTENSION OF REMARKS

Mr. RICH asked and was given permission to extend his remarks in the RECORD and insert an editorial from the Williamsport Gazette and Bulletin, entitled "The Land of the Free."

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Boston Post of April 8, entitled "Truman's First Year."

Mr. RANKIN. Mr. Speaker, yesterday I secured unanimous consent to correct the RECORD to insert some material that was inadvertently left out of a speech which is printed in the RECORD of April 5 on the Tennessee-Tombigbee inland waterway. Since those items are rather lengthy, I ask unanimous consent to have the speech reprinted in the Appendix with those corrections.

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

There was no objection.

PHILIPPINE REHABILITATION ACT, 1946

Mr. BELL. Mr. Speaker, pursuant to the order made yesterday, I call up for immediate consideration the bill (S. 1610) to provide for the rehabilitation of the Philippine Islands, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Under the order made, the gentleman from Missouri is recognized for 30 minutes, and the gentleman from California [Mr. WELCH] is recognized for 30 minutes.

Mr. BELL. Mr. Speaker, I yield 5 minutes to the Commissioner from the Philippine Islands, General ROMULO.

Mr. ROMULO. Mr. Speaker, I want to express the gratitude of the people of the Philippines to the people of the United States for the legislation which is now before the House. This legislation, providing for the rehabilitation of

the Philippines, passed the Senate a few weeks ago. It is the product of the observations and thinking of some of the best minds in America, with the cooperation of President Osmeña and other Filipino representatives. But it is more than that. It is the product of the many years of collaboration between the American and Filipino peoples—of the common ordeal through which we have passed—and, most of all, of the undying friendship between us.

I do not presume to appeal to you now for passage of the bill. Rather, I take it for granted that you are going to help us rebuild our shattered land, and I stand before you as the spokesman of 19,000,000 Filipinos who want me to tell you of their appreciation and to give you some of the background information on Philippine rehabilitation.

My homeland, Mr. Speaker, is in ruins. Its proud capital is no more. Its industries are silent, for few wheels turn. Its fields too often lie untended, for there is no means of transporting their produce to market. Its trade and commerce languish. The people hunger.

This is the price we paid for our loyalty to the United States. The Japanese attacked us while our soil was still protected by the American flag, and the tens of thousands of Filipinos who died during the war years were American nationals. We do not regret our stand. We are proud of it. And today, in our pride, we look only for the help that will permit us to get back on our feet and pick up once again the tools of progress.

In his report to the Senate when the Philippine rehabilitation bill was submitted to that body, Senator TYDINGS declared:

> Prior to the Japanese invasion the Filipinos were carrying on virtually their entire government and doing it successfully. Had there been no war with Japan the problem of transition from their existing status to complete independence would have been relatively simple. The ravages of war with Japan have completely altered this happy prospect. When the Philippines do become independent next July, they will start on the road to independence with a country whose commerce, trade, and political institutions have been very, very seriously damaged. Years of rebuilding are necessary before the former physical condition of the islands can be restored. Factories, homes, government and commercial buildings, roads, bridges, docks, harbors, and the like are in need of complete reconstruction or widespread repairs. It will be quite some while before the Philippines can produce sufficient food with which to sustain themselves.
>
> The internal revenues of the country have been greatly diminished by war. Much of the assessable property basis has been destroyed. Foreign trade has vanished. Internal commerce is but a fraction of what it used to be. Machinery, farming implements, ships, bus and truck lines, interisland transportation and communications have been wrecked.

This report, which received the unanimous vote of the Senate Committee on Territories and Insular Affairs, cites figure after figure in the statistical analysis of destruction in the Philippines. Statistics may have no heart, and they may paint no graphic picture of handsome buildings now gutted, of human beings massacred with cold steel, of homeless children clad in rags. But, by their very impersonality, they tell an impressive story. Let us look at some of these statistics, gathered, not from Filipino sources but from American sources.

I pick these figures at random from the report. The value of the public property in the possession of the national government alone was $116,186,825. Of this amount, exactly $99,561,425 has been lost in the war. Communications and electric plant, including cable lines, was valued at $2,764,875. The loss was $2,764,875—exactly 100 percent. Machinery, tools, and furniture of the national government alone was valued at $15,287,700. The loss was $15,287,700—exactly 100 percent.

Private property was hit equally hard. I quote a single paragraph from the Senate report:

> There is some damage in all districts in Manila, but the most valuable sections have been practically destroyed. The port area and the Santa Cruz district have suffered a 90 percent loss; Malate and Intramuros, 93 percent; Paco, Ermita, and Binondo, from 68 to 85 percent. Most of the damage occurred when the Japanese were driven from the city in December 1944 and January 1945. As the Japs withdrew they deliberately set fire to most of the buildings in the financial, retail, and high-class apartment and residential districts.

Do you want to know what Manila looks like today? Imagine Washington in ruins. All Government buildings are tumbled to the ground, excepting only the White House. This very building in which we sit now leaning crazily on its side, the walls caved in, and the world-famed cupola lying shattered in the Capitol subway. The busiest intersection in Washington—Fourteenth and F Streets, for example—no more than a crossroads in the midst of ruins neatly cleared away to allow the jeeps and trucks and wayfarers to find their way about. All of the great department stores gone. They are at best empty shells with glassless windows yawning an invitation to the winds and rain. The residential districts from here to Chevy Chase are flattened, and the fine embassies along Massachusetts Avenue but a memory. This Congress would be meeting, perhaps, in what is left of the high school in the Georgetown district, and the Members would walk many miles each day to get there from the impromptu dwellings they had fixed up for themselves in rat-infested cellars. For months all of Washington must go without electricity and running water, and, because of the shortage of essential supplies, prices are sky high. Along business streets, like Connecticut Avenue, merchants have erected makeshift stalls to carry on their pathetic trade. And everywhere there is wreckage, misery, ruin.

If Washington had undergone Manila's Calvary, that is what this capital city would be like today. And remember, Mr. Speaker, that the destruction in the Philippines was not limited to Manila. It reached out into the smaller cities—Cebu, almost totally destroyed, for example—and to the tiniest villages from northern Luzon to Mindanao.

Any person who has visited the Philippines since liberation knows that our country could not possibly revive, restore, rebuild, and rehabilitate, without help from you. Our islands are rich with natural resources. Our people are anxious to work their way back to a high standard of living. Our businessmen stand ready to reestablish the commercial relations which, in the past, have contributed so much to the United States as well as to the Philippines. But we cannot begin this work without money and materials.

The whole future of the Philippines depends upon the help we get from you. Next July, at the latest, we embark upon a new chapter in our Nation's history. At that time, we shall achieve the independence we have earned so painfully. But independence without rehabilitation would be a mockery of the sacrifices of the men who fought and died for freedom—freedom from want as well as the other three great freedoms.

That is why I speak in the name of all my countrymen in telling you of our heartfelt gratitude for the action you will soon take in passing the Philippine rehabilitation bill. This bill is part of a five-way program of assistance which the United States is undertaking in the Philippines.

First of all, it provides for compensation of war damages, to the amount of $400,000,000. These damages occurred as a result of enemy attack, action taken by the enemy, action by or at the request of the United States armed forces in prosecuting the war, or looting, pillage, and disorder. At the time the damages occurred, the Philippines was under the sovereignty of the United States of America. Though we fought back because we were Filipinos, and Filipinos will always fight for freedom, we were also fighting as American nationals in defense of the American flag. This compensation, therefore, is no more than a matter of simple justice on the part of the American people.

As the bill stands, there is provision for the payments ultimately to be made by the very people who were the cause of all the destruction in the Philippines: the Japanese. Any sums received from Japan by way of reparations or indemnity will be covered into the Treasury of the United States until they are equal to the amounts paid out for Philippine war damage compensation. Once this amount has been reached, any further reparations payments from Japan will be used to satisfy claims still unpaid or not fully paid.

This war damage compensation will benefit, not only the wealthy, but also the little fellow whose hundred-dollar losses are as important to him as the hundred-thousand-dollar loss is to the rich man. And it is our expectation that all sums received as compensation for war damage will be used solely for useful, productive purposes in the Philippines.

The second point in the rehabilitation program, also covered by this bill, is the transfer of surplus property to the Philippine Government, to the amount of $100,000,000. This surplus property,

I am informed, will include practically all of the materials no longer needed by the armed forces in the Philippines, excepting, of course, military weapons, munitions, and toxic gas. It will include building and construction equipment and materials, vehicles, and other necessary items. This surplus property is already in the Philippines. We need it badly. If we do not get it, the property would have to be shipped back to the United States, at great cost to the Government and at a time when all shipping space should be used to bring high-point troops home for discharge or to carry food to the hungering people of Asia and Europe.

We can use this surplus property to repair and replace Government buildings, equipment, and other property; to restore and provide essential public buildings, services, works, and utilities, including hospitals, schools, and other health and welfare institutions; and to rehabilitate our economy and encourage private enterprise in the Philippines.

The third point in the rehabilitation program, which is covered by this bill, is the restoration and improvement of public property and essential public services. For this purpose, the bill appropriates $120,000,000. This money will be used to put our roads, streets, and bridges back into commission. The communications system in the Philippines has virtually collapsed because of the war. Except for highways maintained for military purposes, our roads are in disrepair, and we have hardly a permanent bridge left in the entire country. Out of these funds, too, it will be possible for the Corps of Engineers to rebuild the port and harbor facilities destroyed by the war. Assistance is also provided in the fields of public property, public health, inter-island commerce, weather information, fisheries, and coast and geodetic surveys.

These are the essentials to a restoration of normal economic life in the Philippines. We cannot survive unless we receive this help.

The fourth point in the rehabilitation program, which is partially covered by this bill, is the technical assistance we shall receive from the United States. While, from the point of view of the money required, this does not compare with the other aspects of rehabilitation, we consider it one of the most important of all. For we know very well that no nation can take its permanent place in the family of sovereign states unless it has competent technicians to handle its essential services.

Because of the war, we have lost many of the most highly trained and most experienced of our Filipino technicians. We must replace them, quickly. This bill provides for a thorough training program—10 Filipino engineers to be trained in the maintenance and operation of highway transport facilities; 10 Filipino engineers to be trained in the construction, improvement, and maintenance of port facilities and other river and harbor improvements; 100 Filipinos to be trained in public-health methods and administration; 50 Filipinos to be trained each year in the United States Merchant Marine Cadet Corps and at the United States Merchant Marine Academy; 50 Filipinos to be trained each year in air navigation and air traffic; 50 Filipinos to be trained the first year, and 25 Filipinos to be trained each succeeding year, in meteorology and weather service; 125 Filipinos to be trained in deep-sea fishing and other fishery techniques, with the establishment of fishery schools in the Philippines by the Fish and Wildlife Service; and 20 Filipinos to be trained each year in Coast and Geodetic Survey work.

In addition to the training provisions in this bill, certain agencies and departments of the United States Government are conducting programs of assistance to us in training Filipinos in other fields of governmental and economic service.

We need this help. We need the technical assistance, the advice, the experience, the know-how, of the most successful Nation on earth. And we are grateful to you because, in your wisdom, you are making it available to us.

The fifth point in the rehabilitation program is not covered by this bill. It is the entire matter of future trade relations between the United States and the Philippines. All of the other four points will depend, to a very great extent, on these trade relations. The House has already unanimously passed the Philippine trade bill, and it is our hope that the Senate will do the same thing within the next few days—or even hours.

I do not think it is necessary for me to go into greater length on the urgent need for the Philippine Rehabilitation Act in my homeland. But let me—as a Filipino born on the other side of the Pacific Ocean—remind you of America's direct self-interest in Philippine rehabilitation.

You made a commitment to the Filipino people before the war and during the war. Before the war, the United States committed itself to the recognition of our independence by July 4, 1946. You were keeping your promise when the Japanese attacked, and that was one of the chief reasons why we unhesitatingly stood by your side. During the war, the United States committed itself to the proposition that our independence would be maintained as well as established, and that the ravages of the war in the Philippines would be fully repaired. The people of the United States are in the habit of keeping their promises. That is reason No. 1 why we take it for granted that the bill will pass.

Reason No. 2 is American security. The United States will continue to maintain great bases in the Philippines for the defense of its own integrity, as well as for the peace of the world. No base can be truly safe unless it rests upon the foundation of a contented, law-abiding, prosperous civilian population. And no civilian population will be contented, law-abiding or prosperous if, after suffering the untold devastation of the war, it is not enabled to return to the ways of normal, progressive life.

The third reason is perhaps the most important of all: the prestige of the United States throughout the Far East. One billion human beings in the Orient are watching the noblest experiment ever conducted in the Eastern Hemisphere—the ever-growing friendship and cooperation between a powerful western nation and a small eastern nation. So far this friendship has met the test of war. Now it faces the test of peace. If the United States provides the Philippines with the assistance it needs—as I know it will—American prestige will soar. If the United States were to ignore its responsibilities in the Philippines, American prestige would plummet to earth. Prestige, Mr. Speaker, may be an abstract idea. But wars are brewed in the cauldron of national reputations. I say to you now that the United States was attacked by Japan in 1941—in part, at least—because its prestige was low. The United States has now reached a new high throughout the Orient as an enlightened, disinterested champion of human freedom. It cannot afford to lose its moral strength in these trying days of peacetime maneuverings. This legislation is more than help for the Philippines. It is a rock of strength for American prestige in the Far East, and therefore it is a force for enduring peace throughout the world.

For our part, we of the Philippines want to thank you most sincerely for the understanding and sympathy and generosity with which you have tackled our mutual problems. We have been loyal to you because we believe with you in the basic ideals of free men—the ideal of democracy, and peace, and brotherhood, and understanding. Today, as you consider this legislation which translates into the brittle words of legal terminology the principles for which we both have fought and suffered, we assure you that we shall continue to stand by your side, in peace as in war, in victory as in defeat, in the future as in the past.

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

Mr. ROMULO. With pleasure.

Mr. RANKIN. I agree, of course, with what the gentleman is saying. I am gratified beyond expression that the Filipinos are now obtaining their independence. I wish for them unbounded peace, happiness, and prosperity.

Several days ago some very distinguished men from the Philippines came to me and asked that the Veterans' Administration facilities be left in the Philippines for a time at least after July 4, when their independence goes into effect. We could not do that, of course, unless it were satisfactory to the Philippine Republic. Does the gentleman know what the feeling is about it?

Mr. ROMULO. I thank the gentleman from Mississippi for the interest he has taken in this matter. I have spoken on the floor about it once, and I want to reiterate to him the desire of my people that our veterans be given the justice they deserve. We want the Veterans' Administration to continue in the Philippines, and I hope we can enlist his support to this end. The gentleman from Mississippi has always shown himself to be a true friend of the Philippines.

Mr. BELL. Mr. Speaker, I yield myself 5 minutes.

The SPEAKER. The gentleman from Missouri is recognized for 5 minutes.

Mr. BELL. Mr. Speaker, it has been less than half a century since the armed forces of America drove from the Philippine Islands the Spanish tyrants who had for centuries held the Philippine people in a state of serfdom. For the first time in the history of the long centuries that have gone before, a great power brought to a weaker and subject nation the open hand of friendship and the offer of nationhood and liberty. Gradually, the processes of free government were worked out. Step by step, the blessings of liberty were brought to the Philippines. Schools and roads, orderly processes of government, a higher standard of living became a recognized and a settled part of the policy of America toward the Philippines. When in 1941 the ruthless hordes of Japan swept across the Philippines like a devastating flood, the citizens of that island republic were first given the acid test. They were crushed but not conquered. In their wooded hills and among the underground places of their cities the fires of liberty and hope were kept burning and they never failed in their courage, their loyalty, and their devotion to the cause of liberty, and never once did they falter in their complete and magnificent loyalty to the people of the United States whom they believed to be their friends. They were weighed in the balance and they were not found wanting. You men of America today, when you vote upon this bill, will face a test. You will have your sincerity, your friendship, and your loyalty to those friends in that far-off island country tested in the crucible of action upon this bill. America is asked to give out of its great treasures in order that the farms and industries of the Philippines and the necessary functions of government may be restored and permitted once more to function. I know that this body will not fail to do its duty. This bill, however, is not entirely one-sided. The appropriations and expenditure of the moneys authorized in this bill will bring returns and prosperity in trade and in those intangible values which friendship in a troubled world must carry, many times overshadowing the actual cost in dollars and cents.

Gentlemen, you will recall that it has only been a few days since this House passed the Philippine trade bill, a bill which I filed in the House, setting up a liberal program of trade relations between the United States and the Philippines, a program frankly designed to bring prosperity through the expansion of private industry and the building of trade and commerce between the two countries. This bill furnishes the sinews whereby the trade bill can be made to function with effectiveness. This bill provides for the rehabilitation of harbors and port facilities; for transportation and communications systems in the Philippines; for rebuilding of warehouses and factories, manufacturing plants and utilities, and the rebuilding of government buildings so that there may be an orderly handling of the business of the nation. The public health service, of course, must be restored, for without this a stabilized business program in a tropical country would be impossible. Churches and schools are to be rebuilt. Our own ancestors, when they first came to America, built churches and schools and it has been recognized by Americans ever since that without these things, there could be no ordered civilization. Without these things, the great program of trade and commerce visualized in the trade bill would not be able to function.

Mr. Speaker, this is one bill authorizing an appropriation which, I think, will return to the American people many times the amount authorized to be appropriated. The bill sets up the Philippine War Damage Commission, and authorizes the payment of certain sums to rehabilitate the economy of the Philippines. I do not need tell you, Mr. Speaker, that every city has been devastated, every industry has been devastated, even the farmers across those islands have been ruined, their carabao have been taken, their machinery has been destroyed. The Philippines without the assistance given in this bill will find it impossible to rehabilitate their economy. By doing the things that are authorized in this bill, we will rehabilitate the Philippines and we will recreate our sixth best customer in world commerce. Everybody in the South has an interest in this because it is the first market outside the United States for their cotton products. The people of New England have an interest in it because the first market outside of the United States for the products of the New England cotton mills is in the Philippines. The dairy farmers have an interest in it because the Philippines is the best market outside the United States for dairy products. The wheat growers in the Middle West have an interest in the passage of this bill because there is no other source outside the United States which furnishes as large a market for flour and the products of the farms of the Middle West as the Philippines. So while it is a thing that we owe the Filipinos because we promised it to them, it is also a moral obligation and it is a thing that we ought to do for our own selfish interest as well. If we do not pass this bill we will be depriving this country of vast amounts of trade. We will not only be failing in our duty to a gallant little country whose people fought with unfailing loyalty and courage in the recent conflict, but if you vote down this bill you will dry up a golden stream of commerce that will bring wealth and welfare to both countries.

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

Mr. BELL. I yield to the gentleman from Indiana.

Mr. SPRINGER. I have not had the opportunity of going through this report. May I ask, what is the total amount of the appropriations which this bill will carry?

Mr. BELL. Five hundred and twenty-five million dollars. There are $400,000,000 for rehabilitation of the physical property of private concerns, farmers, and so forth; $120,000,000 to rehabilitate and rebuild the buildings that are necessary for the operation of the government there; then $5,000,000 which is necessary to rebuild our own buildings which we will need for an embassy and for the numerous buildings to accommodate the necessary United States departments over there.

Mr. SPRINGER. I thank the gentleman.

Mr. COLE of New York. Mr. Speaker, will the gentleman yield?

Mr. BELL. I yield to the gentleman from New York.

Mr. COLE of New York. In addition to the sums which the gentleman has identified as being authorized, there is also a further authorization of surplus property to the extent of $100,000,000.

Mr. BELL. The gentleman is correct.

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

Mr. BELL. I yield to the gentleman from Pennsylvania.

Mr. RICH. I note from the hearings that they figure the recapitulation of all losses in the Philippines amounts to $818,000,000-plus. The gentleman says we are appropriating $400,000,000; in other words, about half of the amount that will be required for complete rehabilitation?

Mr. BELL. If we give them that much help, private industry will be able to carry the balance of the load and we want to do it as cheaply as we can; therefore we are not appropriating enough to do the job entirely, but we do believe that with this help private industry over there can go ahead and carry the balance of the load and the Philippines will be rehabilitated.

Mr. RICH. That is the point I want to bring out. I think they ought to try to help themselves. We are going to give them their independence on the 4th of July. This bill continues for 5 years our aid. In what manner might we conflict by this appropriation with the government of the Philippines by continuation of this proposal as outlined in the bill when they gain their independence? They will set up their own government and they may not want our committee there to carry on the provisions of this bill.

Mr. BELL. There will be no conflict, because they will be an independent power and whatever is done will be done as a matter of mutual agreement between the two powers.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. BELL. Mr. Speaker, I yield myself two additional minutes.

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

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

Mr. RANKIN. In addition to what the gentleman from Missouri has said, the Philippine Islands will be extremely friendly to the United States and will be the outstanding Christian country in the Orient.

Mr. BELL. That is unquestionably true.

Mr. RANKIN. Those of us who have known the Filipinos all these years and have studied their history know that they will carry on the same kind of civilization that we are endeavoring to carry on here in America.

Mr. BELL. That fact alone would justify the appropriation if it did not have many other justifications.

Mr. RICH. May I ask a question for information? The gentleman has discussed this matter carefully and thoroughly with the Resident Commissioner from the Philippine Islands?

Mr. BELL. Many times. He has just made a speech a few moments ago urging the passage of this bill.

Mr. RICH. You have come to the conclusion that if we pass this bill it will be a sufficient contribution from the Federal Government of the United States with the passage of this bill so that when the Philippines become an independent nation they are not going to come back to us again for something that has been left out of this bill? This must be a termination of our promises both by legislation and by any promises made by any of our officials. In other words we want no implied obligations after this unless the Congress acts for that purpose.

It is a complete understanding between the Commissioner of the Philippines and this Government, so that when we carry out the provisions of this bill we have completed all the necessary arrangements for the complete rehabilitation of their Government so far as the obligations that are imposed on our Government are concerned.

Mr. BELL. I have not gone into the future with the Commissioner, but I do believe, and the committee believes, I am sure, that if this bill carries, it will go a long way toward the rehabilitation of the Philppines. We believe that it will rehabilitate their economy. We believe that if we do not pass this bill, it will not only be a great discredit to us, but we will lose a customer that is tremendously valuable.

Mr. RICH. I was trying to see if we could get a terminal agreement here of all promises legislated, spoken, or implied for the future.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. WELCH. Mr. Speaker, I yield myself 5 minutes. Mr. Speaker, this bill, S. 1610, supplements H. R. 5856 which was passed by the House last week. The Committee on Insular Affairs has given very careful consideration to this legislation and without opposition has recommended its passage.

The bill simply provides for the partial restoration of war damages.

No other nation in the recent war suffered as relatively great war damage as did the Philippine Islands.

Their entire country was overrun.

Their social structure was destroyed.

Their economy was completely obliterated.

Their farms were ruined.

Their cities and buildings in their cities, particularly in the Pearl of the Orient—Manila, received far greater damage than any other large city in any country.

Their machinery was confiscated and taken from the country.

Their animals were killed and the entire country was devastated by the invaders.

Their interisland shipping, so important to intercommunication between the 7,000 islands of the Philippines, was wiped out.

We have attempted to reestablish a sound foundation to Philippine economy by passing the Philippine trade bill. The values of this bill, however, will not be felt for at least 3 years. Your Committee on Insular Affairs has been advised that at least 3 years will elapse before normal sugar operations will be effective. Sugar is the primary cash crop of the Philippines.

This War Damage Act will provide a means of assisting the Philippine people in the immediate future and for this reason I strongly favor its early passage.

Mr. BELL. Mr. Speaker, I yield such time as he may desire to the distinguished majority leader, the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I want to compliment the chairman of the Committee on Insular Affairs and all the members for the manner in which they have devoted themselves to the consideration of this important piece of legislation and for the care that they have taken in considering and reporting the bill now before the House, representing the unanimous opinion of the committee. The work that they have done in this committee, when this bill is finally enacted into law, will be a heritage to each and every one of them for years to come, because the results that will flow from this bill will have a very far-reaching effect on world affairs, and especially to the national interest of our own country.

I also want to call attention to the able and distinguished service not only on the field of battle, but on the floor of this Chamber, rendered by our beloved colleague, who represents the people of the Philippines, General ROMULO. The position of General ROMULO in the hearts and minds of all of the Members is one of extreme closeness; we all have a very high regard for him, and the people of the Philippines are indeed fortunate in having such an outstanding gentleman representing them in this body.

Mr. Speaker, the people of the Philippines have emerged from war a stricken people inhabiting a country devastated by the ravages of the enemy. The war has ended—but the surrender of Japan has not rebuilt the homes nor ameliorated the living conditions of those brave Filipinos who nobly rallied to the cause of democracy and side by side with America endured bloody disaster for 3 years of martial holocaust and went on to suffer through the harsh occupation of the enemy in a manner more horrible than even imagination can picture. Hundreds of thousands of Filipinos were destroyed—not only the heroic defenders of Bataan, nor the 28,000 who lie at Capas where the March of Death came to an end, not only the defenders of Cebu, nor the guerrillas who made possible the survival of American fighting men through their valor and sacrifice, but also the countless thousands of civilians who were brutally murdered by the enemy or who died from lack of food and medical supplies. The men and women of the Philippines suffered through years of privation, starvation, and humiliation, only in the end to have the Japanese wreak their hated vengeance upon the innocent. Cities were sacked, business centers razed, the entire country prostrated by the havoc of war. Today 18,000,000 Filipinos await the aid of the United States which is necessary for the rehabilitation of a people economically and physically desolated.

On January 6, 1942, within a month after Pearl Harbor, President Roosevelt stated:

> It was bitter for us not to be able to land a million men and a thousand ships in the Philippine Islands. But this adds only to our determination to see to it that the Stars and Stripes will fly again over Wake and Guam, and that the brave people of the Philippines will be rid of Japanese imperialism and will live in freedom, security, and independence.

The Stars and Stripes fly over Wake and Guam. Japanese imperialism has been destroyed forever. The Filipinos live not under the threat of the sword but as the nation among the Allied nations of the world which perhaps suffered most in the cause of liberty and justice. They live, but they cannot continue to live in the promised freedom, security, and independence if they are to be the unaided victims of starvation and famine, without clothing, without homes, without marts, without the bare necessities of human existence. America, speaking through their President in the early days of the war, uttered no mere idle words. The help to be extended to the Filipinos to enable them to live in peace and independence was to be real, not imaginary, actual not theoretical. America has never broken bond. America will not fail in the matter of Philippine rehabilitation.

The history of the relationship between America and the people of the Philippines relates the proud story of two peoples and two nations keeping faith with each other. Each, confident in the other, through cooperative leadership, counted the other a friend. The United States and the leaders of the Filipino people for many long years provided facilities in the islands for education, health, and the common weal of the Filipino, with the definite thought that after a period of local autonomy under a commonwealth form of government with its own constitution, complete independence of the Philippines would be consummated. Then came the day of infamy and the treachery of Japan.

Throughout the ordeal of fire and war, the brave people of the Philippines stood shoulder to shoulder with America in every battle. Who is there with memory so short that he forgets Bataan and Corregidor? There a handful of American combat troops, Filipino scouts, and Filipino reserves in heroic battle fought the enemy of mankind until weapons fell from hands made impotent through fatigue and these valiant men and women—the bravest of the brave—gave way before the foe—not in defeat, but in despair that the flag of America could not continue in glorious permanence over the

land for which this Nation gave of its fortune and its blood. No. The bravery and sacrifice of the Filipinos in the cause of free mankind helped keep alive the fires of freedom the world over. Their cross shall not have been borne in vain. America will not forget the courage and devotion of the Filipino whose example established for his country a place among the free nations of the world. Let us not forget that they with us were glorious in an army which won the commendation, "No army has ever done so much with so little."

The Filipinos have been assured by our Government that their freedom will be redeemed and their independence established and protected. We have pledged the entire resources of the United States to their redemption.

President Truman has on different occasions paid tribute to the gallantry and courage of the Filipinos. On February 20, 1945, in commenting upon the status of Philippine Army veterans, he stated:

> I consider it a moral obligation of the United States to look after the welfare of the Philippine Army veterans.

Again on March 16, 1946, he stated:

> The Philippines are scheduled to become an independent republic on July 4 of this year. I am certain that the Philippine people are fully capable of assuming all the duties and obligations of self-government. I believe that these heroic people, out of their own devotion to democratic ideals, will eliminate from their material and political life all those of questionable allegiance to those democratic ideals.

These words of our President, as those of other great Americans uttered in the past, have inspired courage and confidence in the people of the Philippines and given them the moral aid to carry on their fight for rehabilitation. These men and women have suffered in their loyal devotion to the United States. We send foreign countries food, clothing, money for rehabilitation, rebuilding, and repair. We will not allow the factories, farms, and homes of the Philippines to remain in ruins. We will not stand idly by while the men and women of that country, so long nourished, guarded, and protected by our Government, suffer the confusion attendant upon frustration, uncertainty, and despair. Their national economy has been shattered The Commonwealth government is helpless without our aid to move toward rehabilitation. We have for years promised. They have believed in our promises. We are obliged to fulfill our obligations. We must and we will help the Filipinos regain their economy so that they may, in justice, take their place as a healthy, strong, free, and liberty-loving democracy in accordance with the principles we have taught for 50 years.

This is our solemn duty. Therein we must not, we shall not, fail.

The bill under consideration is a step in America's keeping faith with the people of the Philippines, who, during the years they have been under the jurisdiction of our country, and especially in view of the relationship that existed during the war, for all practical purposes have been just as much Americans as those of us who are actually citizens of the United States.

Mr. BELL. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, with the enactment of this bill, S. 1610, the United States will have redeemed its pledge to the people of the Philippines. We told them that their sacrifices were our sacrifices and that we would stand by them in the troublous postwar years.

The lesser nations are watching what we do here today. Their eyes are on us. With the passage of this bill our prestige will rise with those nations throughout the world.

The destiny of this country is in the Pacific Basin. It is to the West that we must look for trade and inspiration. By our actions today we weld another bond of mutual respect and understanding that ties us the tighter to the great Christian nation of the East—the Commonwealth of the Philippines.

Trade is the lifeblood of nations. We need the goods of the Philippines and they need the goods we manufacture. The good will engendered by this legislation gives us a favorable position in trade with the East. All the nations of Asia applaud and approve our action.

This bill will assist in rehabilitating the economy of the Philippines. It makes no gifts or provides no funds for those things that are not directly connected with that economy. It is not an act to indemnify those who lost property in the Philippines as the result of the war. It only offers the hand of assistance to reestablish those businesses and institutions fundamentally necessary to carry on that economy on a self-sustaining basis.

What is the cost of this bill? It is $500,000,000, one hundred million of which is in surplus property already in the islands—property it would hardly pay us to reship to this country. Five hundred million, or to be exact, four hundred million in cash and a hundred million in kind is a lot of money.

The money we are giving the Philippines would have run the war for less than 30 hours. Measure the cost in this term. Thirty hours of all-out war.

The Philippine people by their heroic resistance and glorious sacrifices shortened the war in the Pacific by many months. Had they bowed to their Japanese oppressors and accepted their overlordship as certain nations in Europe did in that theater, we would still be fighting from island to island at a cost of a hundred times that which we seek to appropriate.

We on the Pacific coast now know that Bataan and the resistance movement on the Philippine Islands made us safe. We can look across the western sea to the suffering and destruction in the Philippines and say with the philosopher, "There but for the grace of God go I."

We salute our valiant brothers in arms, the Commonwealth of the Philippines, and offer them this small token to help bind up the wounds they received in fighting our common enemy.

Mr. BELL. Mr. Speaker, I yield such time as he may desire to the distinguished gentleman from Illinois [Mr. SABATH].

INDEPENDENCE FOR THE BRAVE FILIPINOS

Mr. SABATH. Mr. Speaker, the gentleman from Mississippi [Mr. RANKIN] already has stated that the Filipino people are entitled to all the aid and assistance provided in this bill, because they are the outstanding Christian nation in that part of the world.

Knowing, Mr. Speaker, that nearly all of these brave and gentle people had been converted to Catholicism some three or four centuries ago, it was for that reason I introduced in Congress, almost 20 years before the gentleman from Mississippi came to this House, a resolution providing for their independence and guaranteeing their neutrality against the threat of Japanese aggression, which I feared even then.

Consequently, I am immensely pleased that this great Nation of ours is according to the Filipinos the aid and assistance authorized in this bill, and that on this coming July 4 we shall finally grant to the new republic of the East that full independence for which they have been waiting, praying, working, and fighting for almost a half century, after long, long years of oppression by the Spanish conquerors, four decades of helpful government by the United States, and four frightful years of inhumane and barbarous treatment by the murderous, heartless Japs, which destroyed nearly all their belongings, their trade, their resources, and left them in deplorable and unfortunate circumstances.

The aid we are making available in this bill is absolutely necessary to assist them in the rehabilitation of their country and their economy. Ever since the Spanish-American War I have studied the history of the people of the Philippine Islands, and I have come to the conclusion, not only that they are good Christians, but that they practice the teachings of real Christianity. Unlike some who talk but unfortunately do not practice the teachings of Christ, they are charitable, honest, industrious, and that they have appreciated the aid we have given them in the past, and have proved themselves worthy and capable of self-government, is conceded by all.

We who have known their Resident Commissioners in Congress—courageous Manuel Quezon, who became President of the Commonwealth and gave his life to his country as surely as if he had fallen in battle; brave Joaquin Elizalde; and the present gallant Commissioner, General ROMULO—have recognized the true worth, the sincerity, and intrepid honesty, the intelligence and energy of the Filipino people, and have realized they are fully capable of independence and self-government, notwithstanding charges to the contrary. I am proud that I have been able to aid the independence of the Philippines, just as, after the First World War, I was able to aid the birth of small independent nations—Czechoslovakia, Poland, and others—in Europe.

I hope, Mr. Speaker, that other great nations may follow our example, and do what we have done in Cuba and in the Philippines, if the dependencies desire their freedom; or as I hope we shall do in the near future for Hawaii, for Alaska, for Puerto Rico, and grant the full statehood they are pleading for.

I am fervently hoping that the aid and assistance provided for in this bill will mitigate the suffering of the Filipino people, and I know that in the near future they will prove their appreciation and their satisfaction with the amount we are providing. The bread we cast, not upon the water, but across a great body of water, will return to us manifold.

Mr. WELCH. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. LEFEVRE].

Mr. LEFEVRE. Mr. Speaker, I very strongly favor this legislation. I do not believe it is necessary to again go into detail describing the plight of the Philippines as a result of the war. Every Member of the House heard the eloquent speech of General ROMULO and other Members of the House related the existing conditions when we had before us the Philippine trade-relations bill, only a few days back.

The Filipinos today are confused and puzzled. They look at their devastated lands, their ruined homes, and cannot understand what has paralyzed their national economy.

In the bill before us, we are providing ways and means to help rebuild the Philippines. For the hardships they have and still are suffering, and the loyalty shown throughout the war, they are entitled to our fullest support. The bill provides that a half-billion dollars of war-damage payments will be used to reconstruct and repair homes and buildings made useless by fire and shell during the war. All of the money appropriated must be reinvested in the Philippines to insure the replacement of the necessary facilities to carry out the purposes of the act.

This legislation is long overdue and I sincerely hope this measure is approved by our body today.

We must bear in mind that the eyes of the other great nations of the world are upon us. These Oriental people are our friends and will, without a doubt, be our best customers. The Filipinos held firmly to their faith in democracy throughout the war. They fought for it even through those blackest of days when the islands were dominated by the Japanese. We must, in every way, help this new democracy reach success.

Mr. WELCH. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. MCDONOUGH].

Mr. MCDONOUGH. Mr. Speaker, I am strongly in favor of the passage of S. 1610. The economy of the Philippines as well as the educational and spiritual institutions lay prostrate, ravaged and destroyed, as a result of the loyal support to the United States in our war with Japan. It should be the duty and obligation of the United States to assist in rehabilitating the Philippines. We recently passed a bill to provide proper trade relations between the Philippines and the United States. We should now pass this bill so that the economy, education, and cultural institutions may be reestablished. The Philippines will become a free and independent nation on July 4. We should help them take their place among the nations of the world. They have earned this support and our confidence.

Mr. WELCH. Mr. Speaker, I yield as much time as he may desire to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, it is a profound privilege and a very great pleasure for me to rise, today, and speak a few words in favor of the passage of this measure, S. 1610, which will aid in the rehabilitation of the Philippine Islands, and the good people who inhabit those islands. I have just listened to Delegate CARLOS ROMULO, who represents the Philippine Islands, who has presented the urge and great need for the passage of this measure in forcible fashion. He is one of the greatly loved persons in this lawmaking body. He has served his people and his country well in time of war, and in time of peace. I first became acquainted with the achievements of Delegate ROMULO through the agency of Rotary International, and I discovered that his activities in all worth-while civic matters have been outstanding. Since he came to this body, his activities have been such as to give to him a mark of distinction. He is honored and revered by every Member of this body—and I take great pleasure in extending to him, today, this well-earned tribute.

Mr. Speaker, this pending legislation should be passed by this body. While the Philippine Islands will soon be granted their independence, and, when that gladsome day arrives, I am confident the people of those far-flung islands will experience extreme happiness—and my wish to them is that they will make great progress in the days and years to come. My wish for them is that they will go forward, unhampered and untrammeled, throughout the years to come in an unbroken trend of progress toward the goal of perfection in human accomplishment.

This measure, Mr. Speaker, will lend aid in making possible that opportunity. It is a privilege for me to add my support to this legislation. The people of the Philippines have long been our friends, both in peace and in war. They have suffered untold misery and hardships in the late war, but they have ever gone forward with us, until ultimate victory was ours. Their people have been injured and killed in this war, and their houses and their homes have been destroyed; their businesses have suffered destruction, and their cities have been demolished; their possessions have been taken, and but little has been left to them save and except their grim determination to fight on for home and country and for the preservation of their native land. They have proven their valor and their fortitude, and they have never faltered in their march with us toward the ultimate victory that is ours. It is very little that we give to them in the face of that warm and sincere friendship that exists between us, when we seek to aid them in restoring and rehabilitating only in a small degree their country and their homes. I am confident, Mr. Speaker, that it is the wish and the will of every American that we do this. It would be unthinkable for our country to turn our backs upon our loyal and fast friends, and our Nation will never do that. We are ever agreeable to rewarding our friends, and especially those who need our help most. So this measure will accomplish this purpose in a small way, and I will give to it my warm and wholehearted support.

Mr. Speaker, as the years pass, and the centuries come, we will be looking forward toward the Philippines, and when those islands, now almost destroyed and their cities reduced to mere shambles, lift their heads as one of the progressive groups of the world, with freedom, liberty, and independence theirs, a touch of extreme happiness will certainly come to all Americans; that happiness which comes to those who have aided others in time of great need and distress. Ours will then be a happy day to all those who then remain, because we have been instrumental in a small way in aiding our friends, those in the far Pacific, who have been so loyal to us.

Mr. WELCH. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, the shooting part of World War II is over, but there is a fierce political and ideological war going on all over the world to determine who really won the shooting war. I think historians will eventually agree that more than anything else World War II all along was a war to determine who is going to control the development of Asia because the greatest undeveloped areas in the world are in Asia—manpower, resources, and markets. Hitler frankly admitted that. The Japanese admitted it. The Russians, by their actions, have proven they are fully aware of it. The British, Dutch, and French, by their vigorous attempts to restore their empires in Asia, have made clear they understand that World War II will have been won by the nation or nations whose ideas ultimately dominate in the reconstruction of Europe and the development of Asia. We should understand it, too.

There are about four possibilities. This bill can have a great deal to do with deciding which will prevail.

Will large sections of Asia be forced back into the colonial pattern under the old empires of Europe? If that happens, Asia will explode, and explode in our faces as much as in the faces of the British, Dutch, and French.

Second, will millions of people in Asia in despair be driven to accept the basic thesis that the Japanese propagandists proclaimed, namely, that the white man never has treated and never will treat decently the colored peoples on this earth and, that therefore, there was and is no hope for the peoples of Asia unless they unite against the white peoples. Japan failed in her original attempt to bring about this division of the world along racial lines. But her basic idea has not been defeated. It took root in fertile soil in Asia, and other parts of the world, too. It can spring up again if there is not vigorous, positive, and effective leadership in other directions.

The third possibility is that Asiatics will be intrigued or beguiled into accepting totalitarianism of the communistic pattern. If they do, they will find themselves not "liberated" from the old imperialism, but merely put under the

new imperialism which Russia is imposing or her neighbors—as cruel and ruthless an imperialism as any ever established by the old empires of Europe. Such a course would not be good ultimately for Russia, nor for Asia, nor for us, nor for world peace.

Or, will the peoples of Asia be given the chance to develop more nearly along the truly democratic pattern worked out and established in the Philippines through the joint efforts of Filipinos and Americans over this 50-year period of friendly relationship? It began as overlordship, moved rapidly to trusteeship, and on July 4 will become full-fledged partnership. All Asia watches eagerly this transition, unprecedented in all of human history. There is no question but that it is the general pattern which other Asiatics want, too.

In dealing with this legislation today, we ought to keep clearly in view above the trees of its immediate provisions, the whole forest—the long-term implications for all of Asia and for the world. This experiment in helping establish on its own feet one of the so-called dependent peoples is one of the most significant occurrences in the history of the human race on this planet. That is the larger significance of the legislation before us.

The transition to full independence would have been difficult enough under the best circumstances. How much harder now, when the Philippines are prostrate because of the terrible destruction and dislocations of war. An almost impossible burden has been placed upon them, and it was made heavier because of their unswerving loyalty to us.

I need not discuss the bill in great detail. First, it authorizes up to $400,000,000 for war damage, with payments only to those who will use the money or materials to restore or rehabilitate their property or industry or education or other useful activities in the Philippines. As you will remember, we ourselves committed most of the physical destruction in the process of driving the Japanese out. It was necessary. Nobody holds it against us. Nevertheless, it was American guns and planes rather than Japanese which did most of the damage.

Second, it provides for use of much of our surplus property in the Philippines to help in rehabilitation. Up to $100,000,000 worth of it can be transferred without reimbursement to the Philippine government and to the provincial and municipal governments to rebuild their public buildings and property, their streets and bridges, their utilities, their water, and gas and sewage systems that have been destroyed in the war. Also, other surplus property there can be disposed of under the terms of the Surplus Property Act, just as it is disposed of here, with certain special provisions to deal with the special situations there.

In addition, we authorize up to $120,000,000 to help restore and reestablish the essential public services in the Philippines, including roads, harbor facilities, public health, interisland commerce, fisheries, coast and geodetic surveys, weather bureau, and so forth.

The SPEAKER. The time of the gentleman from Minnesota [Mr. JUDD] has expired.

Mr. WELCH. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. JUDD. I believe it is good sense to pass this bill for the economic reasons, which have been reviewed by the able chairman of our committee the gentleman from Missouri [Mr. BELL]. The Philippines can be again a market of great importance for ourselves. We need them as well as they need us.

It is also good sense for political reasons, from the standpoint of our national security. In the years ahead we are going to need friends in this world, and the Filipinos are the only so-called colonial or dependent people—although that is not an accurate description of the relationship which prevailed—who fought loyally by the side of those who had originally been their masters. There is no better way to retain our friends in Asia and gain others than to show in peace as well as in war that we are worthy of the Filipinos' friendship.

But beyond these economic and political reasons there is a higher reason, a moral reason. We have a sacred obligation to those who have been our wards in a very special sense. Even if it were against our immediate economic interests I would still say we should pass this act. Fortunately in this instance, the thing we ought to do for political and economic reasons coincides with what we ought to do for moral reasons.

I doubt that $400,000,000 will ultimately be enough and I want the RECORD to show that fact. We in the committee recognize that we may have to increase the amount somewhat. We were conservative in our estimate. We said, let us authorize this amount now until we see how things go. If another hundred million or even two hundred million is eventually needed to put the Philippines back on a sound basis, I am sure we will do it, because it is good business, it is good protection for the United States and for world peace, and it will help determine which way a billion people in Asia are to go, whether back into the old colonial pattern which they do not want; or driven into the racial pattern which they do not want; or persuaded by force to take communism which they do not want; or whether they will have a chance at genuine democracy, more nearly after the pattern that we and the Filipinos have succeeded in establishing during these 50 years of our mutually beneficial friendship—which is what the people of Asia do want, overwhelmingly.

The SPEAKER. The time of the gentleman from Minnesota has again expired.

Mr. WELCH. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. LECOMPTE].

Mr. LECOMPTE. Mr. Speaker, this bill has had careful consideration by the Committee on Insular Affairs for several weeks. As everyone knows, this bill does not in itself grant independence to the Philippine Islands. It is only part of the program of independence. We passed an election bill some time ago. Last week we passed the trade relations bill. This bill, now under consideration, known as S. 1610, passed by the Senate last December and recently before the Insular Affairs Committee, undertakes to restore, rehabilitate, and reconstruct the economy and industry of the Philippine Islands.

As the gentleman from Minnesota [Mr. JUDD] said, $400,000,000 probably will not do the entire job. I wish to say a word of commendation for the work of the chairman of the committee the gentleman from Missouri [Mr. BELL], who has done a splendid job in holding the hearings and considering the problems of the Philippines. He has had the assistance of the gentleman from California the ranking member of the committee [Mr. WELCH] and the very valuable assistance of our colleague from the Philippines [Mr. ROMULO], and also that of the gentleman from Minnesota [Mr. JUDD], and other members of the committee. Mr. Paul McNutt, High Commissioner of the Philippines, was present at the hearings before the committee, not once but a number of times, and gave us valuable assistance.

The Philippine Islands, I believe, is the only place under the American flag that suffered devastation by reason of enemy invasion. Of course, there was the one treacherous attack at Pearl Harbor on December 7, 1941, but the enemy actually came into the Philippine Islands, occupied the islands, devastated the country, and destroyed property and lives.

Mr. COLE of New York. Mr. Speaker, will the gentleman yield?

Mr. LECOMPTE. I yield.

Mr. COLE of New York. It is not important, but I should like the gentleman not to overlook the damage that was done to Guam.

Mr. LECOMPTE. That is true, but I think the gentleman will agree that the damage there was not comparable in amount to that suffered in the Philippine Islands. Probably the same could be said of Wake and Midway.

It is correct and proper that we undertake to restore the economy of the islands as we grant them independence.

Mr. Speaker, I am not in full accord with some of the provisions of the bill. I myself think it is a mistake to fix the salary of the Commissioners at $12,000 a year, more than Members of Congress receive, more than Senators receive, and write into the bill a provision allowing them to fix their own per diem expenses without any limitation whatever. They could put in a bill for $50 a day for expenses continuously if they wanted to do that. I realize that the High Commissioner, Mr. McNutt, said that he felt the unlimited expense account is necessary in order to get the right kind of men, and under conditions of inflation as they exist in the islands today, it is possible that a stipulated per diem might not be as exact as one could wish, but to me it does not seem justifiable to place in the bill this language:

> Members of the Commission shall receive their necessary traveling and other expenses incurred in connection with their duties as such members or a per diem allowance in lieu thereof to be fixed by the Commission without regard to the limitations prescribed in any existing law.

That is a pretty liberal expense account. Further, we also permit the Commission to appoint and fix the compensation and allowances of attorneys, officers,

employees, and so forth, without any reference to the civil-service laws or Classification Act.

On the whole, however, Mr. Speaker, I believe this is a fine bill, and I believe it is going to be helpful in the years to come in our happy relations with the Orient.

The SPEAKER. The time of the gentleman from Iowa has expired.

Mr. WELCH. Mr. Speaker, I yield such time as he may desire to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Speaker, I wish to join the majority floor leader and other Members of the House in paying tribute to Gen. CARLOS P. ROMULO, a hero of Bataan, the Resident Commissioner of the Philippine Islands, who came to this Chamber today from his sick bed to help passage of this legislation. His eloquence in explaining the needs of the Philippines has won much help in passage of this kind of legislation.

Mr. Speaker, the passage of this legislation, when the news reaches the Philippine Archipelago, will bring a real ray of sunshine to the stricken Philippine people. This news to the Philippines will make possible on the next Fourth of July one of the greatest Independence Day celebrations in history.

Mr. WELCH. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, I am very much interested in this bill and I am also interested in the Philippine Islands and its people. I am desirous that we start those people on the road to rehabilitation and I want to help them as well as people all over the world. However, I am also desirous of looking after the welfare of our own country; of keeping our Nation solvent.

On page 12 of the bill the first amount considered was $330,000,000, which was increased to $400,000,000. The expense of the Commission was estimated to be one and a half million dollars, which was later changed to $4,000,000. They have increased this a considerable amount over what they evidently thought was necessary when the hearings were concluded. Just the disposition to be generous with the other fellow's money, the taxpayer's money.

We want to help those people until they get their independence on July 4 and for the 5 years thereafter during which time this bill will be in effect, but, Mr. Speaker, the Congress of the United States must remember that every time it appropriates $400,000,000 it has got to find $400,000,000 in the way of taxation. We should not, therefore, give the Philippine people the idea that after this bill is passed they can expect we are going to furnish everything that is necessary from that time on. There must be a terminating date as the conclusion of our responsibilities implied by any legislation we pass or statement made by any Government official.

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

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

Mr. JUDD. Does not the gentleman know that a termination date is set for claims to be paid by the War Damage Commission, which represents the largest amount under the bill, $400,000,000? Its work is to be concluded within 5 years. May I also add: The gentleman will agree the Philippines by their loyalty to us saved our country $4,000,000,000 in the war, if not forty billion.

Mr. RICH. Well, I do not know how the gentleman arrives at that figure.

Mr. JUDD. To say nothing of American lives saved by their loyalty.

Mr. RICH. When we come to figuring good will and Christian brotherhood, of course, we have our responsibilities to the Philippines and to all nations of the world and to our own people in America.

Mr. JUDD. I am speaking not about good will in the future but about performances in the past.

Mr. RICH. Well, we have been very good godfathers to the Filipinos in the past.

Mr. JUDD. And they have been mighty good brothers in arms to us.

Mr. RICH. The gentleman is quite correct, but, perhaps there is something else involved. We were all fighting for a common cause. I hear many statements made about the great help and assistance that other countries gave the United States, but I am constrained to believe, while appreciating their great assistance, that they were also fighting for their own preservation. Perhaps it could be argued with force that the United States and its people rendered these countries assistance in that regard.

But, be that as it may, Mr. Speaker, may I call attention to the fact that the United States is now in debt to the extent of $274 386,382,040.14 as of April 5. You may chide me for bringing that up at this time, but this deficit is such a serious matter that I cannot help but bring it up, a bankrupt nation cannot help anybody financially, and in this connection I want to quote what the chairman of the House Judiciary Committee—and he is a Democrat—said on this floor a few days ago:

> By concentration of governmental power and drafts upon the Federal Treasury, we have now a financially busted, great piled-up mass of governmental confusion beyond human comprehension, impossible of democratic control, extravagant, wasteful, inefficient, and by its nature the instrumentality of favoritism, tyranny, oppression, and corruption, and the destroyer of the self-reliance and self-respect and governmental capacity of the people, qualities without which no people can remain free.

That statement comes from a Democrat and a chairman of one of the powerful committees of this House.

The point I want to make, Mr. Speaker, is that while we owe an obligation, not only to the Philippines and to all the governments of the world, we owe a greater obligation to ourselves. These countries are going to come in here with the big tin cup, as was suggested a few days ago by the gentleman from Illinois [Mr. DIRKSEN], asking for $3,000,000,000, $400,000,000, or $500,000,000. If we are not going to become a "financially busted" country, it is your responsibility and my responsibility to see that America remains strong so that we may continue to aid and assist other countries. A busted nation can help no one. Let us be cautious, be careful, and be wise.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. BELL. Mr. Speaker, I yield such time as he may desire to the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Speaker, this is a bill for rehabilitation of the Filipino people, who are familiarly known to us as our wards. They are rightfully called the gem of the Orient. Their recent suffering entitles them to our utmost consideration and such minor expression of appreciation for their loyalty and efforts as are reflected in this bill. It was General MacArthur who said "I will return," and this is the return of the American people to their friends in the far-off Pacific. This action of ours will bring forcibly to the minds of these people so far removed from us the love and devotion of this country, and I am happy to be able to say a word at this time in reference to this measure.

The SPEAKER. The Clerk will read the bill and the committee amendments.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Philippine Rehabilitation Act of 1945."

TITLE I—COMPENSATION FOR WAR DAMAGE

SEC. 101. (a) There is hereby established a Philippine War Damage Commission (in this title referred to as the "Commission"). The Commission shall consist of three members, to be appointed by the President of the United States. One of the members of the Commission shall be a Filipino. The members of the Commission shall receive compensation at the rate of $10,000 a year. The terms of office of the members of the Commission shall expire at the time fixed in subsection (d) for winding up the affairs of the Commission. A vacancy in the membership of the Commission shall not impair the authority of the remaining two members of the Commission to exercise all of its functions. Vacancies occurring in the membership of the Commission shall be filled in the same manner as in the case of the original selection. Members of the Commission shall receive their necessary traveling and other expenses incurred in connection with their duties as such members, or a per diem allowance in lieu thereof.

(b) The Commission may, without regard to the civil-service laws or the Classification Act of 1923, as amended, appoint and fix the compensation of such officers and employees, and may make such expenditures, as may be necessary to carry out its functions. Officers and employees of any other department or agency of the Government may with the consent of the head of such department or agency, be assigned to assist the Commission in carrying out its functions. The Commission may, with the consent of the head of any other department or agency of the Government, utilize the facilities and services of such department or agency in carrying out the functions of the Commission.

(c) The Commission may prescribe such rules and regulations as are necessary for carrying out its functions, and may delegate functions to any member, officer, or employee of the Commission or of any other department or agency of the United States or of the Commonwealth of the Philippines.

(d) The Commission shall, so far as practicable, give consideration to, but need not await, or be bound by, the recommendations of the Filipino Rehabilitation Commission (created by the act approved June 29, 1944) with respect to Philippine war damage. The Commission shall wind up its affairs not

later than 2 years after the expiration of the time for filing claims under this title.

SEC. 102. (a) The Commission is hereby authorized to make compensation to the extent hereinafter provided on account of physical loss of or damage to property in the Philippine Islands occurring after December 7, 1941 (Philippine time), and before October 1, 1945, as a result of one or more of the following perils: (1) Enemy attack (including action taken by or at the request of the military, naval, or air forces of the United States in resisting enemy attack); (2) action taken by enemy representatives, civil or military, or by the representatives of any government cooperating with the enemy; (3) action by the armed forces of the United States or other forces cooperating with the armed forces of the United States in expelling the enemy from the Philippine Islands; (4) looting, pillage, or other lawlessness or disorder accompanying the collapse of civil authority or incidental to control by enemy forces: *Provided*, That such compensation shall be payable only to qualified persons having, on December 7, 1941 (Philippine time), and continuously to and including the time of loss or damage, an insurable interest as owner, mortgagee, lien holder, or pledgee in such property so lost or damaged: *Provided further*, That any qualified person who acquired any deceased person's interest in any property either (1) as heir, devisee, legatee, or distributee, or (2) as executor or administrator of the estate of any such deceased person for the benefit of one or more heirs, devisees, legatees, or distributees, all of whom are qualified persons, shall be deemed to have had the same interest in such property during such deceased person's lifetime that such deceased person had: *Provided further*, That no payment or payments shall be made in an aggregate amount which exceeds whichever of the following amounts, as determined by the Commission, is less: (a) The actual cash value, at the time of loss, of property lost or destroyed and the amount of the actual damage to other property of the claimant which was damaged as a direct result of the causes enumerated in this section; (b) the cost of repairing or rebuilding such lost or damaged property, or replacing the same with other property of like or similar quality: *Provided further*, That in case the aggregate amount of the claims which would be payable to any one claimant under the foregoing provisions exceeds $500, the aggregate amount of the claims payable to such claimant shall be reduced by 25 percent of the excess over $500.

(b) When used in this section, the term "qualified person" means—

(1) any individual, who on December 7, 1941 (Philippine time), and continuously to the time of filing claim pursuant to this title, was a citizen of the United States or of the Philippine Commonwealth or of the Philippine Republic;

(2) any individual, who at any time subsequent to September 16, 1940, and prior to August 14, 1945, served honorably in the armed forces of the United States or of the Philippine Commonwealth, or honorably performed "service in the merchant marine" (as defined in the first section of the act entitled "An act to provide reemployment rights for persons who leave their positions to serve in the merchant marine, and for other purposes", approved June 23, 1943);

(3) any church or other religious organization; and

(4) any corporation (or, upon dissolution, its successor if it satisfies the requirements of this paragraph (4) organized pursuant to the laws of any of the several States or of the United States or of any Territory or possession thereof (including any corporation, or sociedad anonima organized pursuant to the laws in effect in the Philippine Islands at the time of its organization), but excluding any corporation wholly owned by the Commonwealth of the Philippines (or the Philippine Republic).

SEC. 103. The Commission shall make no payment under the provisions of this title—

(a) to any enemy alien;

(b) to any person who, by a civil or military court having jurisdiction, has been found guilty of collaborating with the enemy, or of any act involving disloyalty to the United States or the Philippine Commonwealth;

(c) to any corporation, or sociedad anonima owned or controlled by any of the persons specified in clauses (a) and (b) of this section;

(d) to compensate for any loss of or damage to property which, at the time of loss or damage, was insured against any one or more of the perils specified in section 102 hereof, except to the extent that the loss or damage exceeds the amount of such insurance, whether or not collectible;

(e) to compensate for any loss or damage—

(1) for which the War Department or the Navy Department is authorized to make payment, or

(2) for which compensation or indemnity is otherwise payable, or has been paid, or is authorized to be paid, by the Philippine Government, or by the United States Government or by their respective departments, establishments, or agencies,

unless the Government, department, establishment, or agency concerned has declined to pay compensation or indemnity for such loss or damage;

(f) unless the claimant shall file with the Commission, within 9 months after the enactment hereof, a claim in reasonable conformity with the requirements of this title and such reasonable regulations as shall be established by the Commission.

SEC. 104. (a) No claim shall be paid unless approved by the Commission or its authorized representatives, and on account of each claim so approved the Commission may make immediate payment of (1) so much of the approved amount of the claim as does not exceed $500 or 1,000 Philippine pesos, plus (2) 80 percent of the remainder of the approved amount of the claim. After the time for filing claims has expired, the Commission shall determine the amount of money available for the further payment of claims. Such funds shall be applied pro rata toward the payment of the unpaid balances of the amounts authorized to be paid pursuant to section 102 of this title.

(b) Of the funds appropriated for the purpose of paying compensation under this title, $5,000,000, $10,000,000 shall be set aside for the payment of claims filed by churches and other religious organizations on account of loss of or damage to property consisting of churches, parish houses, and other property devoted to religious purposes (excluding schools, hospitals, and other charitable institutions). Subsection (a) of this section shall not be applicable with respect to claims filed by churches and other religious organizations with respect to such property; but, after the time for filing claims has expired, the funds set aside pursuant to this subsection shall be applied pro rata toward paying such amounts as are authorized to be paid pursuant to section 102 with respect to claims filed by churches and other religious organizations with respect to such property, and shall be applied without discrimination to the proportional payment of all allowable claims filed by churches and other religious organizations with respect to such property. No payments with respect to such claims shall be made except from the funds set aside pursuant to this subsection.

(c) The Commission may, at its option, make payment, in whole or in part, of the amount payable in the case of any claim authorized to be paid under this title by rebuilding or repairing lost or damaged property, or replacing it with other property of like or similar kind. The amount expended for such purpose in any case, including the fair value of property transferred to the claimant, shall be deemed to have been paid to the claimant on account of his claim, and such amount shall in no case exceed the amount authorized to be paid under this title on account of such claim. The Commission is authorized to acquire such property, to have such work done, to make such contracts, and to take such other action as may be necessary for the purposes of this subsection.

(d) All of the provisions of this title shall be subject to the requirement that, to the fullest extent practicable, the Commission shall require that the lost or damaged property be rebuilt, replaced, or repaired before payments of money are actually made to claimants under this title.

SEC. 105. Not later than 6 months after its organization, and every 6 months thereafter, the Commission shall make a report to the Congress concerning operations under this title.

SEC. 106. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amount of $330,000,000 for the purposes of paying compensation to the extent authorized by this title, and of such sum, not to exceed $1,500,000 shall be available to pay the expenses of the Commission.

(b) Any sums received by the United States from the Japanese Government or the Japanese people by way of reparations or indemnity on account of the war—

(1) shall be covered into the Treasury of the United States until the sums so covered into the Treasury are equal to the sum of the amounts appropriated for the payment of compensation under this title and the amounts appropriated for carrying out the purposes of title II of this act;

(2) when the amounts covered into the Treasury under clause (1) are equal to the amounts so appropriated, one-half of any further sums so received by the United States from the Japanese shall be covered into the Treasury of the United States and the other one-half shall be paid to the government of the Commonwealth of the Philippines (or the Philippine Republic) until the amount so paid to such government plus the amounts appropriated for the payment of compensation under this title and the amount appropriated for carrying out the purposes of title III are equal to the amount estimated by the Commission to represent the total loss of and damage to real and tangible personal property in the Philippine Islands from the causes enumerated in section 102 (a); and

(3) thereafter shall be covered into the Treasury of the United States.

SEC. 107. Whoever, in the Philippine Islands or elsewhere, makes any statement or representation knowing it to be false or whoever willfully overvalues loss of or damage to property, for the purpose of obtaining for himself or for any claimant any compensation pursuant to this title, or for the purpose of influencing in any way the action of the Commission with respect to any claim for compensation pursuant to this title, or for the purpose of obtaining money, property, or anything of value under this title, shall, upon conviction, be punished by a fine of not more than $5,000 or by imprisonment for not more than 2 years, or both.

SEC. 108. No remuneration on account of services rendered or to be rendered to or on behalf of any claimant in connection with any claim for compensation pursuant to this title shall exceed 5 percent of the compensation paid by the Commission on account of such claim. Any agreement to the contrary shall be unlawful and void. Whoever, in the Philippine Islands or elsewhere, receives on account of services rendered or to be rendered in connection with any claims

for compensation hereunder, any remuneration in excess of the maximum permitted by this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $1,000 or imprisoned for not more than 6 months, or both.

SEC. 109. Except as lawfully provided in policies of insurance heretofore or hereafter issued by the War Damage Corporation pursuant to subsection (a) of section 5g of the Reconstruction Finance Corporation Act, as amended, the authority herein granted to the Philippine War Damage Commission shall be in lieu of and shall supersede all authority previously conferred on the War Damage Corporation to furnish protection or pay compensation with respect to property situated, at the time of loss or damage, in the Philippine Islands, and the protection authorized to be extended and the compensation authorized to be paid by the Philippine War Damage Commission shall be in lieu of all protection heretofore extended or authorized to be extended by the War Damage Corporation with respect to property situated, at the time of loss or damage, in the Philippine Islands, except to the extent provided in policies of insurance heretofore or hereafter issued by the War Damage Corporation. The War Damage Corporation is hereby prohibited from providing for or paying compensation for war damage in the Philippine Islands except to the extent provided in its policies of insurance heretofore or hereafter issued in consideration of a premium paid therefor.

SEC. 110. The classes of property enumerated in this section, whether situated in the Philippine Islands or elsewhere, are hereby excluded from protection, compensation, or consideration under this title, and the Commission shall not make any payment, directly or indirectly, on account of loss of or damage to such classes of property:

(1) Accounts, bills, records, films, plans, drawings, formulas, currency, deeds, evidences of debt, securities, money, bullion, furs, jewelry, stamps, precious and semiprecious stones, works of art, antiques, stamp and coin collections, manuscripts, books and printed publications more than 50 years old, models, curiosities, objects of historical or scientific interest, and pleasure aircraft;

(2) Vessels and watercraft, their cargoes and equipment, except (a) vessels used or intended to be used exclusively for storage, housing, manufacturing, or generating power, (b) vessels while under construction until delivery by the builder, or sailing on delivery or trial trip, whichever shall first occur, and (c) vessels propelled by sail;

(3) Real property (other than standing timber, growing crops, and orchards) not a part of a building or structure;

(4) Intangible property;

(5) Passenger-carrying motor vehicles except those used principally for commercial purposes;

(6) Property diverted to the Philippines, by authority of the United States Government or otherwise, as a result of war conditions; and

(7) Property in transit (a) which at the time of loss or damage was insured against war perils, or (b) with respect to which insurance against such perils was available, at the time of loss or damage either at reasonable commercial rates or from the United States Maritime Commission.

SEC. 111. All departments, commissions, offices, agencies, and instrumentalities of the United States Government, upon the written request of the Commission, are authorized to make delivery and conveyance to designated claimants, or to the Commission, of any surplus property of the United States in the Philippine Islands deemed by the Commission to be similar to that for which compensation is requested, or to be suitable for the rebuilding or repair of the property damaged or destroyed. The transfer of such property to such claimants shall be at the fair value of the property as fixed by the disposal agency. The Commission shall pay such fair value to the disposal agency.

SEC. 112. The War Damage Corporation is authorized and directed to consult with, and in every manner possible to assist and cooperate with, the Commission, to aid the Commission in its performance of duties hereunder, and to make available to or deliver to the Commission all records, claims, files, and other documents in its possession pertaining to Philippine claims. The Commission is authorized to give such weight as it may deem proper to any reports, certificates, or recommendations of the War Damage Corporation, or its adjusters or claims service offices.

SEC. 113. The Commission shall notify all claimants of the approval or denial of their claims, and, if approved, shall notify such claimants of the amount for which such claims are approved. Any claimant whose claim is denied, or is approved for less than the full allowable amount of said claim, shall be entitled, under such regulations as the Commission may prescribe, to a hearing before the Commission or its representatives with respect to such claim. Upon such hearing, the Commission may affirm, modify, or reverse its former action with respect to such claim, including a denial or reduction in the amount of a claim theretofore approved. All findings of the Commission concerning the amount of loss or damage sustained, the cause of such loss or damage, the persons to whom compensation pursuant to this title is payable, and the value of the property lost or damaged, shall be conclusive and shall not be reviewable by any court.

TITLE II—DISPOSAL OF SURPLUS PROPERTY

SEC. 201. In order to expedite the disposition of surplus property of the United States in the Philippine Islands and to aid in—

(1) repairing and replacing buildings, equipment, and other property of the Commonwealth of the Philippines and other governmental units in the Philippines, in cases where such buildings, equipment, or other property have been damaged, lost, or destroyed in the war, and otherwise restoring and facilitating the normal operations of governmental units in the Philippines;

(2) restoring and providing essential public buildings, services, works, and utilities, including hospitals, schools, and other institutions furnishing essential health and welfare services, in the Philippines; and

(3) rehabilitating the economy of the Philippines and aiding and encouraging private enterprise in such economy;

The Department of State, the disposal agency for the Philippines designated under the Surplus Property Act of 1944, acting through the Foreign Liquidation Commissioner (hereinafter referred to as the "Commissioner"), is hereby authorized, notwithstanding any other provision of law, to transfer to the Commonwealth of the Philippines, without reimbursement, property of the United States now or hereafter located in the Philippine Islands and declared surplus under the Surplus Property Act of 1944, upon such terms and conditions, including the use or disposition of such property by the Commonwealth of the Philippines, as the Commissioner may deem appropriate to carry out the purposes of this title.

SEC. 202. At the time any such property is so transferred to the Commonwealth of the Philippines, the Commissioner shall make a record of (1) the items transferred, (2) the condition of such items, and (3) his estimate of the fair value of such items. The Department of State shall furnish a copy of such record to the Surplus Property Administrator, and shall also make quarterly reports to the President and the Congress concerning the administration of this title.

SEC. 203. Any surplus property now or hereafter located in the Philippines which is not transferred to the Commonwealth of the Philippines, under section 201, may be disposed of by the Commissioner by sale, upon such terms and conditions as the Commissioner determines to be best suited for achieving the purposes stated in section 201, and without regard to other provisions of law relating to the sale or disposition of property of the United States. Any such sale may be made for a consideration greater or less than the fair value of the property concerned. In making such sale, the Commissioner may accept pesos as consideration. Any such surplus property which has not been disposed of by the Commissioner may be requisitioned by any other department or agency of the United States for its own use; and, upon the receipt of any such requisition, the Commissioner shall transfer such property to the requisitioning department or agency upon reimbursement of the fair value thereof. The proceeds derived from any disposal of surplus property by the Commissioner under this title shall be covered into the Treasury of the United States. If the consideration upon any disposal of property by the Commissioner be other property, such other property may be disposed of by the Commissioner in the same manner as surplus property located in the Philippines.

SEC. 204. No military weapons, munitions, or toxic gas shall be transferred or otherwise disposed of under this title.

SEC. 205. The Commissioner is authorized to appoint an advisory committee to advise him upon the action to be taken by him under this title.

SEC. 206. The fair value of the property transferred to the Commonwealth of the Philippines under this title, as estimated by the Commissioner, shall not exceed $30,000,000 in the aggregate.

SEC. 207. The Commissioner may prescribe such rules and regulations as may be necessary for the performance of his functions under this title, and may delegate and authorize successive redelegations of any authority conferred upon him by this title to any officer or employee of his agency or of any other department or agency of the United States or of the Commonwealth of the Philippines.

TITLE III—RESTORATION AND IMPROVEMENT OF PUBLIC PROPERTY AND ESSENTIAL PUBLIC SERVICES

SEC. 301. As a manifestation of good will to the Filipino people, there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, (1) the sum of $120,000,000, to be allocated from time to time by the President of the United States among the various programs set forth in sections 302, 303, 304, and 305, and (2) such additional sums as may be necessary to carry out the purposes of sections 306 to 311, inclusive.

Public roads

SEC. 302. (a) As recommended in a report based upon an investigation made in the Philippine Islands by the Public Roads Administration of the Federal Works Agency and to the extent that the findings in such report are approved by the President, the Public Roads Administration is authorized to plan, design, restore, and build, in accordance with its usual contract procedures, such roads, essential streets, and bridges as may be necessary from the standpoint of the national defense and economic rehabilitation and development of the Philippine Islands.

(b) The Commissioner of Public Roads is authorized, under such regulations as he may adopt, to provide training for not to exceed 10 Filipino engineers, to be designated by the President of the Philippine Islands from the regularly employed staff of the Philippine Public Works Department subject to

the provisions of section 311 (c), in the construction, maintenance, and highway traffic engineering and control necessary for the continued maintenance and for the efficient and safe operation of highway transport facilities.

Port and harbor facilities

SEC. 303. (a) As recommended in a report based upon an investigation made in the Philippine Islands by the Corps of Engineers of the United States Army and to the extent that the findings in such report are approved by the President, the Corps of Engineers is authorized to carry out a program for the rehabilitation, improvement, and construction of port and harbor facilities in the Philippine Islands, such work to be done by contract, insofar as practicable, under the direction of the Secretary of War and the supervision of the Chief of Engineers, and in accordance with established procedures applicable to river and harbor projects.

(b) The Chief of Engineers of the Army is authorized, under such regulations as he may adopt, to provide training for not to exceed 10 Filipino engineers, to be designated by the President of the Philippine Islands from among the engineer officers of the Philippine Army and the regularly employed staff of the Philippine Public Works Department subject to the provisions of section 311 (c), in the construction, improvement, and maintenance of port facilities and other works of improvements on rivers and harbors.

Public property

SEC. 304. The Philippine War Damage Commission, within the limits of the appropriations allocated to it for carrying out the provisions of this section, is authorized to compensate the Commonwealth of the Philippines (or the Philippine Republic), the provincial governments, chartered cities, municipalities, and corporations wholly owned by the Commonwealth of the Philippines (or the Philippine Republic), in the Philippine Islands, for physical loss of or damage to public property in the Philippine Islands occurring after December 7, 1941 (Philippine time), and before October 1, 1945, as a result of the perils listed in section 102 (a) hereof, in any case in which compensation for such losses or the rebuilding, repair, or replacement of the lost or damaged property is not provided for by the transfer of surplus property under section 201 hereof, or provided for under the provisions of this title other than this section or otherwise provided for by the United States Government or any department or agency thereof. To the fullest extent practicable, the Commission shall require that any lost or damaged property for which it decides to award compensation under this section shall be rebuilt, replaced, or repaired before payments of money are actually made to claimants under this section. The Commission in its discretion may request the Federal Works Agency or the Corps of Engineers of the United States Army to undertake the rebuilding, repair, or replacement of property for which the Commission awards compensation under this section, and, from the funds available for carrying out the provisions of this section, may transfer to such Agency or Corps of Engineers the funds necessary to pay for the work requested. The Federal Works Agency and the Corps of Engineers are authorized to rebuild, repair, or replace property in accordance with any such request of the Commission and to expend the funds so transferred to them for such purpose. The Commission shall have full power to select, and fix the priority of, cases in which compensation will be awarded or property rebuilt, repaired, or replaced under this section, and to determine the amount of such compensation and the extent to which such property will be rebuilt, repaired, or replaced, taking into account the relative importance of various projects to the reconstruction and reconversion of the economy of the Philippine Islands and such other factors as the Commission deems relevant.

Public health

SEC. 305. (a) The Public Health Service of the Federal Security Agency is authorized to cooperate with the Government of the Philippine Islands, and with other appropriate agencies or organizations, in the rehabilitation and development of public health services and facilities throughout the Philippine Islands.

(b) To accomplish such purposes the Public Health Service shall at the earliest practicable time survey the health situation in the Philippine Islands, and is authorized to replace, expand, or install such health services and facilities in the Philippine Islands, as are deemed essential to preservation of health, and may assist in the rehabilitation and development of a Philippine quarantine service for prevention of introduction of disease from abroad or from one island to another. The Public Realth Service may set up demonstrations and establish training centers in the Philippine Islands; may establish and maintain in the Philippine Islands a school or schools for the purpose of providing practical instruction in public health; and may, at any time prior to January 1, 1948, provide 1 year of training in appropriate schools or colleges in the United States to not more than 100 Filipinos, to be designated by the President of the Philippine Islands subject to the provisions of section 311 (c), in public-health methods and administration. It may replace equipment and supply reasonably necessary additional equipment, utilizing for this purpose, so far as possible, surplus property, and may recommend to the Commission the repair or construction under the provisions of section 304, at any time prior to July 1, 1950, of buildings deemed essential to the rehabilitation of public health and quarantine functions.

Inter-island commerce

SEC. 306. (a) In order to restore and improve inter-island commerce in the Philippine Islands the United States Maritime Commission is authorized to charter under such terms and conditions (including nominal rates of charter hire) vessels of less than 2,000 gross tons to individuals, corporations, or cooperatives or other forms of business organizations in the Philippine Islands if the Commission determines that they possess the ability, experience, financial resources, and other qualifications, necessary to enable them to operate and maintain the vessel in the inter-island commerce in the Philippine Islands: *Provided*, That any charter entered into under the authority of this section shall contain a provision requiring that the vessel shall be operated only in the inter-island commerce in the Philippine Islands.

(b) The Chairman, United States Maritime Commission, is hereby authorized to permit not exceeding 50 Filipincs each year, to be designated by the President of the Philippine Islands subject to the provisions of section 311 (c), to receive instruction in the United States Merchant Marine Cadet Corps and at the United States Merchant Marine Academy at Kings Point, N. Y. The persons receiving instruction under authority of this section shall receive the same pay, allowances, and emoluments, to be paid from the same appropriations, and subject to such exceptions as may be determined by the Chairman, United States Maritime Commission, shall be subject to the same rules and regulations governing admission, attendance, discipline, resignation, discharge, dismissal, and graduation, as cadet midshipmen at the Merchant Marine Academy appointed from the United States; but such persons shall not be entitled to appointment to any office or position in the United States merchant marine by reason of their graduation from the Merchant Marine Academy.

SEC. 307 (a) The Administrator of Civil Aeronautics of the Department of Commerce is authorized to acquire, establish, operate, and to maintain a system of air-navigation facilities and associated airways communications services in the Philippine Islands for inter-island airways operation and to connect the Philippine airways with international and interoceanic routes.

(b) The Administrator of Civil Aeronautics is authorized, under such regulations as he may adopt, to train not exceeding 50 Filipinos each year, to be designated by the President of the Philippine Islands subject to the provisions of section 311 (c), in air-traffic control, aircraft communications, maintenance of air-navigation facilities, and such other airman functions as are deemed necessary for the maintenance and operation of aids to air navigation and other services essential to the orderly and safe operation of air traffic.

Weather information

SEC. 308. (a) The Chief of the Weather Bureau of the Department of Commerce is authorized to establish meteorological facilities in the Philippine Islands as may be required to provide weather information, warnings, and forecasts for general agricultural and commercial activities, including meteorological service for the air routes on which air-navigation facilities are operated by the Civil Aeronautics Administration, and to maintain such meteorological offices until the Philippine Weather Bureau is reestablished and in position to assume responsibility for the service.

(b) The Chief of the Weather Bureau of the Department of Commerce is authorized, under such regulations as he may adopt, to train not to exceed 50 Filipinos in the first year and not to exceed 25 Filipinos in each succeeding year, the trainees to be designated by the President of the Philippine Islands subject to the provisions of section 311 (c), and the training to include meteorological observations, analyses, forecasting, briefing of pilots, and such other meteorological duties as are deemed necessary in maintenance of general weather service, including weather information required for air navigation and the safe operation of air traffic. The training of these employees shall be in addition and not in lieu of Weather Bureau employees to be trained under current Weather Bureau appropriations.

Philippine fisheries

SEC. 309. (a) The Fish and Wildlife Service of the Department of the Interior is authorized to cooperate with the Government of the Philippine Islands, and with other appropriate agencies or organizations, in the rehabilitation and development of the fishing industry, and in the investigation and conservation of the fishery resources of the Philippine Islands and adjacent waters.

(b) To accomplish such purposes the Fish and Wildlife Service shall conduct oceanographic, biological, fish cultural, technological, engineering, statistical, economic, and market development studies and demonstrations, and fishery explorations, and in conjunction therewith may establish and maintain a vocational school or schools of fisheries in the Philippine Islands for the purpose of providing practical instruction and training in the fisheries; and may, at any time prior to July 1, 1950, provide 1 year of training to not more than 125 Filipinos, to be designated by the President of the Philippine Islands subject to the provisions of section 311 (c), in methods of deep-sea fishing and in other techniques necessary to the development of fisheries.

(c) The Fish and Wildlife Service is authorized to acquire, construct, maintain, equip, and operate such research and experi-

mental stations, schools, research and exploratory fishing vessels, or any other facilities in the Philippine Islands that may be necessary to carry out the purposes of this section.

(d) The United States Maritime Commission is authorized, upon recommendation of the Fish and Wildlife Service of the Department of the Interior, to make arrangements for the transfer by sale or charter of small vessels, considered by the United States Maritime Commission to be satisfactory for the purpose, to be used in the establishment and continuance of a fishing industry to be operated in or near the Philippine Islands. Such transfers may be made on such terms and conditions, including transfer for a nominal consideration, as the United States Maritime Commission may approve, but only if, in the opinion of the Fish and Wildlife Service, such small vessels so to be used for Philippine Island fishing are not needed by the fishing industry of the United States, its Territories, and possessions.

Coast and Geodetic surveys

SEC. 310. The Coast and Geodetic Survey of the Department of Commerce is authorized to continue, until June 30, 1950, the survey work which was being conducted by it in the Philippine Islands prior to December 7, 1941. The Director of the Coast and Geodetic Survey is authorized to train not exceeding 20 Filipinos each year, to be designated by the President of the Philippine Islands subject to the provisions of section 311 (c), in order that they may become qualified to take over and continue such survey work on and after July 1, 1950, and to pay all expenses incident to their temporary employment and training.

General provisions

SEC. 311. (a) The Government of the Philippine Islands shall provide all lands, easements, and rights-of-way necessary for the execution of the projects herein authorized.

(b) The several bureaus and agencies of the Government authorized by this title to undertake projects in the Philippine Islands are hereby authorized, in the prosecution of such projects, to cooperate with the Government of the Philippine Commonwealth (or the Philippine Republic), and to accept contributions of labor, materials, and money from such Government and its political subdivisions and to utilize such labor, materials, and money in the prosecution of such projects.

(c) Wherever in this title the training of Filipinos at the expense of the United States Government is authorized, the head of the bureau or agency under whose supervision or control the training is given may establish minimum requirements as to education and experience, provide for competitive examinations, or establish such other standards for qualification for such training as in his judgment may seem necessary and advisable, and under such regulations as may be adopted from time to time may provide for the payment of all expenses incidental to such training, including, but not limited to, actual transportation expenses to and from and in the United States, allowances for tuition, educational fees, and subsistence.

(d) Any Filipino who is designated for training or instruction as provided in this act may be admitted to the United States for such training or instruction upon certification to the Immigration and Naturalization Service by the head of the bureau or agency under whose supervision the training or instruction is to be given that such entry is necessary in connection with the training or instruction, notwithstanding the provisions of section 8 of the act of March 24, 1934 (48 Stat. 462; 48 U. S. C. 1238), and notwithstanding any provision of the laws of the United States relating to the immigration, exclusion, expulsion, or registration of aliens: *Provided*, That such admissions shall be deemed pursuant to section 3 (2) of the Immigration Act of 1924 (43 Stat. 154; 47 Stat. 607; 54 Stat. 711; 8 U. S. C. 203): *Provided further*, That the privilege of entering or remaining in the United States for such purposes shall end within a reasonable time, to be fixed by regulation of the Commissioner of Immigration and Naturalization with the approval of the Attorney General, after termination of the training or instruction: *Provided further*, That the head of the bureau or agency concerned may at any time terminate the training or instruction of any person under this act if in his judgment the best interests of either the United States or the Philippine Government makes such action advisable, and his decision shall be final and conclusive: *Provided further*, That any such Filipino who shall fail to depart from the United States within the reasonable time fixed by regulation, as herein prescribed, shall be subject to being taken into custody and deported, as provided by section 14 of the Immigration Act of 1924 (43 Stat. 162; 8 U. S. C. 214)

(e) Unless otherwise provided by law this title shall expire on June 30, 1950.

TITLE IV—THE UNITED STATES HIGH COMMISSIONER

SEC. 401. Until the Philippine Islands attain their independence, the functions, powers, and duties exercised in the Philippine Islands by any officer, employee, department, or agency of the United States in carrying out the provisions of this act shall be exercised under the general supervision of the United States High Commissioner to the Philippine Islands, and the officers, employees, offices, missions, and other agencies exercising such functions, powers, and duties shall be deemed to be attached to the office of the High Commissioner.

With the following committee amendments:

Page 1, line 4, delete "1945" and insert in lieu thereof "1946."

Page 1, line 10, delete the period after "States", insert in lieu thereof a comma, and insert "by and with the advice and consent of the Senate."

Page 2, line 1, delete "$10,000" and insert in lieu thereof "$12,000."

Page 2, line 12, delete the period after "thereof", insert in lieu thereof a comma, and insert "to be fixed by the Commission without regard to the limitation prescribed in any existing law."

Page 2, line 15, after "compensation" insert "and allowances."

Page 2, line 15, insert a comma after "officers" and insert "attorneys."

Page 3, line 5, delete the period after "Philippines" and insert "and shall give public notice of the time when, and the limit of the time within which, claims may be filed, which notice shall be given in such manner as the Commission shall prescribe."

Page 3, line 12, delete the period after "title" and insert "if possible but, in no event later than 5 years from the enactment of this act."

Page 3, line 15, after "loss" insert "or destruction."

Page 3, line 16, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 3, line 18, after "attack" delete "including action taken by or at the request of the military, naval, or air forces of the United States in resisting enemy attack);" and insert in lieu thereof "(2) action taken by or at the request of the military, naval, or air forces of the United States to prevent such property from coming into the possession of the enemy;"."

Page 3, line 21, delete "(2)" and insert in lieu thereof "(3)."

Page 3, line 23, delete "(3)" and insert in lieu thereof "(4)."

Page 3, line 25, after "in" insert "opposing, resisting or."

Page 4, line 1, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 4, line 1, delete "(4)" and insert in lieu thereof "(5)."

Page 4, line 3, after "authority" delete "or incidental to control by enemy forces:" and insert "determined by the Commission to have resulted from any of the other perils enumerated in this section or from control by enemy forces."

Page 4, line 17, after "no" delete "payment or payments shall be made" and insert "claim shall be approved."

Page 5, line 4, after "claims" delete "payable to" and insert "approved in favor of."

Page 5, line 11, delete "Philippine Commonwealth" and insert in lieu thereof "Commonwealth of the Philippines."

Page 5, line 12, delete "Philippine Republic;" and insert in lieu thereof "Republic of the Philippines or who, being a citizen of a nation not an enemy of the United States, which nation grants reciprocal war damage payments to American citizens resident in such countries, was, for 5 years prior to December 7, 1941, a resident of the Philippines;"

Page 5, line 16, delete "Philippine Commonwealth" and insert in lieu thereof "Commonwealth of the Philippines."

Page 5, line 24, after "any", insert "unincorporated association, trust, or."

Page 5, line 25, after "successor", delete "if it satisfies the requirements of this paragraph (4)."

Page 6, line 3, after "any", insert "other unincorporated association, trust."

Page 6, line 5, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 6, line 8, delete "Philippine Republic" and insert in lieu thereof "Republic of the Philippines."

Page 6, line 15, delete "Philippine Commonwealth" and insert in lieu thereof "Commonwealth of the Philippines."

Page 6, line 16, after 'any", insert "unincorporated association, trust."

Page 7, line 7, delete "Philippine Government" and insert in lieu thereof "Government of the Commonwealth of the Philippines (Republic of the Philippines)."

Page 7, line 10, after "the", delete "Government," and insert "War Department, Navy Department, respective."

Page 7, line 14, after "within", delete "nine months after the enactment hereof" and insert "twelve months after the date on which public notice is given as prescribed in section 101 (c) of this title."

Page 7, line 23, after (2)", delete "80 percent of the remainder of the approved amount of the claim." and insert "such percentage, not in excess of 80 percent of the remainder of the approved amount of the claim as the Commission shall take applicable to all approved claims, due consideration having been given to the total funds available for distribution."

Page 8, delete lines 6 to 25, inclusive.

Page 9, line 1, delete "(c)" and insert in lieu thereof "(b)."

Page 9, line 4, delete "rebuilding or repairing lost or damaged property, or."

Page 9 line 5 after "placing", delete "it" and insert "lost, damaged, or destroyed property."

Page 9, line 14, at the end of the line add a new sentence: "To accomplish the purposes of this section such surplus property of the United States, wherever located, as the President of the United States by Executive order shall direct, shall be transferred to the Commission. The Commission shall pay to the disposal agency the fair value of the property as agreed to by the Commission and the disposal agency."

Page 9, line 15, delete "(d)" and insert in lieu thereof "(c)."

Page 9, line 19, delete the period and insert in lieu thereof a colon, and insert "*Provided*, That if the Commission determines it is impossible for any reason beyond the control

of the claimant, or is impractical to rebuild, replace, or repair the lost or damaged property, the Commission may make payment to the claimant without making said requirement: *Provided, however,* That, as a condition to the making of such payment, the Commission shall require that the whole of such payment shall be reinvested in such manner as will further the rehabilitation or economic development of the Philippines: *And provided further,* That nothing in this subsection shall preclude the partial payment of claims as the rebuilding, replacing, or repairing of the property progresses."

Page 10, line 2, delete "330,000,000" and insert in lieu thereof "400,000,000."

Page 10, line 4, delete "1,500,000" and insert in lieu thereof "4,000,000."

Page 10, line 6, after "Any" delete "sums" and insert "money or bullion."

Page 10, line 8, after "of" delete "the."

Page 10, line 8, delete the dash after "war" and insert "losses in the Philippines—."

Page 10, line 10, after "the" delete "sums" and insert "value of said money or bullion."

Page 10, line 11, delete "are" and insert in lieu thereof "is."

Page 10, delete all of lines 15 to 25, inclusive, and

Page 11, delete all of lines 1 to 6, inclusive, and insert in lieu thereof the following:

"(2) when the amounts covered into the Treasury under clause (1) are equal to the amounts so appropriated, the excess over the amounts so appropriated shall be used, first, to satisfy in full the balance unpaid of any approved claims under this title; second, toward the payment of any amount by which any claim was reduced under section 102 (a) hereof; third, toward the satisfaction of any approved claim of the Government of the Commonwealth of the Philippines (or the Republic of the Philippines), its provinces, cities, municipalities, and instrumentalities, not compensated under this act; and

"(3) the balance shall be covered into the Treasury of the United States.

"(c) Notwithstanding any other provision of law, any other property received by the United States from the Japanese Government or the Japanese people, whether by way of reparations or restitution on account of war losses in the Philippines, may be transferred, by Executive order of the President of the United States, to the Commission, to be applied in kind, under such regulations as may be adopted by it, to the payment of losses or damages covered by this act, or in such other manner as the Commission may determine to be necessary to carry out the purposes and policy of this act.

"(d) Nothing in this act shall prejudice the right of any claimant not covered by this act to recover damages from the Japanese Government or the Japanese people, by way of reparations or indemnity on account of the war, for losses not, or not fully, compensated for hereunder."

Page 11, line 7, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 11, line 9, delete the comma after "false."

Page 11, line 9, after "willfully", insert "and fraudently."

Page 11, line 10, insert a comma after "property."

Page 11, line 17, after "both" delete the period and insert a comma, and insert "and shall not receive any payments or other benefits under this title and, if any payment or benefit shall have been made or granted, the Commission shall take such action as may be necessary to recover the same."

Page 11, line 23, delete "Whoever, in" and all of lines 24 and 25, and on page 12, delete all of lines 1 to 5, inclusive, and insert in lieu thereof the following:

"Whoever, in the Philippines or elsewhere, pays or offers to pay, or promises to pay, or receives, on account of services rendered or to be rendered in connection with any claim for compensation hereunder, any remuneration in excess of the maximum permitted by this section, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $5,000, or imprisoned for not more than 12 months or both, and, if any such payment or benefit shall have been made or granted, the Commission shall take such action as may be necessary to recover the same, and, in addition thereto, any such claimant shall forfeit all rights under this title."

Page 12, line 15, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 12, lines 20 and 21, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 13, line 2, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 13, line 6, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 13, line 17, insert after the word "pleasure" and before the word "aircraft", the words "watercraft and pleasure."

Page 13, line 17, after the word "aircraft" delete the semicolon and insert in lieu thereof a colon, and insert "*Provided, however,* That such protection, compensation, or consideration shall extend to such of the foregoing items as may have constituted inventories, supplies, or equipment for carrying on a trade or business within the Philippines."

Page 13, line 23, after "occur," delete "and."

Page 13, line 23, after "(c)" delete "vessels propelled by sail;" and insert the following: "watercraft and commercial vessels of Philippine registry and watercraft of Philippine or American ownership, in harbors and territorial and inland waters of the Philippines, and (d) cargoes and equipment on vessels and watercraft described in (a), (b), and (c) above; except as modified by and subject to clauses (1) and (5) of this section."

Page 14, line 1, and line 2, delete.

Page 14, line 3, delete "(4)" and insert in lieu thereof "(3)."

Page 14, line 4 and line 5, delete.

Page 14, line 6, delete "(6)" and insert in lieu thereof "(4)."

Page 14, line 6, add "s" to "Philippine" and delete "Islands."

Page 14, line 9, delete "(7)" and insert in lieu thereof "(5)."

Page 14, line 19, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 14, line 24, delete "fixed" and insert in lieu thereof "agreed."

Page 14, line 24, insert after "by" the words "the Commission and."

Page 16, line 5, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 16, delete all on lines 6 to 20, inclusive, and insert the following: "and to aid in repairing and replacing buildings (including hospitals, educational and charitable institutions furnishing essential health, educational, and welfare services), works, utilities, equipment or other property, owned by the Commonwealth of the Philippines, provincial governments, chartered cities or municipalities, or other governmental units in the Philippines, in cases where such government-owned buildings, works, utilities, equipment, or other property have been damaged, lost, or destroyed in the war, and otherwise to aid in facilitating the normal operations of existing governmental units in the Philippines."

Page 16, line 25, delete the comma before "notwithstanding."

Page 16, line 25, delete "notwithstanding any other provision of law."

Page 17, line 1, after "Philippines," insert "provincial governments, chartered cities or municipalities."

Page 17, line 3, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 17, line 9, after "Philippines" insert "(Republic of the Philippines)."

Page 17, line 12, after "The", beginning a new sentence, delete "Department of State shall furnish a copy of such record to the Surplus Property Administrator, and shall also make" and insert the following: "Commissioner shall make."

Page 17, delete all of lines 17 to 24, inclusive; and on

Page 18, delete all of lines 1 to 16, inclusive, and insert in lieu thereof the following:

"SEC. 203. Surplus property now or hereafter located in the Philippines shall be disposed of only in accordance with the provisions of this act and the Surplus Property Act of 1944 as heretofore or hereafter amended. Such disposals shall not be subject to the provisions of any law inconsistent herewith. The Commission shall, so far as practicable, dispose of surplus property in the Philippines in such a manner and in such quantities, within the provisions of the Surplus Property Act, as will prevent unnecessary distribution costs and excessive profits."

Page 18, line 18, delete "this."

Page 18, line 19, delete "title" and insert "section 201."

Page 18, delete all of lines 20 to 22, inclusive.

Page 18, line 23, delete "206" and insert in lieu thereof "205."

Page 18, line 24, after "Philippines", delete "under this title," and insert "(Republic of the Philippines), provincial governments, chartered cities or municipalities under section 201,".

Page 19, line 1, delete "$30,000,000" and insert in lieu thereof "$100,000,000."

Page 19, line 3, delete "207" and insert in lieu thereof "206."

Page 19, line 9, after "Philippines", insert "(Republic of the Philippines)."

Page 19, line 23, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 20, line 3, after "authorized", insert a comma and the words "after consultation with the Philippine Government,".

Page 20, line 7, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 20, line 11, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 20, line 20, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 20, line 23, after "authorized", insert a comma and the words "after consultation with the Philippine Government,".

Page 20, line 25, delete "Philippine" and insert in lieu thereof "Philippines."

Page 21, line 1, delete "Islands."

Page 21, line 9, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 21, line 20, delete "Philippine Republic)" and insert in lieu thereof "Republic of the Philippines)."

Page 21, line 22, delete "Philippine Republic)" and insert in lieu thereof "Republic of the Philippines)."

Page 21, line 23, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 21, line 24, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 22, line 15, after "undertake", insert a comma and the words "after consultation with the Philippine Government,".

Page 23, line 6, after "and", at the beginning of the line, delete "reconversion" and insert in lieu thereof "rehabilitation."

Page 23, line 6, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 23, line 11, delete "Philippine Islands" and insert in lieu thereof "Philippines (Republic of the Philippines)."

Page 23, line 14, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 23, line 17, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 23, line 19, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 23, line 24, delete "Philip-."

Page 23, line 25, delete "pine Islands" and insert in lieu thereof "Philippines."

Page 23, line 25, add "s" to "Philippine."

Page 24, line 1, delete "Islands."

Page 24, line 6, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 24, line 17, delete "Philippine Islands" and insert "Philippines, notwithstanding the provisions of any existing law."

Page 24, line 20, after "vessels" delete "of less than 2,000 gross tons" and insert "suitable for operation in the interisland commerce of the Philippines."

Page 24, line 22, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 25, line 1, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 25, line 5, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 25, line 9, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 25, line 11, after "at" delete "the" and insert in lieu thereof "a."

Page 25, line 12, after "Academy" insert a period and delete "at Kings Point, New York."

Page 26, line 6, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 26, line 12, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 26, line 22, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 26, line 11, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 27, line 18, after "addition" insert "to."

Page 27, line 23, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 28, line 3, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 28, line 10, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 28, line 14, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 28, line 22, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 29, line 8, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 29, line 19, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 29, line 22, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 30, line 5, add "s" to "Philippine."

Page 30, line 6, delete "Islands."

Page 30, line 10, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 30, line 12, delete "Philippine Commonwealth (or the Philippine Republic)," and insert in lieu thereof "Philippines,".

Page 31, line 16, after "exclusion", insert "or."

Page 31, line 16, delete the word "or" at the end of the line.

Page 31, line 17, delete "registration of aliens:" and insert "except registration and fingerprinting as provided in the Alien Registration Act of 1940 (8 U. S. C. 451, et seq.):".

Page 32, line 5, delete "Philippine Government" and insert in lieu thereof "Philippines."

Page 32, line 13, after "title" insert a comma and the words "except the last proviso to subsection (d) of this section,".

Page 32, line 17, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 32, line 19, delete "Philippine Islands" and insert in lieu thereof "Philippines."

Page 32, line 22, add an "s" to "Philippine."

Page 32, line 23, delete "Islands."

Page 33, after line 3, insert the following:

"SEC. 402. On and after the date upon which the Philippines attain their independence the power, authority, duties, and functions authorized under this act to be exercised by the High Commissioner to the Philippines shall vest in and be exercised by such representative or representatives of the United States as shall be appointed for that purpose by the President of the United States.

Insert a new title, as follows:

"TITLE V—RESTORATION AND IMPROVEMENT OF THE PROPERTY OF THE UNITED STATES

"SEC. 501. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $5,000,000 for the restoration, repair of damage to and improvement of lands and buildings referred to in paragraph (3) of subsection (c) of section 3 of Public Law No. 300, Seventy-sixth Congress, first session (53 Stat. 1226), and for the acquisition or construction of additional buildings to house the civil agencies, including the diplomatic and consular establishments of the United States operating in the Philippine Islands."

Insert a new title, as follows:

"TITLE VI—GENERAL PROVISIONS

"SEC. 601. No payments under title I of this act in excess of $500 shall be made until an executive agreement shall have been entered into between the President of the United States and the President of the Philippines, and such agreements shall have become effective according to its terms, providing for trade relations between the United States and the Philippines, and which agreement shall also provide for the same offenses, and penalties upon conviction thereof, as are set forth in section 107 and section 108 of title I of this act.

"SEC. 602. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby."

The committee amendments were agreed to.

Mr. COLE of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLE of New York: Page 25, line 2, after the word "time", insert a comma and the following: "but not later than the fiscal year 1950."

Mr. COLE of New York. Mr. Speaker, under title III the amount of $120,000,000 is authorized to be appropriated, which will be allocated by the President from time to time for the purpose of permitting certain Federal agencies to cooperate with the Philippine Government and officials in rebuilding their public and civilian economy, such as public roads, harbor facilities, hospitals, fisheries, and so forth. It permits certain selected Filipino individuals to be trained in some of our academies, such as the Merchant Marine Academy. Some of the sections are limited in the time that the funds can be used, and others are not limited. The purpose of the amendment which I have offered is to make certain that the expenditure of this $120,000,000 shall not carry on beyond the fiscal year 1950.

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

Mr. COLE of New York. I yield to the gentleman from Pennsylvania.

Mr. RICH. Is this $120,000,000 in addition to the $400,000,000?

Mr. COLE of New York. It is in addition to the $400,000,000.

Mr. RICH. So that it is $520,000,000?

Mr. COLE of New York. Well, it is more than that, it is $620,000,000.

Mr. RICH. That is what I wanted to find out. I have been trying to find out what the total sum of the bill entails. It is $620,000,000?

Mr. COLE of New York. Four hundred million dollars is authorized to pay damage claims and $100,000,000 worth of surplus property is authorized to be used in rebuilding Filipino public property. In addition to that $120,000,000 is authorized for continued Federal assistance under title III. That is the authorization to which I am making reference now.

Mr. RICH. I hope that the House in handling these bills in the future, when we try to find out what a bill entails, will give a complete and concise statement of just the amount that is involved in each one of these bills.

Mr. COLE of New York. I am quite certain that the report contains all of these figures.

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

Mr. COLE of New York. I yield to the gentleman from Iowa.

Mr. LECOMPTE. The $100,000,000 worth of property is property that is already in the Philippine Islands, and does not entail any additional cost, and would cost considerable to bring back to this country, is that not correct?

Mr. COLE of New York. The gentleman is correct.

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

Mr. COLE of New York. I yield to the gentleman from Illinois.

Mr. CHURCH. With reference to surplus property, the $100,000,000, is that based on original cost of the surplus property, or is it based on some other valuation?

Mr. JUDD. It is based on a fair valuation to be determined by the Foreign Liquidation Commissioner.

Mr. CHURCH. Is not that very indefinite?

Mr. COLE of New York. Can the gentleman suggest to us any better way of measuring the value of the surplus property to be made available?

Mr. CHURCH. Not at the moment.

Mr. COLE of New York. I am sure the committee is receptive to any constructive suggestions.

Mr. CHURCH. The gentleman from Minnesota, Dr. JUDD, is on the Committee on Expenditures in the Executive Departments, and perhaps his judgment should be followed.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. COLE of New York. I yield to the gentleman from California.

Mr. MILLER of California. I subscribe to the theory that the gentleman advances in putting a limitation on this, but I wonder if 1950 is not a little too close. For instance, the boys that go to those academies and train for officers in the future Filipino merchant marine can hardly complete courses within that time. You will not have them here for another year or two, then you top the thing off by 1950. I wonder if the gentleman has given thought to that sort of thing.

Mr. COLE of New York. The reason I selected the year 1950 is that some of

the programs were limited to that period of time.

Mr. MILLER of California. That is right; I appreciate that.

Mr. COLE of New York. I can appreciate the complications such as the gentleman has suggested, and am sure that if this amendment is adopted those will be considered when the bill goes to conference, and it will be worked out satisfactorily.

Mr. MILLER of California. I just wanted to make sure of that.

Mr. BELL. I see no objection to the amendment offered by the gentleman from New York, Mr. Speaker.

The SPEAKER. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. JUDD. Mr. Speaker, I offer an amendment, the first of a series of amendments I intend to offer.

The Clerk read as follows:

Amendment offered by Mr. JUDD: On page 31, line 1, after "year" and preceding the comma, insert the words "prior to July 1, 1950."

Mr. JUDD. Mr. Speaker, each of these four amendments supplements the amendment that has just been adopted, but I think they should be adopted to make sure there are definite limits to the program for training Filipinos in merchant marine, fisheries, weather bureau, and so forth. If the Members will look on page 31 of the bill, line 6, and read with me that sentence, you will see that it authorizes Filipino midshipmen to be trained under other authorizations than those carried in this act. It says beginning in line 6 on page 31:

The persons receiving instruction under authority of this section shall receive the same pay, allowances, and emoluments, to be paid from the same appropriations, and, subject to such exceptions as may be determined by the Chairman, United States Maritime Commission as cadet midshipmen at the Merchant Marine Academy.

They are to be trained under other funds than the funds authorized under this act and are not covered by the limitation of the amendment by the gentlemen from New York. Therefore, I think we ought to put in line 1 the amendment that has just been read. so that the subsection will start:

The Chairman, United States Maritime Commission, is hereby authorized to permit not exceeding 50 Filipinos each year prior to July 1, 1950, to be designated by the President of the Philippines—

And so on. Then it will be clear that we are not authorizing appointments to be made after that date, although after being appointed I think they ought to be allowed to complete their training. I hope that this amendment will be accepted. If when July 1, 1950, comes there is evidence more Filipinos should be trained, we can extend the date. Without this amendment it appears men could be appointed each year indefinitely. If then one day we would have to cut them off, it might look as if we were short-changing them or going back on a promise. I hope the chairman will accept the amendment.

Mr. BELL. I see no objection to the amendment, Mr. Speaker.

The SPEAKER. The question is on the amendment offered by the gentleman from Minnesota.

The amendment was agreed to.

Mr. JUDD. Mr. Speaker, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD: On page 32, line 2, after "year" insert "prior to July 1, 1950."

Mr. JUDD. Mr. Speaker, this is exactly the same thing.

The SPEAKER. The question is on the amendment offered by the gentleman from Minnesota.

The amendment was agreed to.

Mr. JUDD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD: On page 32, line 25, after "year" insert "prior to July 1, 1950."

The amendment was agreed to.

Mr. JUDD. Mr. Speaker, I offer an amendment.

Amendment offered by Mr. JUDD: On page 35, line 10, after "year", insert "prior to July 1, 1950."

The amendment was agreed to.

Mr. COLE of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLE of New York: On page 6, line 24, after "corporation" insert "(composed of individuals otherwise qualified)."

Mr. COLE of New York. Mr. Speaker, my attention has just been called to a situation which was not considered by the committee at the time the bill was under deliberation.

The House will note that an individual claimant for reimbursement of property damaged by reason of the war must be a citizen of the United States or of the Philippine Islands, or if not a citizen of either of those two nations, then he must be a resident of the Philippines for a period of 5 years, providing he is a citizen of a nation which grants reciprocal benefits to American citizens damaged in those foreign countries by the war. In addition to those individuals who can qualify as claimants, subparagraph 4 further provides that any unincorporated association, trust, or corporation can qualify as a claimant. Therefore, it is entirely possible that an unincorporated association consisting entirely of Japanese nationals living in the Philippine Islands or nationals of any country other than the United States or the Philippines could come in and qualify under the provisions of this bill. The amendment which I have offered is drawn rather hastily and perhaps does not correctly cover the situation, but in order that something may be contained in the bill that the conferees can consider when they meet to iron out these differences between the two measures, I suggest the favorable consideration of this amendment.

Mr. BELL. Mr. Speaker, there is no objection to the amendment.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. COLE].

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. BELL. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill just passed.

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

There was no objection.

COMMITTEE ON MILITARY AFFAIRS

Mr. MAY. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs may have permission to sit today during general debate.

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

There was no objection.

PAN AMERICAN DAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the proceedings whereby House Resolution 522 was agreed to on February 13, 1946, be vacated, and I ask for its present consideration for the purpose of offering an amendment thereto.

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

There was no objection.

The Clerk read the resolution, as follows:

Resolved, That the House of Representatives hereby designates Monday, April 15, 1946, for the celebration of Pan America Day during which no business or remarks except appropriate to such an occasion may occur.

Mr. McCORMACK. Mr. Speaker, I offer an amendment:

Amendment offered by Mr. McCORMACK: On page 1, lines 3 and 4, after the word "Day", strike out the words "during which no business or remarks except appropriate to such occasion may occur", and insert "on which day remarks appropriate to such occasion may occur."

The amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DEPARTMENTS OF STATE, JUSTICE, COMMERCE, AND JUDICIARY APPROPRIATION ACT, 1947

Mr. RABAUT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6056) making appropriations for the Departments of State, Justice, Commerce, and the Judiciary, for the fiscal year ending June 30, 1947, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate continue during the remainder of the day, the time to be equally divided between the gentleman from Nebraska [Mr. STEFAN], the ranking minority member, and myself; and that the first paragraph of the bill

be read for amendment at the conclusion of general debate.

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

Mr. STEFAN. Mr. Speaker, reserving the right to object, and I am not going to object, do I correctly understand that the request of the gentleman is that debate go on throughout the day and that no time limit is being set for general debate?

Mr. RABAUT. That is correct.

Mr. STEFAN. The first paragraph of the bill will be read after general debate has been concluded?

Mr. RABAUT. That is correct.

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

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan [Mr. RABAUT].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of H. R. 6056, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. RABAUT. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, your committee has labored long on this bill. We started immediately upon our return from the Christmas holidays, and we have been in session almost daily ever since.

I want to pay tribute to my colleagues on the committee on both sides of the aisle.

I should like to open discussion on this bill with a thought which I and the committee generally have had for curtailing expenditures in the legislative establishments.

The change from war to peace and the further increased Federal indebtedness gives added reason for the reduction of Federal activities by the elimination of many desirable and well-meaning functions and the retention only of those functions which are necessary to the proper administration of Government and the maintenance of the national economy and the national welfare. Increases have been allowed in a number of projects which seem to the committee to be necessary to reestablish our peacetime economy but the committee wishes to state at this time that as reconversion progresses it will become increasingly more determined to limit appropriations, not only to the extent of eliminating increases but even reducing the base on which those increases are established. There seems to have developed during the war years what some have termed a "spending psychology" and the committee is fearful that this spending psychology has become somewhat too deeply entrenched in the minds of the officials responsible for the operation of our Federal establishments. It must be eliminated.

There can, of course, be no such thing as a return to conditions which existed prior to the war years. Responsibilities of Government have increased through the enactment of additional legislation, wages are on a higher level, certain war-created activities must be continued for some time, and problems attendant to the reestablishment of our national economy have arisen. All call for increased activity on the part of the Federal Government. Nevertheless, a concerted effort must be made by all concerned to reduce the cost and limit the size of our Government. It would seem to the committee to be more logical for the departmental officials who are more familiar with their activities to initiate reductions in expenditures, rather than to have them reduced by the committee, pursuing, perforce at times, an arbitrary course.

We of the committee are also becoming increasingly cognizant of the apparent lack of alertness on the part of the agencies and departments of the Government embraced by the bill with respect to keeping alive and current the legislative mandates under which they operate. The activities of many bureaus and other subdivisions are based on statutes enacted 50 or 100 years ago. While this legislation may have served a purpose at the time of its enactment, or even for many years after its enactment, much of it is outmoded and does not serve the present needs of the Nation. The departments and agencies whose activities are based on such antiquated legislation should make it their business to suggest from time to time revisions in order that we may more clearly define the functions of government as between the various units of organization. On the other hand, there are agencies operating on enabling legislation that was drawn on such broad terms as to enable them to justify almost any conceivable activity thereunder.

I want to take this opportunity to suggest that the Bureau of the Budget devote more time to the over-all coordination of the functions and activities of the various departments and agencies of government generally and less to the issuance of directives governing details of administrative management and planning. There is too much duplication of effort in the Government, and the Bureau of the Budget, as the central coordinating agency of all functions of the executive establishment, is the logical and only organization to undertake this reform.

It has come to the attention of the committee that many inequities have been permitted to creep into the Federal salary structure with respect to the classification of positions in the executive department. It was generally admitted, for instance, that positions established in the war agencies were rated higher in salary than positions in the old-line agencies, the reason given being that the Government had to recruit a high grade of personnel in a short period of time and also that the employees engaged were entitled to somewhat more consideration because of the fact that their positions were of a temporary nature.

It has now developed, however, that many of these employees have been transferred to the old-line agencies of the Government at the same salary rates, the only changes effected being in the names of the agencies at the head of their job-description sheets. This has had a very detrimental effect on the morale of the older employees, who have served in these agencies for many years prior to the war and who stayed at their posts during the war.

It is my personal belief that the magnitude and responsibilities of our Federal Government demand the retention of the highest-type employees that can be secured. It is realized that the Federal establishments cannot under all circumstances compete with the salary structure obtained in private enterprise. However, it would seem that there is too much at stake in the control and direction of our national economy to permit the employment of any other but the highest type of individual.

I am for adequate salaries. It does seem to me that the present system with respect to employment and retention of these more qualified employees could be considerably improved upon, and I strongly urge that the Civil Service Commission take such steps as may be required to eliminate the inequalities that have come to light during the hearings on the pending bill.

I am aware of the fact that a number of the Members of the House have attempted to reduce the activities of some of the agencies to a prewar level. I also, would like to see this accomplished. However, it appears to me that the facts are such as to make this objective impossible of accomplishment, and I am speaking only for the four activities encompassed in this bill. Cost of government has grown, not so much because of increased salaries, increased costs necessitated by the 40-hour workweek, the Ramspeck Act, and other uncontrollable items, but primarily because of the fact that the steady enactment of additional legislation imposes additional responsibilities on the executive departments.

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

Mr. RABAUT. I yield.

Mr. NORRELL. I wish to concur with what the gentleman has said. He is a great member of this committee. I should like to ask the gentleman this question: What percentage of the appropriation being made available in this bill are fixed by statutory authorization? It must be tremendous, something that the Appropriations Committee cannot do anything about.

Mr. RABAUT. The gentleman is absolutely right.

Mr. NORRELL. Can the gentleman venture a statement as to the percent?

Mr. RABAUT. I cannot say offhand, but it is substantial.

Mr. NORRELL. Would the gentleman say that 75 or 80 percent is covered by statute?

Mr. RABAUT. Much more than that.

Insofar as the bill before you is concerned, we must add the problems which have arisen as a result of the war and the projects within some of the departments which would have been carried on had it not been for the war and for the

resumption of which some provision is made in the bill.

The total of the Budget estimates for the four departments is something over $415,000,000. The reduction effected by the committee totals a little over $56,000,000, or something over 13.5 percent.

DEPARTMENT OF STATE

The amount of $104,700,000 is being recommended for this Department. This is an increase of some $11,000,000 over the current year's requirements and a reduction of a little over $23,000,000 in the budget estimates. I do not subscribe fully to the saying that diplomacy is cheap and war is expensive—they are both expensive—however, a comparison of these costs have certainly brought me to the realization that we cannot afford in the future to be too parsimonious with that Department of our Government created to maintain the peace. By that I do not mean that the Department should proceed on a continuing and indiscriminate expansion of its activities. I personally am not satisfied with the present organizational structure of this Department and have so expressed myself during the hearings and in the report on the bill now before you. However, I do not feel that this is the time for a too radical reduction. The world is still in a turmoil and this Nation must continue to keep its eyes and ears open as to the political and economic developments throughout the rest of the world. The rapid methods of transportation and communication have brought the individual nations of this world much closer together and has made each realize that the problems of one nation, no matter how small, are increasingly becoming the problems of all nations. No matter how hard we may try, we cannot, in my opinion, at least, revert to the isolationism of the prewar years.

Considering on an over-all basis the amount of $11,300,000, representing the increase over the current year, the figure would not seem large in view of the fact that there is included in the bill four new items, namely, $10,000,000 for the information and cultural program; approximately $8,000,000 for the beginning of construction of a dam on the Rio Grande in conformity with a treaty between this country and Mexico; the amount of $6,300,000 for United States participation in the United Nations; and the amount of $700,000 for the foreign economic liquidation program.

I want to say a word about the informational and cultural relations program. Personally, I do not think that there has been in the past enough interchange of information among the nations of the world. Without being a student of the causes of war, one cannot help but feel that even this last war might have been averted had we had greater understanding between the peoples of the world. Perhaps history some day will prove or disprove this thought. Furthermore, I do not think that this country can afford at this time to sit idly by while our motives and intentions are being misrepresented by one or two nations to the rest of the peoples of the world. I feel very strongly that something must be done to protect our interests in this regard.

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

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

Mr. JUDD. Am I correct in inferring from the gentleman's remarks that if this congressional committee had not gone and checked up on the situation this exchange of surplus property for buildings for our foreign service would not have been effected?

Mr. RABAUT. I am very certain that the gentleman is correct. The thought was born in the minds of this committee, and the committee was so interested in it that they appointed a subcommittee of two, when we were in Paris, to fly to London to confer and to present our views to the Secretary of State who was there at that time.

Mr. JUDD. I want to congratulate the committee and at the same time express my chagrin as well as shame that the executive agencies of the Government would not be on the alert constantly to protect every interest of the country along that line.

Mr. RABAUT. I will say further to the gentleman that it results in a tremendous saving, because these surplus properties are distributed all over the world. We make them available to the country where they are located, and in exchange we take real estate which will be used to house our foreign service all over the world.

Mr. JUDD. Obviously it is a very good proposition. I am only overwhelmed with surprise that we had to get members of a legislative body to see the necessity of it and push it through. That is what surprises me.

Mr. RABAUT. As you have already seen in the papers, the amount of something over $4,150,000 requested for the intelligence program has been eliminated. It was felt that the program would merely create another superstructure within the Department and that little or nothing additional to what the Department is already doing would be accomplished.

I would like to advise the membership that the report of the Appropriations Subcommittee, having jurisdiction over the Department of State, has included in the hearings under the caption "Foreign service" its report of the recent trip to Europe.

A number of unsatisfactory conditions with respect to the operation of our foreign service establishments were disclosed and appropriate recommendations were made for the correction or elimination of these conditions.

I am also happy to inform the membership that the committee had considerable success with respect to the acquisition of properties abroad through surplus material disposals and lend-lease settlements.

Briefly I want to report that agreements concerning the acquisition of properties concluded or awaiting signatures total $66,222,000. Of this amount, $38,272,000 have been concluded and are now in effect. In addition to this there are pending agreements in the amount of $35,000,000. These agreements have been concluded or are presently being negotiated with 20 different countries.

DEPARTMENT OF JUSTICE

The bill includes something over $95,000,000 for this Department, a reduction of about $10,500,000 under the current year's requirements and $1,600,000 under the Budget estimates. I might also add that the 1946, or current, appropriation is approximately $11,000,000 under the appropriations for the fiscal year 1945. This Department is primarily a service department, the extent of whose activities depend on the criminal and civil statutes in force. The activity within this Department calling for the largest appropriation continues to be the Federal Bureau of Investigation, for which the amount of $28,700,000 is recommended. This is a decrease of more than $8,000,000 under the current year's requirements. This bureau is still burdened with work as a result of the war, such as war frauds work, apprehension of escaped prisoners of war, war-risk insurance work, and others. Director Hoover was also very apprehensive as to the sufficiency of funds for this next year because of the possibility of a crime wave which, experience shows, seems to follow every war. I personally feel that we must be prepared to cope with such a condition should it arise.

Some aspects of the crime wave, particularly with respect to youth in crime, are discussed in the following testimony of Director Hoover, which I quote:

> The matter of youth in crime is one of our greatest problems today. We in law enforcement—local, State, and Federal—view this increase in crime with great concern. I have always said that much of this type of crime is due to parental laxity. You cannot have teen-age hoodlumism unless there is parental laxity—and it is always present—in the home from which the hoodlum comes. The outdoor haunts, the dives, the street corner that he hangs out on, and the crowd he goes with—all point to the lack of parental discipline. This is the problem which I think the adults of this country must recognize and take steps to cope with it.

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

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

Mr. PITTENGER. Is the gentleman reading from Mr. Hoover's testimony?

Mr. RABAUT. I am reading from Mr. Hoover's statement.

Mr. PITTENGER. I suppose at some appropriate time the gentleman will tell us how much money he wants to spend in peacetime more than he did during the war. I understand the bill generally increases expenditures.

Mr. RABAUT. Our bill carries a reduction of $8,000,000 for Mr. Hoover.

Mr. PITTENGER. I was told by one of the committee members, not with reference to Mr. Hoover, but generally speaking, that the sum total of the appropriations for these departments is over $40,000,000 more than it was last year. I wonder if that is true.

Mr. RABAUT. I just finished telling the committee the whole story. I do not know whether or not the gentleman was here.

Mr. PITTENGER. I was here.

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

Mr. RABAUT. I yield to the gentleman from Michigan.

Mr. HOFFMAN. How much does the bill carry?

Mr. RABAUT. I will come to that in a minute. I want to finish this statement first.

I am quoting from Mr. Hoover's testimony:

For instance, 21 percent of the arrests today involve youngsters under 21 years of age. There are more arrests at the age of 17—

Mind you, 17. Take that home to your district when you return, and make a statement about it. We should be interested in the youth of this country.

There are more arrests at the age of 17 than at any other age, and thereafter there is a decrease in the arrests under 21.

It will be observed that in connection with the arrests of youths from the ages of 16 to 24, the age of 17 is high and from that time it goes on down. The arrests under 21 for the first 9 months of this year showed that 15 percent of all murders in this country are committed by persons under 21 years, 36 percent of all robberies are committed by persons under 21, 51 percent of all burglaries are committed by persons under 21, 34 percent of all thefts are committed by persons under 21, 26 percent of all crimes of arson are committed by persons under 21, 30 percent of all rapes are committed by persons under 21, and 62 percent of all car thefts are committed by persons under 21. These are figures that come in from all parts of the country.

What I want to bring out is that the age of 17 is an age closely allied with the graduation age of high-school students. There must be something wrong some place in the homes and in the schools of this Nation that brings about a report such as I am making here today.

It is high time that those in charge of educational facilities in this Nation use the slogan of the railroads. "Stop, look, and listen." Over and above that, they should act, act in devotion to America—act in devotion to its homes—act—for heaven's sake, act.

The amount of $24,500,000 included for the Immigration and Naturalization Service is a reduction both under the current years requirements and under the Budget estimates. There is no doubt but what, as transportation facilities become increasingly available, responsibilities of this Service will increase proportionately. The Commissioner told the subcommittee that a rather serious situation prevails along the Mexican border and that his border patrol is inadequately staffed to guard this area of our country properly. However, it is doubted that this border could be guarded effectively even if the personnel on the border patrol was quadrupled, and the subcommittee suggested to the Service that a more effective liaison be developed and maintained between the Service and the authorities of the States and municipalities along the border.

The operating costs for the Federal Prison System are mostly a matter of calculation. The estimates of the prison population, on which requests for funds have been based, have been surprisingly accurate for the past several years. For example, the estimate for this year were based on the population of 19,000 prisoners. As of the date of the hearings, there was a total of 18,669 prisoners. The estimates for next year is based on a total of 21,000 prisoners, the increase being attributable in large measure to the court-martial prisoners taken over from the Army.

DEPARTMENT OF COMMERCE

The amount included in the bill for this Department is $143,000,000, an increase of nearly $40,000,000 over the current year's requirements and a decrease of approximately $31,000,000 under the Budget estimates. The largest items of increase allowed are as follows: Approximately $3,500,000 for the office of the Secretary, which amount, however, includes an increase of $3,100,000 for technical and scientific services. This activity is the outgrowth of the old National Inventors Council and still does a small portion of its previous work in the interest of national security. The group of 19 eminent American scientists and industrialists are still serving this activity on a nonsalaried basis. The major portion of the work in this unit, however, is that of analyzing, translating, and distributing scientific and technical data captured in Germany, and to some extent in Japan. It was testified that the classification of these data for the use of American business is perhaps the only reparation this country will receive from this war, and this is probably true.

The bill contains the amount of a little over $28,000,000 for the Bureau of the Census, an increase of nearly $19,500,000 over the current year's appropriation and a decrease of $5,350,000 under the Budget estimates. In the amount recommended are included $10,000,000 for the census of business and $5,000,000 for census of manufactures, which are new items, not provided for in the current year's appropriation. The subcommittee had considerable discussion concerning these two items, both during the hearings and in executive session, and it was finally concluded by the majority of the subcommittee that these functions should be started at this time. The dislocations caused by the war and the fact that such censuses could not be taken during the war make these two activities necessary at this time. The country must have bench-mark data on which the development and progress of our economy are to be based. While the census of religious bodies is not specifically mentioned in the bill, as are not the other censuses taken under this item, it was the committee's intent that the census of religious bodies be taken, and it was thus provided.

For the Civil Aeronautics Administration, the bill contains the amount of $63,450,000, an increase of something over $7,000,000 over the current year's requirements and a decrease of nearly $11,000,000 under the Budget estimates. The renewed activity in the domestic and foreign aviation, making necessary additions to our Federal airways, as well as the modernization of our airways, and the additional cost in maintaining these airways is the major cause of the increase. In addition to that, the great number of airplanes that are expected to be in production and in the air during the next year will cause additional responsibilities in the Safety Regulation Division.

Mr. HOFFMAN. Mr. Chairman, a point of order. This bill carries something like $400,000,000. I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 80]

Allen, Ill.	Fallon	O'Brien, Ill.
Anderson, Calif.	Feighan	O'Neal
Auchincloss	Fellows	Patrick
Baldwin, Md.	Fisher	Peterson, Fla.
Baldwin, N. Y.	Fogarty	Pfeifer
Beall	Fuller	Ploeser
Bender	Gary	Plumley
Bishop	Gifford	Powell
Bland	Goodwin	Price, Fla.
Boykin	Gorski	Price, Ill.
Bradley, Mich.	Granger	Quinn, N. Y.
Bradley, Pa.	Griffiths	Rains
Brumbaugh	Gross	Randolph
Buckley	Hall,	Rayfiel
Bunker	Leonard W.	Reece, Tenn.
Burgin	Hancock	Roe, Md.
Butler	Harless, Ariz.	Rogers, N. Y.
Byrne, N. Y.	Hébert	Shafer
Canfield	Heffernan	Sharp
Cannon, Fla.	Hendricks	Sikes
Celler	Herter	Smith, Va.
Chiperfield	Holmes, Mass.	Stewart
Clippinger	Hook	Sumner, Ill.
Cochran	Howell	Taylor
Colmer	Jarman	Thom
Courtney	Kefauver	Thomas, Tex.
Crawford	Kelly, Ill.	Tolan
Curley	Knutson	Wasielewski
Curtis	Kopplemann	Weaver
Dawson	LaFollette	West
Delaney,	Latham	White
James, J.	Link	Wolcott
Delaney,	Luce	Wolfenden, Pa.
John J.	McKenzie	Wood
Dingell	McMillen, Ill.	Woodhouse
Dirksen	Miller, Nebr.	
Dworshak	Norton	

Accordingly the Committee rose; and the Speaker pro tempore, Mr. SPARKMAN, having assumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6056) and finding itself without a quorum, he had directed the roll to be called, when 318 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER pro tempore. The Committee will resume its sitting.

Mr. RABAUT. Mr. Chairman, at the time the point of order of no quorum was made I was talking about the Civil Aeronautics Administration.

The bill also includes the amount of $1,500,000 for what has since become a controversial item, that is, the maintenance and operation of aircraft. The Administration now has 231 airplanes required for use in checking the equipment on Federal airways, transportation purposes in Alaska, and safety-regulation work. The Administration now has approximately a 5-year supply of parts for these airplanes, and it is strongly recommended that the program as developed by Mr. Wright, the Administrator, be put into effect. I am sure that

it will result in considerable savings to the taxpayer.

There has come to the attention of the committee an apparent weakness in air-safety regulations insofar as the human element is involved. A mishap occurs, an investigation is made, and there the matter ends. The responsibility for each accident, no matter how minor, should be determined, and if the human factor is involved the person or persons responsible should be grounded or relieved of their duties without pay for a specified period of time. The committee also feels that too much laxity exists with respect to drinking by pilots, not at times of take-off, but the night before. Any pilot who has been drinking the night before is just not in condition to assume responsibility for a load of passengers the next morning. Public safety must be protected vigilantly and at all costs. It is strongly urged that regulations be drafted to require airline companies to give spot and surprise tests to determine the physical fitness of a pilot just before a take-off. It is understood that such tests could be completed within a few minutes, and would have no effect on operating schedules.

The entire increase of $923,000 over the current year's appropriation for the Coast and Geodetic Survey is due to the necessity for resuming the coastal survey work which was suspended during the war. This service is now having returned to it, from the Navy, three coastal survey vessels which must be manned and maintained. It is likewise behind in its chart production work and in the maintenance of revisions on the charts which are currently required for nautical and aeronautical purposes.

As for the Bureau of Foreign and Domestic Commerce, the bill includes $7,100,000, an increase of about $4,250,000 over the current year, but a decrease of $5,800,000 under the estimates. This activity is the heart of the department and there is no question but what the services of this bureau will be vitally needed in the development of the economy of our Nation during the next few years. Certainly it would seem that the development of positive aids to business and assistance to the exporters and importers of this country will result in a greatly increased national income. In line with this theory, the department proposed to establish 75 field offices throughout the Nation, at a total cost of $6,500,000. This estimate was reduced by $4,000,000, allowing only $2,500,000 with which to set up a greater number of offices but not to be staffed to the extent originally planned in the estimates.

There is very little to say concerning the Patent Office, for which the Budget estimates of $6,027,000 were approved. They are so far behind in the examination of patent applications, it is doubted that they will be able to keep their heads above water even with this amount.

The National Bureau of Standards shows an increase of something over $2,250,000 over the current year's requirements. Approximately $1,000,000 of the increase is for specialized equipment required in the study of X and beta radiation and $600,000 is for the improvement of buildings and facilities which were neglected during the war.

The bill contains the amount of $16,300,000 for the Weather Bureau, a reduction of something over $2,800,000 in their regular activities. The Budget estimates called for approximately $9,000,000 to be expended for aviation weather service. It was the thought of the subcommittee that this Bureau is going to the extremes in furnishing weather service to the air-line industries and also that perhaps the air-line industries might be requested to share a portion of this cost since they are the beneficiaries of this specialized service.

In addition to the above Weather Bureau reduction, the subcommittee eliminated the amount of $1,750,000 for the completion of the Weather Bureau Building, on the premise that what building materials are available could be used to better advantage for general housing purposes.

THE JUDICIARY

The appropriation of $15,850,000 is included in the bill for this activity, an increase of $118,000 over the current year and a decrease of $734,000 under the Budget estimates. The major increases, offset by decreases in other items, are for salaries and expenses in the Court of Claims, necessitated by the increased activity of the court under the Contract Settlement Act, and an increase of $265,000 for miscellaneous salaries. This last increase is more apparent than real, by virtue of the fact that there was absorbed during the current year in this item, for requirements under the Pay Act, approximately the same amount. There is $100,000 additional for the salaries of court reporters to provide court reporters for the courts that could not be provided for under the reduced expenditures for the current year.

I now yield to the gentleman from Michigan [Mr. HOFFMAN] for a question.

Mr. HOFFMAN. You were speaking a while ago about delinquency among children. Does that not grow out of the fact that the children are not being trained at home as they were in years gone by—not supervised at home? We have been looking to the Federal Government altogether too much?

Mr. RABAUT. I have not implied that the Federal Government was responsible for the delinquency of children.

Mr. HOFFMAN. I did not say you; I said the people generally.

Mr. RABAUT. I said there were three agencies that should have a deep interest in the children, and I put them in an order. First, the home; second, the school; and, third, the church.

I said, however, there is a very close proximity to the high-school graduating age, which is usually 18, and the 17-year age which is the top age in crime today. So there must be something wrong someplace, and I am just calling it to the attention of the educational people of this Nation. Does the gentleman disagree with me?

Mr. HOFFMAN. As I understood the gentleman's reference, he was calling attention to the lack of training or something that was wrong because so many of the younger people are being arrested for criminal action; and my thought was that part of that condition was due to the fact that we are not taking care of our own children in our own homes as we should, but are relying altogether too much upon Federal agencies. The Federal Government is sticking its fingers into everything, into the schools, into the homes, to such an extent that there is no home training in some localities as there was in days gone by.

Mr. RABAUT. I do not think the Federal Government is doing anything about it inasmuch as the gentleman has asserted the viewpoint he has. I hope the gentleman is not trying to lecture me because I have nine children and feel I have been successful with them.

Mr. HOFFMAN. I am not lecturing the gentleman; I would not be so presumptuous. I do not even know what the gentleman's conclusions were as to the remedy. As I understand, the gentleman is just complaining because the children of today are not all they should be.

Mr. RABAUT. I am complaining of a condition that the gentleman from Michigan and every other Member of this body can take home to his own district and shout it from the curbstones of every corner. It is something that demands correction. The crime wave in this country is a thing that has astounded every decent person. I hope the gentleman does not disagree with that.

Mr. HOFFMAN. I do not disagree with that.

Mr. RABAUT. It is apparent any place one looks; and the top age of those who commit these crimes is 17 years.

Mr. HOFFMAN. No; the gentleman will not find any such condition as he has been pointing out in the rural districts; he will not find it in the Fourth District of Michigan. He might find it in Detroit but not on the western side of the State.

Mr. RABAUT. If the gentleman will listen a moment, Mr. J. Edgar Hoover said this report comes from every section of the country, and that includes the gentleman's district. They have gone all over the country.

Mr. HOFFMAN. That statement is not in accord with the facts; that is all. It does not exist in rural western Michigan.

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

Mr. RABAUT. I yield.

Mr. DOYLE. I think it is proper at this time in view of the distinguished gentleman's remarks about the problem of juvenile delinquency to call the attention of the House to the fact that 2 weeks ago, before I went home just for a moment on account of critical illness, I filed House Resolution 595 which calls for a Nation-wide study and survey and report back on this very problem of juvenile delinquency as it relates to the whole Nation. It does not sponsor any bill or any particular theory but is just intended to get at the facts, whatever they may be.

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

Mr. RABAUT. I yield.

Mr. CELLER. I believe the gentleman in my absence made a statement about a census of religious bodies.

Mr. RABAUT. I did.

Mr. CELLER. As I understand it, and after conversation had with Dr. Eckler of the Census Bureau the language on page 52 of the bill is not sufficiently broad to require the Director of the Census to make that census of religious bodies which is asked for by the Federal Council of Churches of Christ in America, various Catholic societies, and Jewish societies. Will the gentleman explain about that census a little further?

Mr. RABAUT. I included in my remarks this morning with a moral persuasion to the Department and by direction of the committee, as far as this census is concerned, what we desire and what we say must be done.

Mr. CELLER. Would the mere statement of the committee be a directive to the Director of the Census? As I understand. back in 1902 the Census Act gave permission to the Director of the Census to make a census of religious bodies. That act was amended in 1906 again authorizing but not expressly directing the Director of the Census to make such a census. The language still remains permissive and the general apprporiation is $13,000,000. If perchance the $13,000,000 is exhausted by the other enumerations that the Director makes there would not be any money left to make the permissive census of the religious bodies.

Mr. RABAUT. I understand the gentleman's inquiry, and I want to quote my remarks made this morning:

> While the census of religious bodies is not specifically mentioned in the bill as are not the other censuses taken under this item, it was the committee's intent that the census of religious bodies be taken and it was thus provided.

That will take care of the religious census.

Mr. CELLER. I thank the gentleman for his observation. Would there be any objection to mentioning on page 52 that the amount usually appropriated of $250,000 shall be used for that purpose? What objection would there be to that?

Mr. RABAUT. The bill will be read for amendment on tomorrow, and it can be taken up at that time.

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

Mr. RABAUT. I yield to the gentleman from Massachusetts.

Mr. PHILBIN. Is there any provision in this measure for increasing the salaries of the regular district Federal court judges?

Mr. RABAUT. There is not. That is not done in this bill.

Mr. PHILBIN. There is a provision in this bill for increasing the salaries of the judges of the Court of Claims?

Mr. RABAUT. No; not any increases in salaries.

Mr. PHILBIN. There is no provision for salary increases of any Federal judges?

Mr. RABAUT. No.

Mr. PHILBIN. I thank the gentleman.

Mr. STEFAN. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, the bill we present today carries appropriations for the Departments of State, Justice, Commerce, and the Judiciary for the fiscal year 1947. As the ranking minority member of your subcommittee, I wish to pay a tribute to the chairman and other members of the committee who have been working on this bill diligently for many days. I want to especially commend the committee clerk, Mr. Corhal D. Orescan, for his valuable and efficient assistance to the committee and especially for his unusual ability in getting the bill in shape after many perplexing changes have been made.

Mr. Chairman, we have lost two valuable members of this committee, the gentleman from North Carolina, the Honorable JOHN KERR, a great statesman, a man who has been my friend and adviser through 12 years of my service here. He has now assumed the chairmanship of another very important subcommittee; and the gentleman from Illinois, Hon. TOM O'BRIEN, who has become a member of the Ways and Means Committee. We have added to our committee the gentleman from New York [Mr. ROONEY] and the gentleman from Virginia [Mr. GARY], who are very able, and we welcome them to membership on this committee which deals with problems that are so important that I hope many Members will remain on the floor during the reading of the bill because there are many controversial items in it. We also have as members of that committee the gentleman from South Carolina [Mr. HARE], the gentleman from Ohio [Mr. JONES], and the gentleman from Colorado [Mr. GILLESPIE].

The bill was especially hard to draw up due to the fact that two of the Departments, namely Department of State and the Department of Commerce are being reorganized and expanded. In my opinion, this is one of the most important bills ever brought before this House.

It contains many increases in the total amounts, in the number of employees and in the functions of the various departments as compared with the bill we presented to you last year. While your committee made many decreases in the bill as compared to the amounts of money originally requested, additional decreases may be suggested in committee as the bill is being read for amendments.

The grand total of this bill $358,825,758, as compared with $318,314,999 during the fiscal year 1946. These totals include the increases in salaries called for in Public Law No. 106. This shows an increase in this bill of $40,510,759 as compared with the 1946 figure. The three departments, originally asked for $415,017,688. The gigantic increase in this bill even though the war is over is accounted for by the proposed great expansions in the Departments of Commerce and State. Two new items in Commerce include the business and manufacturers census which accounts for $15,000,000 of the increase. The reclassification of positions and the transferring into the regular services of various war agencies represents much of this huge increase. In the Department of Commerce the increases are greatest and are explained by the fact that Commerce has been more or less dormant during the war and is now in need of some expansion.

The greatest increase in the number of employees is found in the Commerce and State Departments. In 1946 Commerce had 21,870 man-years. This Department originally requested 38,670 man-years for 1947, and the committee cuts should decrease this request to approximately 30,000 man-years, which still represents a large increase of man-years for this department. The Department of State, which had 13,165 man-years in 1946 requested 20,185 man-years for 1947. Your committee made cuts in this request which would trim its figure down to around 17,000 man-years for 1947 for the Department of State, which would still show a large increase in the number of employees for this ever-expanding department.

A number of requests for new divisions in the Department of State were rather confusing due to the fact that these divisions were not broken down in the committee print in such a way that members of the committee could readily determine the break-down in number of employees and functions. These new divisions cannot be found in the bill which is now in your possession, and Members wishing to learn about same will have to get their information from the reading of the report and the reading of the hearings.

Many details of this bill have been already explained, and although I expect to discuss some other matters more generally when we start reading the bill for amendments, at this time I wish to confine myself to two of the important items, namely, the Informational Service in the State Department and the Federal Bureau of Investigation in the Department of Justice.

AN INTERNATIONAL INFORMATION PROGRAM

Mr. Chairman, these are the days in which all of us are taking inventory. The Members of the House of Representatives are—or they ought to be—deeply concerned with the balancing of the Nation's Budget. Throughout this Republic, families are engaged in a like task, trying to make their income a little more than their expenditure so that the resultant saving will be at the same time a bulwark against possible emergencies and a stake for future progress. That is why it is so important right now, at this very moment, to act to eliminate waste in Government and to make those Federal agencies which survive our careful examination earn every cent of their keep.

It is equally important, however, that, in our patriotic zeal to economize, we do not amputate useful arms of the executive branch and paralyze, either partially or totally, still other useful arms. If we helped to bring about this condition, we should be as deserving of censure as if we permitted reckless expenditure of the American taxpayers' money. We must watch with equal vigilance against the harmful effects of unchecked spending and the harmful effects of hamstringing governmental efficiency. That, under the Constitution, is the double responsibility of this body.

It has been brought forcibly to my attention—as I know it has been brought to your attention—that in this first year of

peace some Federal agencies have submitted requests for funds from 50 to 300 percent in excess of like requests for like agencies at any other time in their history. In meeting this challenge, I shall go along with any reasonable paring down of these blueprints for operation during the fiscal year beginning July 1, 1946.

Within the next few minutes, I intend to examine with you specifically the problem of our underwriting the International Information Program of the Department of State for the coming fiscal year. I have a twofold interest in this particular problem. First, I am interested in it because what action we take in regard to it will set a precedent in regard to our other actions to be taken concerning other phases of government of similar size and requiring similar amounts to keep in operation. Second, I am vitally interested in any organization which has for its job the telling of the American story and the telling of that story everywhere and now.

When the matter of providing appropriations for the Office of International Information and Cultural Affairs under Assistant Secretary of State Benton first came before our committee I had formed no set opinion about continuing it. I wondered—I very naturally wondered—whether or not the OIC would be established as a purely propaganda organization; and if it was created for such a purpose, whether or not such propaganda issuing from governmental sources would be necessary or even advisable under the changing condition of foreign affairs. Throughout the time I have been considering possible appropriations for OIC, I have tried to suggest savings wherever those savings could be brought about without destroying the effectiveness of the task to be accomplished. The recommendations of the Subcommittee on State Department Appropriations of the Committee on Appropriations and the recommendations of the entire committee still guide my ultimate decision regarding the OIC. Nevertheless, after a careful, objective study of what the OIC intends to do and what money it needs to do its job, I have come to the conclusion that there is justification for a well-planned, well-supervised, modest program of international information and cultural affairs.

I am not one of those timid souls who cringe at the very word "propaganda." The newspaper who comments editorially on a news story on its front page is carrying on propaganda. I certainly would not advocate the abolishing of the editorial writer who expresses the policy of his paper or support any measure which would infringe in any way upon the absolute freedom of the press. Every commercial you hear over the radio is a form of propaganda. Yet, it would be unfortunate, indeed, if commercials—yes, propaganda commercials—were excluded from the air, for then radio would have to depend upon Government support for its existence and Government-supported radio would be the first step toward the socialization of all our information and communications industries.

Propaganda, as such, is not necessarily evil—and it can be an instrument for good. But, it is the duty of Congress to be on the alert where propaganda is used. We must not be complacent. A good thing may be used for evil purposes. A kitchen knife, made for slicing bread, could be used to kill.

Even under these circumstances, I still believe a modest, purely factual international information program would be a good thing. I base my conclusions on hard facts gained from our experience in the late war.

The Office of War Information was set up as a psychological warfare weapon. In spite of the widespread criticism of OWI—part of which was justified—it helped to shorten the shooting war and thus to save American lives. It did this through a consistent policy of telling the truth about what America was thinking and doing to the brave resistance groups in enemy-occupied countries, to neutral nations, to our allies and to our enemies. Congress itself contributed in no small degree to the success of this psychological warfare. I am reliably informed that 111 Members of Congress took part in preparing material for broadcasts, statements which were published in the newspapers of neutral nations for infiltration into enemy and enemy-controlled areas, pamphlets which were dropped by our planes over contested regions, and articles for underground newspapers and magazines, as well as regular commentaries for particular areas.

I am convinced that those of us who worked with the OWI in this endeavor told the truth as we saw it. For my own part, I have seen psychological warfare in action especially in the Philippines. In the crucial Philippines, our words of encouragement, counsel and advice reached the fierce-fighting Filipino guerrillas, counteracted their almost daily dosage of Japanese propaganda and helped to mold them into one of the most efficient guerrilla fighting forces anywhere on record.

We are not at war today. We do not need the tremendous overseas informational machine which was necessary during the war. We can get along with one only a third as large. But, we do need to give truth to foreign peoples. We do need to tell the American story. We do need—and I coin a word—"psychological peace-fare".

Today, we are faced with the ominous certainty of communism spreading over vast regions of Europe and Asia. They, these hungry, desperate people, are the "rice Christians" of our generations. They do not think things through. They only act for survival. They are ready to accept that ideology which feeds them, which promises to feed them or which consistently takes the credit for feeding them. They are ready to follow anybody or any way of life which provides a measure of security and something to eat. Foreign governments, especially that of the Soviet Union, have embarked on a program of claiming credit for all attempts to bring relief to these suffering, bewildered peoples. They have been deluged with waves of misinformation about the United States and the intentions of the American people to the extent that within 8 months after the end of the war in Europe a wall has grown up between us and many of those captive nations, a wall which Soviet propaganda is building higher and higher.

This very day, Britain is broadcasting to the hunger areas and, as reported in the New York Times of March 19, they have even instituted Russian-language broadcasts to the Soviet people whom Ambassador Harriman recently said possessed "60,000 to 70,000 short-wave receiving sets capable of hearing American broadcasts." Without some sort of an international information program, we could never expect to surmount the wall of censorship which intervenes between the American people and those peoples living in the realm of hunger; nor could we expect to reach even a few of the Russian people who have short-wave receiving sets.

It is not a matter of keeping up with the Joneses. We do not anticipate competing with the vast propaganda machines of Britain and Russia. But, we do need—and that need is an urgent, pressing need—a modest, effective oral and visual information program to get the message to the starvation areas of Europe and Aasia that our great Nation is united in its desire to be of real help to men and women the world over, to give food for their bodies and hopes of freedom and self-government for their immortal souls. We must give those who hunger after food and hope a true picture of what the United States is and the principles and ideals for which the United States stands.

This can only be done through an international information program—yes, perhaps, small—but efficiently organized, efficiently staffed and efficiently directed. That is the kind of a program which is absolutely necessary to the conduct of our foreign affairs. That is the kind of an international information program which I can support, which I do support, and which I will support.

FBI APPROPRIATION

Mr. Hoover, the Director of the Federal Bureau of Investigation, realizing fully the necessity for continued economy in Government expenditures, requested of the Bureau of the Budget for the fiscal year 1947 an amount of $31,605,310. This amount reflected a voluntary reduction on the part of Mr. Hoover in his appropriation request of more than $4,000,000.

It has been heartening to the members of your committee to note that Mr. Hoover has continuously effected reductions in his appropriation requests for the FBI. The peak year of the FBI, insofar as expenditures are concerned, was 1944, when an amount of $45,235,679 was expended. The number of persons employed by the FBI was 12,432. Through careful administration, Mr. Hoover has been able to report savings in his appropriations. For the fiscal year 1943, approximately $1,000,000 was returned by him to the Treasury as savings. During the fiscal year 1944, $1,500,000 was saved and in the fiscal year 1945, an amount of

$6,810,458 was voluntarily returned by the FBI to the Treasury.

The requests for personnel for the operations of the Bureau have likewise showed a continual decrease. For the fiscal year 1947, Mr. Hoover requested 8,223 employees, of which number 3,000 would be special agents assigned to field investigative work. At the time Mr. Hoover appeared before our committee, he advised that there were actively employed by the FBI, 8,758 persons. His request therefore reflected an actual decrease in persons employed of more than 500. The Bureau of the Budget materially reduced Mr. Hoover's request, allowing only 7,000 employees for the fiscal year 1947, with a total Budget estimate of $28,700,000.

In the amount approved by the Bureau of the Budget, provision was made for the field staff as was originally requested by the FBI. However, a drastic cut was made in the staff at the seat of government. This cut totaled 1,223 persons and as a result it would be necessary for Mr. Hoover to materially curtail the activities of the Fingerprint Division and other divisions of the FBI at the seat of government.

I feel that we can be assured in the future, as we have in the past, that through efficient management, the expenditures of the FBI will be maintained at an absolute minimum.

Mr. Hoover, in his testimony before our committee, advised us that the work of the FBI continues to be extremely heavy. He furnished alarming statistics concerning the crime trends in the country. I feel that the Members of this body should know of the rapid increase in crime which is spreading throughout our country today.

At the present time, the FBI has pending more than 58,000 investigative matters which must receive attention. A great many of these matters do not pertain to internal security matters. We have been advised that crimes such as kidnaping, bank robbery, extortion, prison escapes, thefts of Government property and other such matters are continuing to show an alarming increase. Due to the tremendous bulk of work being referred to the FBI for attention, there are more than 19,000 delinquent investigative matters at present. This delinquency in the handling of work is approximately 38 percent, and when compared with the percentage delinquency of investigative work reported to Congress last year of 33 percent, an increase is reflected.

Last year when I spoke to you concerning the work of the FBI, each field special agent was carrying an average case load of 18.36 cases; today each agent is carrying approximately 20 cases and even though the workweek has been reduced, the staff of the FBI must continue to perform duties greatly in excess of a 40-hour workweek without additional compensation. Crimes of violence, such as kidnaping and bank robbery, cannot be investigated on a time schedule. It is necessary for the agent personnel of the FBI to many times work around the clock in order to bring to successful conclusions many such cases.

During the fiscal year 1945, the FBI secured 13,813 convictions with sentences totaling approximately 32,000 years and with recoveries, fines, and savings totaling $16,500,000. Through the efforts of its investigative staff, 8,955 fugitives, who were wanted for violations of the Federal statutes, were located by the Bureau.

In addition to the criminal work which must be handled by the FBI, there is a great bulk of work, the result of the recent war, which has been referred to the FBI for handling. At the present time there are thousands of Selective Service Act cases pending attention. These cases are those of individuals who have willfully violated the Selective Training and Service Act laws and who will be apprehended and prosecuted or inducted into the military service. A great many war fraud cases are being referred to the FBI for attention, and through the work of this agency millions of dollars will be saved to the Government. I earnestly suggest that the Members of this body review the hearings on this appropriation so that they will have in their possession detailed information concerning the work and accomplishments of this activity.

The Identification Division work continues in much greater volume than before the war period. The Identification Division of the FBI is receiving in excess of 20,000 sets of fingerprint records daily. These are the records of not only criminals apprehended by police throughout our country but fingerprint records of individuals seeking employment on the most confidential Government projects; of civil-service employees applying for appointment in the Government service; of individuals being inducted, enlisting, or being commissioned in the military or naval service; and of citizens of the country, recognizing the worth of this particular fingerprint record, filing their fingerprint records for personal reasons and for their future protection.

I feel very keenly that this work must continue. There are more than 100,500,000 sets of fingerprint records on file in this repository at this time. Through the cooperation of the Identification Division of the FBI, local law-enforcement officers throughout not only our country but throughout the world receive information of previous police records of individuals taken into custody by those particular agencies. Through the efforts of this particular division, many individuals, who were applying for positions of trust in the Federal Government service and in national-defense industry during the war period, have been stopped from securing such employment.

At the present time it is particularly important that we have assurance that only those having the highest degree of loyalty be employed by our Government.

I fear that if the operating staff of this particular division is drastically curtailed the country as a whole will suffer due to the FBI not being able to promptly advise local law enforcement officers and Government employment agencies of derogatory criminal information it possesses in its files. I feel that an ounce of prevention is worth a pound of cure and since this service has proven itself so admirably during the most critical period in our history we should not at this time, particularly in view of the increasing crime trends in the country, become overconfident and feel that we no longer need the protective service which has been previously rendered by this agency.

Last year when I appeared before you in connection with this particular appropriation, I reported that many thinking citizens felt that it was possible that we might experience a serious postwar crime wave. At that time I stated that the belief was based upon several premises, one of which was the startling increase in juvenile delinquency which had occurred during the war period. Those fears have been realized. A serious crime wave is upon us. From a survey of records received by the FBI from police agencies throughout the country during 1945, a continued increase in major crime was reflected. From the reports it is estimated that a total of 1,565,541 major crimes were committed in 1945, an increase of 171,886 such crimes over the calendar year 1944. Also several million lesser offenses were committed. A great number of these crimes are being committed by youngsters. A survey of more than 500,000 arrest records showed that 21 percent of all arrests were of juveniles under 21 years of age. More persons aged 17 were arrested than in any other age group.

A survey of 2,000 cities, having an aggregate population of more than 65,000,000, reported an increase of more than 12 percent in crime for 1945 when compared with 1944. There was an increase in robbery of 23.6 percent; automobile theft, 18.7 percent; burglary, 17 percent, negligent manslaughter, 16.2 percent; murder, 10.1 percent; aggravated assault, 8.7 percent; larceny, 8.6 percent; rape, 5.7 percent.

These figures reflect that we must at this time maintain our law enforcement agencies at a safe and sane operating level. I know that no Member of this body is desirous of in any way handicapping any of our country's law enforcement agencies when it is so essential that every effort be bent toward controlling and subduing those elements which began during the war period and are continuing the present crime wave.

This deplorable condition can be traced to the increase in juvenile deliquency througnout our country. Now is the time for all of the thinking citizens of the country to band together to rout out at its source the evils which have made juvenile deliquency the problem it is today and through continued controls reduce to a minimum the waywardness of our young people who tomorrow will have to assume the burdens of our country. It is our responsibility to do this. We can do it by maintaining law enforcement at a high level.

We have found through the years that Mr. Hoover, in his administration of the FBI, has continued to perform his duties in an economical manner. Through his efforts law enforcement has been banded into a countrywide, harmonious, cooperative unit without any stigmatism of

a national police. Through his national academy, through his understanding of local law-enforcement problems, through his cooperation with law enforcement generally we now know that our country successfully came through one of its most perilous periods on the home front without suffering any of the disasters which were experienced by our country in World War I. I feel that if the appropriation recommended by your committee for the activities of the FBI for the fiscal year 1947 is approved, the Bureau will continue to function economically for the good of all of us and no funds not absolutely needed for the performance of its duties will be expended.

SUMMARY OF OTHER APPROPRIATIONS

Airport control towers, in my opinion, should be operated by trained employees of the Civilian Aeronautics Administration, for the sake of safety in air navigation and safety on the airports with the increasing load of traffic. It will be dangerous to eliminate that item, in my opinion.

That information regarding these airport control towers, regarding which you will hear from home, will be found on page 24 of the committee report under the head of "Maintenance and operation of air-navigation facilities." The amount of $32,000,000 is approved for this item, a reduction of $4,004,000 under the budget estimates. Included in this reduction is the amount of $3,060,582 estimated as the cost of operating 110 airport traffic-control towers. The committee wrote in the report that it recommends that the States and the municipalities pay for the operation of these towers, but that they must employ CAA-trained employees and reimburse the CAA for the operation of the tower. It is going to represent a hodge-podge navigation control, for the reason that there is no municipality in my particular part of the country that will stay by the rules that this committee writes in a report. They will hire whomever they please and pay whomever they please to operate their control towers, and you will have a terrible situation insofar as the conditions that will exist on some of these airports are concerned.

I want to speak of one more item which is in controversy and about which you have been hearing from home, too, and that refers to an item of repair under the CAA. The Army is turning over to the CAA a large number of airplanes. The Army is turning over, too, $5,000,000 worth of airplane parts. The CAA has requested of this committee an amount of money sufficient to repair its own airplanes and establish a storage house and a repair shop in an Oklahoma locality.

In justice to private industry, I wish to inform the committee that private industry is intensely worried that perhaps the CAA is going into private industry by repairing airplanes. The Administration has 231 of these airplanes. In my opinion, the committee did well in allowing a modest amount of money in the bill to permit this agency to store its valuable airplane surplus parts. An amendment will be offered to strike the entire amount with the exception of the storage plant and a modest repair item, in order to satisfy the demands of private industry, which fears that the CAA is going into competition with private industry.

The department assured us that there is no intention on the part of the department to compete with private industry. But for the sake of saving us five or six million dollars' worth of airplane parts and in order to facilitate more rapidly the repair of their own planes, they want to continue this program for 5 years. The majority of the committee felt that what money is left in the bill would allow them to do that. You will find private industry is very much opposed to the entire program.

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

Mr. STEFAN. I am very happy to yield to the gentleman from California.

Mr. HINSHAW. Mr. Chairman, I would like to return for a moment to the item which the gentleman referred to a moment ago. Some $3,000,000 for the manning of air traffic control towers has been stricken from the bill. May I recall to the Members of the House that five Members were appointed in 1940 to a committee known as the select committee of the House of Representatives to investigate air accidents. One of the first decisions the committee made was that unquestionably air traffic control towers at the principal airports in the United States where the traffic is the heaviest should be manned by the Civil Aeronautics Administration personnel and should be under the complete control of that personnel and that the Civil Aeronautics Administration should have every jurisdiction over air traffic control even to the landing and taking off of aircraft. They came to that conclusion for the purpose of saving the lives of the people of the United States. We found that many accidents resulted from the improper handling of air traffic control towers at airports and we were insistent that that be done. Ultimately, the Civil Aeronautics Administration did man those towers and as a result the number of accidents that have taken place in and around airports has materially decreased since that time.

Mr. STEFAN. I deeply appreciate the gentleman's contribution and I agree with every word he says. Your committee, headed by our late colleague, Hon. Jack Nichols, did a splendid job. The results of your investigation, in my opinion, brought about many changes in air regulations which proved of inestimable value in saving the lives of people in the air transport field. I am glad that the gentleman who has had this experience agrees with me that an amendment should be offered to replace this item which was approved by the Budget. The President's Budget approved this item and apparently agrees with the gentleman from California and myself. I hope the gentleman is prepared to offer that amendment because if he does not, I will be happy to offer such an amendment myself. If the gentleman offers it, I will support the amendment.

Mr. HINSHAW. If nobody offers the amendment, I will offer it because that is money that will save the lives not only of passengers on commercial aircraft but the lives of thousands and thousands of private flyers and of our servicemen who fly the Army and Navy planes who usually use these airports. The gentleman knows very well that the great bulk of the use of airports and air traffic control towers and landing facilities is by private flyers and by the Army and Navy and not by the commercial air lines.

Mr. STEFAN. Of course, the gentleman realizes I agree with him, and between the gentleman from California and myself, we will see that an amendment is offered.

Mr. HINSHAW. I trust it will be adopted.

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

Mr. STEFAN. I yield.

Mr. PRIEST. May I say to the distinguished gentleman that if he or the gentleman from California does not offer such an amendment that an amendment will be offered. I am having an amendment written at the present time. I will offer an amendment myself or support such an amendment offered by any other Member to restore this money in this bill. I think the elimination of this money from the bill is the biggest blow to air safety at this time.

Mr. STEFAN. I thank the gentleman very much for his assistance.

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

Mr. STEFAN. I yield to the gentleman.

Mr. MASON. I would like to refer to the information and cultural program which is supposed to be set up under the State Department and for which the committee has allowed a request of $10,000,000. That is this Office of Peace Information which is to take the place of the Office of War Information, as I understand it. It is a proposal that the Associated Press and the United Press state they would not furnish information for, because we have had a horrible example of what a Government-subsidized propaganda machine can do and has done in the Hitler propaganda machine, in the present Stalin propaganda machine. I doubt that we want to aid those two in this Office of Peace Information that the State Department wants to set up.

Mr. STEFAN. Did the gentleman rise to ask me a question or to make a speech?

Mr. MASON. Yes. I want to know why the committee allowed $10,000,000 for that purpose.

Mr. STEFAN. In explanation, the Department of State requested $19,000,000-plus for this new item, which has not been authorized by law. In addition to that they requested $6,000,000-plus to continue the cultural-relations program in Latin America, China, and the Near East, which is authorized by law. The committee cut down the first item $19,000,000-plus to $10,000,000, for the item which is not authorized by law, and allowed a total of $5,000,000 to continue the cultural-relations program in Central and South America.

Further in reply to the gentleman's question, I feel that cut of nearly $9,000,000 was substantial, because I know per-

sonally, on account of my knowledge of conditions which exist in Europe and all over the world, and because of my knowledge of what is going on in Russia in the way of transmitting misinformation throughout the world regarding the United States of America, we should have a modest informational service from the United States to inform the world the truth about America.

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

Mr. STEFAN. I yield.

Mr. MASON. Does not the gentleman think that this information to the world about America could be and would be carried on much more clearly and much more efficiently through the regular news agencies than through a subsidized Government propaganda machine to color the news and to delete the facts and the truth and present only half truths?

Mr. STEFAN. Of course, I believe in the conservative truth of the Associated Press, the United Press, and the other free press services of the United States. I want to protect these American news agencies. I know what the gentleman has reference to—the controversy between the news-gathering agencies and the Department of State—we don't want to get into that controversy. Your committee, in allowing this modest sum, felt that in no way will the news be colored, nor will there be misinformation, because it will be well supervised under the direction of a man in whom I have complete faith, Mr. William Benton.

Mr. MASON. I would like to pursue this a little further, if the gentleman will yield.

Mr. STEFAN. I am going to speak on the subject further, if the gentleman will allow me to yield to others at this time.

Mr. MASON. I spoke on this subject on the floor of this House quite thoroughly and completely as against this item.

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

Mr. STEFAN. Yes; I yield to my colleague on the committee.

Mr. HARE. I am sure the inquiry could not have been made of any member of the committee better qualified to answer my good friend from Illinois [Mr. MASON]. But the gentleman from Nebraska merely stated that the difference between the news carried by the press may be that in one it carries with it the seal of the Government of the United States, and in the other it is carried "It is reported" or "It is said" or "Somebody said so and so." This is an opinion as outlined by some other agency or some other activity; this is the information we have, the only information as I understand that will be carried by this agency and that it will be furnished by the State Department. It is a guaranty that carries with it the seal of the Government of the United States.

Mr. STEFAN. My colleague is right, and I thank him for his contribution.

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

Mr. STEFAN. I yield.

Mr. VORYS of Ohio. This controversy, with which the gentleman is familiar, between the two great press associations and the State Department, involves a very fundamental element in preserving a free press and in determining what sort of Government propaganda we shall have. I wonder if the gentleman's subcommittee heard from any representatives of the press or either of these news services on this matter?

Mr. STEFAN. Not in the hearings. I will answer the gentleman. In our hearings we heard nothing officially from any of the press organizations, in whom all members of the committee have great faith. We did not want to inject ourselves into any controversy like that.

Mr. HARE. Mr. Chairman, if the gentleman will yield further——

Mr. STEFAN. I yield.

Mr. HARE. The question raised was not discussed in the committee as to whether it would be furnished or carried by this particular news agency or that particular news agency; in other words, we did not know what vehicle the State Department would use. The chances are it will use these press agencies for carrying the information, but the point this committee was emphasizing was that the information carried, regardless of truth, will be information obtained directly from the State Department and carry with it the seal of the Government.

The committee did not undertake to enter into the discussion as to what vehicle or agency would be used in carrying this information to other countries.

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

Mr. STEFAN. If the gentleman would like to have some time to present his views I shall be glad to yield him some, but I should like to continue for I have prepared some remarks on this subject and would like to proceed.

Mr. COX. Mr. Chairman, will the gentleman yield at that point?

Mr. STEFAN. I yield to the gentleman from Georgia.

Mr. COX. The accuracy of the gentleman's statement as to the benefits that would inure from an activity of this character depends, of course, upon the type of people selected to do the job. I believe the whole proposition is worthy of the careful and serious consideration of the membership of the Congress. The proposal is obliged to be considered in the light of the provisions of the so-called Bloom bill. It is known by many that the purpose of that bill was to revitalize, to reactivate, to rejuvenate the old OWI, which did a scandalous job in misrepresenting America. The idea has been that those of the OWI not already covered into the State Department would stand by until the Bloom bill could be passed, when there would be a renewal of the work they were doing as the OWI, that it would start all over again carried on by the same organization that misrepresented this country and did it an incalculable injury in all the other parts of the world.

I say that this whole proposal—and it may be said that I am responsible in a way for the rule waiving points of order on the bill because I can see there is justification and maybe need for doing a work of this kind.

Mr. STEFAN. I know what the gentleman is referring to, and if the gentleman had listened to what I said in my opening statement, the gentleman would have heard me tell the membership of this Committee that it was impossible because of buried items which were not provided for by law in the bill in such way that the membership of the committee could get no information without reading very minutely the information that came to them from copies of justifications from the agencies.

Nothing in legislation should be hidden. If it is good or bad, I want it out here on the floor of the House and have it considered on its merits. I am very happy to know that we still have a Congress where we can at least control some of these agencies through controlling appropriations. We cut this item 50 percent, believing that we can inaugurate a modest informational service which will not do the things that the gentleman says have been done in the past. Personally I favor a modest information service should be continued because of the dangers that are existent in the world today.

Mr. COX. Mr. Chairman, will the gentleman permit me one more statement?

Mr. STEFAN. Yes.

Mr. COX. I was largely influenced in favoring the waiver of points of order on this bill because of certain language used by the gentleman's committee in the making of its report, which language condemned much of what I object to.

Mr. STEFAN. The gentleman knows that we see eye to eye on many subjects.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield to the gentlewoman from Ohio.

Mrs. BOLTON. I have two questions. First, in reference to the $10,000,000, how did you arrive at that figure?

Mr. STEFAN. In what item?

Mrs. BOLTON. How did you arrive at this cut from $19,000,000 to $10,000,000? What do you leave to be done by that? Do you stipulate what they can do?

Mr. STEFAN. No. We make no policy. The committee felt that with $10,000,000 plus added to $5,000,000 which they already have, making a total of $15,000,000 plus, there would be left sufficient funds in the bill to disseminate an informational cultural program which would be modest and in line with the thought of the American people.

Mrs. BOLTON. In considering this item in the bill, the gentleman has announced that it is without proper legislative authority.

Mr. STEFAN. There is no legislation for it.

Mrs. BOLTON. Why does the Appropriations Committee consider it and put any of it in the bill at all until it has come through with the proper legislative background?

Mr. STEFAN. I may answer the gentlewoman in another way. Why does an agency offer an appropriation bill, and why does the Budget bring in an appropriation bill, without authority of law?

Mrs. BOLTON. But how easily the Appropriations Committee could stop that by refusing to consider those items.

Mr. STEFAN. The gentlewoman can do that. If the gentlewoman wishes to offer an amendment I can suggest to her a way whereby she can eliminate the entire item in spite of the fact that you will get a rule here tomorrow, a gag rule, waiving all points of order. If the gentlewoman wishes to eliminate this item she can write an amendment reading as follows: "No part of these funds shall be allowed to be spent for any item in this bill which is not authorized by law." That item will go out.

Mrs. BOLTON. I happen to feel that much of the work included in the State Department bill is exceedingly important both to the United States and to the whole program of international relations. For this reason I particularly regret that adequate authority does not accompany the request for funds.

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

Mr. STEFAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Is it correct to assume from the gentleman's statement that the original request was for $19,000,000 and that the committee cut that to $10,000,000, but there is no authorization for the appropriation of any sum?

Mr. STEFAN. Yes; there is an authorization for $6,000,000 which was requested of the committee and the committee allowed $5,000,000. That is for a program which is already in existence and in operation in Latin America, China, and the Near East.

Mr. HOFFMAN. Is there any authorization for the expenditure of any money for the dissemination of information?

Mr. STEFAN. Yes; and the gentleman perhaps voted for that at one time.

Mr. HOFFMAN. Not for the $10,000,000.

Mr. STEFAN. No.

Mr. HOFFMAN. How much does this bill carry for entertainment and liquor?

Mr. STEFAN. That is not in this information item we are discussing.

Mr. HOFFMAN. No; not in this item, but is there not an appropriation in there for that?

Mr. STEFAN. The gentleman is referring to the representation allowance for the Department of State. They requested, as I recall it, $900,000, and we cut that $100,000, making a total of $800,000.

Mr. HOFFMAN. Then, there are $800,000 for liquor?

Mr. STEFAN. No.

Mr. HOFFMAN. For what?

Mr. STEFAN. For representation.

Mr. HOFFMAN. Consisting of what?

Mr. STEFAN. Public and official functions.

Mr. HOFFMAN. But, when you have entertainment you have shows, for example.

Mr. STEFAN. It has been carried in this bill for many years.

Mr. HOFFMAN. No; the point is this——

Mr. STEFAN. Is the gentleman trying to put words in my mouth about whisky, and so forth?

Mr. HOFFMAN. No; I am trying to get information. Due to my own lack of intelligence, perhaps, I did not catch it. but the President said that we must conserve our wheat—I think there was something in the paper here that we must convert that into flour. Is this entertainment to consist of the using of things that are transformed from wheat into some liquid form? Is that what the $800,000 is for?

Mr. STEFAN. No; the representation allowance item to which the gentleman refers has been carried in appropriation bills for the Department of State for many years.

Mr. HOFFMAN. Not this $800,000.

Mr. STEFAN. No; not $800,000, the amount has grown and grown in the years. I have continually tried to hold this fund to modest proportions.

Mr. HOFFMAN. Does the gentleman mean we have been more accustomed to drinking, or something?

Mr. STEFAN. The gentleman is still trying to put words into my mouth about drinking whisky.

Mr. HOFFMAN. Oh, no.

Mr. STEFAN. I am telling the gentleman that the representation allowance money is for the purpose of official contact with foreign representatives by our representatives, no matter where they may be in foreign countries. It is a custom followed by all governments and diplomats in the world. The United States requests very little this way as compared to other governments.

Mr. HOFFMAN. But it is not for transportation, we know that, because there is another item in the bill for that.

Mr. STEFAN. The gentleman may be satisfied with the answer that it is representation allowance, and that there is some entertainment in connection with the same. May I say further to the gentleman that if he will look in the hearings he will have full information about it.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield further?

Mr. STEFAN. I have no further time to yield now.

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

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

Mr. MASON. The gentleman says we need to tell the truth.

Mr. STEFAN. Yes.

Mr. MASON. How can the State Department tell the truth to Poland and tell the truth to Czechoslovakia after all the agreements they have entered into and become a party to during the war, with our allies?

Mr. STEFAN. That is a very embarrassing question.

Mr. MASON. There is no one knows better than the gentleman.

Mr. STEFAN. The truth has not been told to Poland, it has not been told to Czechoslovakia, it has not been told to Estonia, Lithuania, Latvia, and others, because those who are controlling those people will not allow the truth to come in. An effort now is being made through this modest program in some way, perhaps, to bring the light and really tell the truth to those suffering people who are still slaves.

Mr. MASON. The State Department that was a party to those agreements will never be able to tell the truth about those agreements to those nations that were raped.

Mr. STEFAN. I thank the gentleman for his contribution.

Mr. ROONEY. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I desire to call attention to a very strange performance on the part of the French Government. At the present time there is held in custody by the French the so-called Grand Mufti of Jerusalem Haj Amin el Husseini. He was a Hitler stooge and is a nefarious war criminal and should be treated and tried as such. After the revolt in Iraq which the British put down, a revolt which he instigated, he fled to Germany, where the carpets were rolled out for him by Hitler and his cohorts. He lived in grand style in Berlin and nightly appeared on the radio, broadcasting in Arabic to the Arab world, urging the Arabs and all Moslems to rise against the United Nations, including the United States, Great Britain, Russia, and France. He organized in that manner the Arab Legion which fought American soldiers and British soldiers. Significantly, some 2,000 of those members of the Arab Legion are now held in custody as prisoners of war at Camp Opelika in Alabama. Despite the machinations of this Grand Mufti, despite his war crimes, and despite the fact that the government of Yugoslavia has demanded that he be held as a war criminal, the French Government, be it known to their shame, refuses to yield him and holds him in what is called residential surveillance where he is free to go and come at will and to hobnob with socialites in Paris. Now the report comes to us that over and above that, the French Government is about to release him completely to allow him to go back to the Levant and there to continue his shenanigans. He was guilty back in 1929 to 1936 by way of instigating the Arabs in staging pogroms against the innocent inhabitants of Palestine. He should be brought to book, and he is no different than Hitler, Goering, or Goebbels. He is just as guilty of the destruction of countless thousands of lives of the people of the United Nations. It is incredible that Britain asked for the heads of Joyce and Amery because they broadcasted for Hitler and Mussolini, and that the French have executed traitors for their enemy broadcasts. We have punished Americans who broadcasted for Hirohito. But the Mufti is spared and is treated like a petty prince and a holy man. He still continues furious propaganda against Jews.

Leon Blum, former Premier of France, was in this country recently. He is now in Canada and is about to return. He is a very distinguished gentleman. I hope he will read these words. I implore him, as I do the French Ambassador to this country, Mr. Bonnet, another very distinguished gentleman, to take heed of what I say, because if this Grand Mufti goes back to Palestine to continue his raids, his plunders, and pogroms of countless innocent people again, the blood of those innocent victims, those martyrs, will be on the hands of those in authority today in France. I ask, nay I demand, that these gentlemen intervene with the Quai d'Orsai to the end that the Mufti

will be continued in custody and branded and tried as a war criminal.

If this infamous character is allowed to escape punishment and to return to Arab countries he will constitute a menace to the peace in the Near and Middle East. He would cause the extermination of thousands of Jews in Arab and Moslem lands.

I say to France, the world watches what you do with the Grand Mufti, the greatest of religious fakers. We shall watch carefully the action or non-action of France. She is on trial—in a way. She needs friends in America. She can afford not a single enemy, not one iota of ill will. She needs economic support badly. America will help—but only if France abides by the rules of justice. Those rules demand the punishment of the Mufti.

Mr. ROONEY. I commend the gentleman on his statement, and appreciate the timeliness of it.

The CHAIRMAN. The time of the gentleman from New York [Mr. CELLER] has expired.

Mr. STEFAN. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. JONES].

Mr. JONES. Mr. Chairman, this bill is about the best bill that this subcommittee has ever reported, so far as relation to the Budget estimates for the fiscal year for which it is reported are concerned. From that standpoint it is a step forward over the previous years. I suspect that before this supply bill becomes law, regardless of what amount the House passes, we shall have a real job trying to keep down the amount of increases that will be made at the other end of the Capitol. I shall save the major portion of my speech until that time when the bill comes back on a conference report. If we follow the usual procedure writing appropriation bills in conference that we have in the past, there will be a fight to hold the line at the smaller amount that was passed by the House. Any amount of cuts that we may make during the course of the reading of this bill will be empty and meaningless, unless we can hold the House line when the conference report on the differences between the House and Senate versions of the bill come before the House for consideration and adoption.

There are some portions of the bill to which I am certainly opposed. I refer to the information program, for which there is a Budget request of $19,284,778.

I had a chance to observe the information program of the State Department in Europe last August and September. About the only thing I can say for it, at best, is that the OWI creates an appetite and desire on the part of poor unfortunate people in war-torn areas to come to the United States, the land of promise, the land of borrowed money, and the land where, they think, their burdens might be lightened. But 140,000,000 people in America cannot provide a haven of rest or a land of working opportunity, if we try to take on the whole population that would come to America. We have not solved the job on our hands to take care of our own nationals.

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

Mr. JONES. I yield.

Mr. MASON. Would the gentleman say it is absolutely foolish to work up an appetite for something that cannot be satisfied?

Mr. JONES. I think it definitely is foolish. The proponents of the information program and the cultural relations program observe that there were many people in Greece and in Italy trekking to the libraries of information provided by the OWI while our committee was there. I can see in that argument only a hopeless, pitiful situation. The Greeks and Italians were seeking relief, relief from the oppressing conditions accompanying a terrible war. The OWI, which I observed in Europe, could only create in them a great desire to get away from what they all cannot escape and which we could not relieve. And how foolish it is to work up their desire to come to America when we know we cannot satisfy it.

Mr. HOFFMAN. Can the gentleman tell me how many are coming into this country each year, each 6 months, or each month who are not entitled to admission under our laws?

Mr. JONES. At this point I shall refer to an article that appeared in the Washington Post on the 16th day of March under the byline of Mr. Dillard Stokes. Mr. Dillard Stokes points out—and I quote portions of his article:

ALIENS IN THE UNITED STATES

You may wonder what aliens are getting into your country but the Immigration Service—which lets them in—won't tell you.

For the Service is run in totalitarian secrecy. Who gets into America, and who is kept out, and why, is kept from the public.

The secrecy of the Immigration Service was not set up by Congress, by law, but by one man, by order as farreaching and harsh as anything ever dreamed of by the Gestapo. This is Order 3229 of the Department of Justice, issued May 2, 1939, by Attorney General Frank Murphy, who now is a Supreme Court Justice.

And here it is:

"Pursuant to authority vested in me by R. S. 161 (U. S. Code, title 5, sec. 22) it is hereby ordered:

"All official files, documents, records, and information in the offices of the Department of Justice, including the several offices of the United States attorneys, Federal Bureau of Investigation, United States marshals and Federal penal and correctional institutions, or in the control of any officer or employee of the Department of Justice, are to be regarded as confidential. No officer or employee may permit the disclosure or use for any purpose other than for the performance of his official duties, except in the discretion of the Attorney General, the assistant to the Attorney General, or an Assistant Attorney General acting for him."

The order goes on to say that even the courts cannot have any papers or information and that if they send a summons for them somebody is to go to court and respectfully decline to produce the records, information, and so forth.

The law given as authority doesn't sound like Congress had blanket secrecy in mind at all, and whether it authorized Order 3229 might be something for lawyers to argue about. Here's what the law says:

The head of each department is authorized to prescribe regulations * * * for the government of his department * * * and the custody, use, and preparation of the records, papers, and property appertaining to it."

Order 3229 makes even its own words "confidential" and an Immigration Service official refused to tell what the order said. Another refused to say what his job was. That, he said, was "information" and was confidential.

The article then goes on to say that "both were within the rules," but "this did not appear until the Post got a copy of Order 3229 from Assistant Attorney General James P. McGranery, one of the only two men who have the right in their discretion to tell a citizen what the rules of the Department of Justice are."

Writer Stokes then goes on to point out that, while Mr. McGranery might have refused, he did not do so, and quoted that official as saying the order was never "meant to turn the Department of Justice into a supersecret bureau," but was designed to protect FBI reports, testimony of Government witnesses, letters from informers, and the like. The article went on:

But Order 3229 does not stop with such things. It makes "all information" confidential.

The story concludes on the theme that several Department officials "said they never heard of Order 3229 and would pay no attention to it if they had," and:

Even the Immigration Service—which claims Order 3229 as authority for not telling what aliens have applied to enter the country—was courteous and cheerful about violating the same order in answering questions about particular persons.

On November 26, 1943, Mr. Breckenridge Long, of the State Department, testified at an executive session of the House Committee on Foreign Affairs concerning the admission of aliens, on House Resolution 350 and House Resolution 352:

Resolutions providing for the establishment by the Executive of a commission to effectuate the rescue of the people of Europe.

The committee later released excerpts from Mr. Long's testimony, with an accompanying notice that it was not considered necessary longer to keep it secret.

In the excerpts, Mr. Long stated, in substance, that an agency for the rescue of Europeans had been in operation for 5 years or more.

At page 19 of the excerpts it appears that the refugees were admitted to this country on visitors' visas; and Mr. Long said, in part:

We found ourselves in a situation that the quotas were exhausted in the territories from where the people originated, and under our law, a man who is born in Germany comes under the German quota irrespective of where the man finds himself. If he is born in Germany he is under the German quota and the countries from which these refugees originated—Germany, Czechoslovakia, Holland, Belgium, northern France, Austria, and so on, have relatively small quotas. The total quota for that area is about 57,000. Well, 57,000 visas were just insufficient to express the humane desire of the American Government and the American people to try to save these persons. During

the 12 months which ended in June 1941, enough visas were granted to physically save 135,000 of these people, and in the period from 1938 to 1942 a total of over 307,000 visas of all kinds were granted to persons coming from enemy or enemy-occupied territory.

My conclusion is that we have a housing shortage in this country that works to the particular detriment of the veteran because he has had to come back to America and find a home for himself and family. All of the foreigners that have been allowed to come in above the quota are living in space that might be used by the veteran. Granted that we should have humane desires to favor the preservation of the people of other countries, but I feel in the first place it was definitely wrong for the State Department and the Immigration Service of the Justice Department to keep these figures secret until the housing shortage for the veterans is critical. We do not know now how many veterans are displaced by foreigners secretly allowed to come in by the State Department above the quotas, and had the people an opportunity to decide as between humane desires for our veterans and humane desires for foreigners, I think they would choose our veterans.

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

Mr. JONES. I yield to the gentleman from Michigan.

Mr. HOFFMAN. What it adds up to is this: No matter how much nor how great our desire may be to provide homes for our veterans, we do not know and cannot know how many homes are needed until we learn how many have come in from abroad?

Mr. JONES. That is right.

Mr. HOFFMAN. We do not know how many people have come in, we do not know how many are occupying homes that should be available to our returning veterans.

Mr. JONES. May I answer that a recent inquiry by telephone of the Bureau of Immigration and Naturalization, Department of Justice, elicited the following information: That as of December 20, 1940, it was estimated there were 4,889,000 aliens in this country other than those who came in under the immigration quota. It was stressed that due to deaths, departures, and so forth, the number as of July 1, 1945, is estimated at 3,350,000.

It certainly seems there must be and are more aliens than represented. It is not believed that the figures are anywhere near accurate, as near as I can get at the picture. It seems to me that we ought to have a full investigation of this matter. Last year I remember distinctly the gentleman from Nebraska [Mr. STEFAN] and I both asked about the over-all, comprehensive admission of aliens into this country for any and all purposes and any and all pretexts, and we were not given any figures to compare with this analysis that has recently come to light in Breckenridge Long's testimony.

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

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

Mr. MASON. May I say that those who have been coming in have not come in under our laws but in violation of our laws to a very large extent.

Mr. JONES. I hope that the gentleman, being a member of the Committee on Immigration and Naturalization, will look into these figures and cover them with a fine tooth comb.

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

Mr. JONES. I yield to the gentleman from Michigan.

Mr. LESINSKI. I believe that the quotas the gentleman is referring to are all the aliens that have been registered in this country. Some of them have been here 20 or 30 years and legally. That is the over-all amount of aliens in this country. Now there are visitors coming here who have to go back; they go to and fro, but when it comes to the amount of aliens in this country there are about 4,000,000, and that is all.

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

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

Mr. VURSELL. Is it not a fact that people living in a foreign country, say one of the countries of Europe, can come in on a visitor's visa and then go over into Canada and come back and then are able to stay here and seek American citizenship? Is that not being worked all the time?

Mr. LESINSKI. Mr. Chairman, if the gentleman will yield, may I answer that?

Mr. JONES. Yes.

Mr. LESINSKI. There is a certain amount of that.

Mr. VURSELL. And that also applies to Mexico?

Mr. LESINSKI. Those people are charged to the actual quota of the particular country they come from; in other words, if they stay here, no one else from another country can come in under the quota.

Mr. JONES. There is one other factor that has not been brought out, and that is once one member of an alien family comes in under the quota, under the immigration law provision of uniting families they can bring in several more members of the family. It all adds up to aliens, admitted during the war, getting the houses the veterans need now. Let me apply this material to the information program of the State Department. Power of suppression of information was practiced by the Department of Justice to hide information so that Congress does not have the full and complete facts—and I do not think we do. I point out the further fact that an information service on behalf of the State Department to cover our relationships spreading information to the other countries of the world about America is just as dangerous, because the State Department will tend to point out the things that gild the lily of their decisions. I think we are in much safer hands if all of the information in regard to our relationships with other countries would be brought down upon the anvil of good reporting in private enterprise, and then you would find the selfish interests of these reporting associations, like International News, AP, UP, and other services, checkmating each other on the ground of good reporting and good journalism.

It is my observation that the Department of State gives too much emphasis to the value of the information program. Taking the long view of our relationships with our neighbors, it is claimed that Russia is spending considerable funds for information service to put us in a bad light, comparatively speaking, so that she can extend her influence in eastern and southern Europe and the Far East. Britain, on the other hand, is represented to be spending more money in the Embassy at Washington, D. C., than we spend in the entire world for representation allowance. Both of these countries are asking America for substantial loans—$4,200,000,000 in one case and $6,000,000,000 in the other. I say to you that rather than loan them this money so that they can release more of their own funds to carry on a propaganda campaign against us in international trade and international relationship, we had better hold the money here in our own pockets and let them find a way to get the propaganda money that we have to appropriate and compensate for Uncle Sam. This $20,000,000 is just a starter for a program that cannot do anything else but grow and grow and grow as the exigencies of the case demand, and as the complexion of the world picture gets more complicated, then they are going to come in and ask for more money for newspapers and magazines, the dissemination of radio news, for the training of actors, for high price photographic tabloids like Look, Life, and Pic, to glamorize American nationals in office. The gentleman from Michigan [Mr. HOFFMAN] recently put a script in the RECORD of one of these proposed information programs glamorizing Henry J. Kaiser.

I have great respect for the ability of Mr. Kaiser as a great producer, both in the war effort and before the war effort, in the construction game, but there are many American people in business who probably do not have the favor that Mr. Kaiser enjoys with the present administration, who never got a cent of money from the Government to put into their investments with which to produce goods for the American and world economy.

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

Mr. JONES. I yield to the gentleman from Michigan.

Mr. HOFFMAN. In March of this year one-third of the total amount outstanding and owing to the Reconstruction Finance Corporation was owed by Kaiser. Of course, if you can get Government money and Government plants and Government preferences, you can do business. If you look at the daily press of yesterday, some of the Chicago papers, you will see an outline there written by a gentleman just returned from abroad, Mr. Fisher, setting forth some of Kaiser's activities which show conclusively that he has been operating all the time on Government money and at Government expense.

Mr. JONES. I point out further in line with what the gentleman has just said

that the administration may be Republican or Democratic, if there would be an attempt to set up an information program to explain our country to the rest of the world, based purely and solely upon glamorizing the administration in power and, if necessary, to cover up its mistakes. Such an information program will be selfish in its point of view and deliver probably a distorted picture of many of the things that made America great.

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

Mr. STEFAN. Mr. Chairman, I yield five additional minutes to the gentleman from Ohio.

Mr. PITTENGER. If the gentleman will yield before he leaves that subject, how much money is in this bill for Kaiser? He seems to have taken over the Government.

Mr. JONES. Of course, there is no money in here directly for Mr. Kaiser. He got his long before this bill came to the floor.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield to the gentleman from California.

Mr. VOORHIS of California. May I point out that Mr. Kaiser is, I think, at least to be commended for the terrific job of production he did during the war, and, furthermore, that as far as I am aware, Mr. Kaiser is the only industrialist who has offered to repay the Government the entire amount of the so-called war costs of the plants he used.

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

Mr. JONES. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I call the attention of the gentleman from California [Mr. VOORHIS] to this. Let him go out here and read the paper, and I will show him.

Mr. VOORHIS of California. I am glad the gentleman will call my attention to something.

Mr. HOFFMAN. I will call the gentleman's attention to something. Kaiser today is asking for a cut-down or a cutback on the cost of these plants. The gentleman will find out that the only thing he has not cut down on is his profits.

Mr. VOORHIS of California. The fact of the matter is that Mr. Kaiser's proposition——

Mr. JONES. I refuse to yield further. The gentlemen can get time in general debate themselves. I have only 5 minutes.

Mr. VOORHIS of California. Does not the gentleman want to yield to me to answer the gentleman from Michigan?

Mr. JONES. You have both had your time.

Mr. VOORHIS of California. The trouble is, I had mine first.

Mr. HOFFMAN. The gentleman wants it first and last, both.

Mr. JONES. Mr. Chairman, I refuse to yield further.

Turning now to the Commerce Department, a year ago when the State, Justice, and Commerce appropriation bill came before the House it was accompanied by a report of this committee that more of the appropriations for the Civil Aeronautics Administration and the Civil Aeronautics Board and the Weather Bureau should be paid by the commercial air lines, because the commercial air lines are making a profit from the expenditures of the United States Government in those functions, to keep their airplanes aloft, and provide safety for the public. That question came up again this year. The hearings will show that the Secretary of Commerce was asked about it, and Mr. Burden, the Assistant Secretary of Commerce, was asked about it. One year has elapsed, and not one recommendation has been made tending to make the commercial air lines defray the expenses of this enormous annual fixed cost the Government is paying. I think the time has come, with enormous appropriations being made in order to keep the air lines afloat—carrying passengers at a profit—when the commercial air lines must pay a portion of this expense. It is a definite fixed charge on their operation, of a type which other transportation companies must pay. I think the time to do it is now.

I regret very sincerely that the Secretary of Commerce takes the attitude that the members of the committee who are trying to collect from the air lines the weighted cost or a fair cost for this service are representing the point of view of the railroads or some other competitive form of transportation. I regret that he has cast aspersions upon the views of the Republican and Democratic members of the committee who have come to this conclusion after examining these requests for appropriations and have seen them grow year by year until they are enormous. We do not think it is fair for the public to have to carry this financial burden so that officials of commercial air line companies can make their enormous salaries, their enormous expense accounts, but because they got into the game early get priorities for increases in stock at less than market value as their companies expand their capital structure. I have looked over some of the brochures put out when these air lines attempt to sell another block of stock or when they attempt to sell an issue of bonds. I also have looked over the beautiful advertisements that appear in the national magazines circulated throughout the country. I know you cannot pay for those magazine ads with hay. Then they come to Uncle Sam and want us to pay a part of their operation expenses. I have looked over several commercial air line brochures and find these blocks of stock have been given to the air-line officials who got into the game in the early days and are now entrenched. The value of those stocks is enormous and they have made enormous profits. So I resent it, as an American taxpayer. I resent Secretary Wallace casting aspersions upon me as a member of the committee and as a Member of Congress as well as a taxpayer, and I call this to his attention.

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

Mr. STEFAN. Mr. Chairman, I yield two additional minutes to the gentleman.

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

Mr. JONES. I yield.

Mr. HOFFMAN. The gentleman from California was talking about Mr. Kaiser. Here is an article from the Chicago Tribune dated April 8 which is written by one John Fisher, a young man who has just returned from the service. He knows what he is talking about. He knew what he was talking about before he went to war. He knew what he was talking about when he wrote in those days and he knows since he came back what he is writing about now. It is a factual account. It is headed "Kaiser obtains steel mill and United States foots the bills." Now, if the gentleman from California will read and learn, he will learn what Kaiser has been doing.

This is the way it reads:

KAISER OBTAINS STEEL MILL AND UNITED STATES FOOTS BILLS—PLANT LOSES ELEVEN MILLIONS ON WAR OPERATIONS

(By John Fisher)

WASHINGTON, D. C., April 8—Early in 1941, Henry J. Kaiser, the big man from California, had lunch with President Roosevelt and discussed the feasibility of establishing some steel plants on the Pacific coast. Within a year Kaiser was granted a Government loan of $111,805,000 to build such a plant in southern California.

The Government is still paying money on that plant, which lost approximately $11,000,000 in its wartime operation.

The loan was granted by the Reconstruction Finance Corporation upon orders from the War Production Board, which was armed with such authority in an Executive order from the President. The loan was upon the usual terms of Kaiser loans, 4 percent interest annually and secured by a mortgage on the property and assignment of profits from shipbuilding under Maritime Commission contracts.

GOT SHIPYARD FEES

Kaiser Co., Inc., wholly owned by Henry J. Kaiser, built the mill at Fontana, Calif., and turned over the fees from three shipyards which it operated, one at Richmond, Calif., and two at Portland, Oreg. Last fall Kaiser estimated the profits from these yards at about $44,000,000.

The Maritime Commission paid Kaiser Co. fixed fees for the building of ships and the company was granted a certificate of necessity for the steel mill. This allowed the company to retain ship fees against 20 percent allowed amortization annually for the plant, and saved them from paying income taxes on this amount.

In 5 years the plant would have been paid off for Kaiser in ship fees from the Maritime Commission. Except for the certificate of necessity Kaiser would have had to pay 72½ percent of the total ship fees in income taxes.

DEBT STILL ON BOOKS

As the war ended last August with the surrender of Japan, the plant was not completely written off, and as of June 30, 1945, the debt to the RFC on the plant had been reduced only to $102,828,000, including $92,510,000 in plant investment and $10,318,000 in working capital which had been advanced by the RFC.

Kaiser asked for a downward adjustment of the debt to the Government, claiming that he was placed in an unfair position against other steel competitors and should not be saddled with such a big debt arising from war operations. The RFC was equally interested in placing the loan on a more businesslike basis, since ship profits would cease with the ending of the war.

The RFC requested Arthur G. McKee & Co., steel industrial engineers of Cleveland, Ohio, to make a detailed survey and appraisal of the plant on behalf of RFC. They found that the contemporary reproduction value of the plant, less all war costs and errors in construction, was only $63,500,000 and that depreciation further reduced its value to $58,000,000.

REDUCE THE MORTGAGE

Therefore, on August 20, 1945, the RFC agreed to adjust the indebtedness of Kaiser Co., Inc. It reduced the first mortgage from $102,828,000 to $68,318,000, representing the present-day value of the plant, plus the $10,318,000 of operating capital in the business.

In addition, the RFC had to agree to lend the company an additional $11,500,000 in new money for improvements and additions so that it might be converted to profitable peacetime operations. This brought the new first mortgage to $79,828,000, due in 15 years. Kaiser estimated that it would require 2 years to convert the plant to civilian production so interest of 4 percent was waived for the first 2 years, unless earned.

AMORTIZATION IS DELAYED

It was also agreed that there should be no amortization for the first 2 years. After 2 years the interest rate is to be 4 percent on the loan and amortization for the next 3 years is to be $1,596,000 annually. For the last 10 years the amortization is to be $2,192,000 annually.

For the remaining $34,510,380 of the loan the Kaiser Co. gave the RFC a second mortgage, maturing in 25 years and carrying no interest. The only payments that the RFC required from earnings are that after deducting interest and principal payments on the first mortgage from net earnings, 25 percent of this figure is to be applied to the second mortgage.

The RFC also required that the 72½ percent of ship fees which Kaiser would otherwise have been compelled to pay as income taxes must be applied to liquidation of the second mortgage debt, and the other 27½ percent of such fees must be used in clearing up the first mortgage debt.

TWENTY-FIVE MILLIONS IN FEES

The shipbuilding division of Kaiser Co., Inc., holds approximately $25,000,000 in fees which are assigned to the steel mill debt but which are being used as operating capital for the shipyards.

The original agreement also provided that the company should issue to the RFC $10,318,000 in 4-percent preferred stock to cover the working capital contributed by the RFC, but Kaiser lawyers objected vigorously to this provision last fall, contending that the dividends on such preferred stock would not be tax-exempt and that there were other objectionable features to such stock under the State laws of incorporation. The RFC did not press the point and agreed to knock out the preferred-stock provision.

KAISER WANTS NEW CUT

Although the new terms reduced the interest bearing debt to the Government substantially and gave the company a breathing spell of two years in which to catch up with competition, Kaiser is still said to be dissatisfied and wants further action in writing down his obligation to the Government.

Moreover, there is no telling how much more Government money might be necessary to put the plant on a profitable basis, so that original Government money can be paid back. He has put the Government into the steel business.

How Kaiser, even with Government backing, can face private competition in the steel industry, considering the location and structural handicaps of the plant, remains to be seen. The private engineering report on the Kaiser plant sheds further light on this and will be discussed next.

Mr. RABAUT. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, the truth of the matter is that the Kaiser plant at Fontana, which furnished much of the steel that was used on the west coast for the war, was a plant built at Mr. Kaiser's own risk on money that he borrowed and paid interest on. That is a striking contrast to what was done by some of the companies which some of the other gentlemen on the other side of the aisle are so enamored of who simply got the United States Government to put up all the money and pay all the costs of the plant and who now in many instances are buying these plants with all the so-called war costs deducted from the price. In Mr. Kaiser's case, I note that nobody seems to have complained about Mr. Kaiser as long as the war was in progress because, after all, they, like every other American, were dependent in part upon the production of ships and other things that he was responsible for. It seems to me rather significant that they should come in now and quote from the Chicago Tribune and other sources against one who, in my mind, is one of the great industrial leaders in the United States. The trouble with Mr. Kaiser, of course, is that he is in essence an independent American businessman. He is the kind of producer who likes, if he can, to produce something at a cheaper cost to the consumers of the country. He likes to produce as much as possible. At the moment the reason Mr. Kaiser has asked for a reasonable computation of the war costs of his plant, and the reason he is asking for a fairer and more just deal with the Reconstruction Finance Corporation is precisely because he wants to run the steel plants on the west coast in such a way that he can break down the Pittsburgh-plus method of pricing steel on the west coast. For my part, I am for him. I think we ought to be able to have steel on the west coast for what it costs to produce that steel on the west coast. That is the whole objective of this proposition. Mr. Kaiser has offered to pay the entire amount of the war costs back to the Government. So far as I am aware, his is the only proposal of that sort which has yet been made. I believe that, far from attacking him, he is to be commended. In many, many instances in the past Mr. Kaiser has made himself unpopular with certain great industrial corporations because he did attempt to sell his products at a fair margin of profit and because he did not always accord with monopolistic-rigged pricing. I remember the time when these same charges were made against Henry Ford because he did precisely the same sort of thing. The American economy needs a few people like this to be the leaven in the loaf, and, for my part, I say Mr. Kaiser has rendered this Nation great service during the war, and that he will in the future render great service. I do not believe his detractors have very much of a leg to stand on.

The CHAIRMAN. The time of the gentleman from California [Mr. VOORHIS] has expired.

Mr. RABAUT. Mr. Chairman, I yield the gentleman two additional minutes in order to supplement his remarks. Some years ago the common council of the city of Detroit gave permission to Henry Ford to run his car on the streets at night, but he had to have it off the streets before the milk wagons and horses were on the streets in the morning. "Just let the poor nut run this thing and get it out of the way." He revolutionized the world, and today the world rides on the product of Michigan. Today, thanks to the ingenuity of Henry Ford, the world rides. He has a grandson, Henry Ford 2d, who is following in his footsteps.

Mr. VOORHIS of California. I appreciate the gentleman's contribution, and I would like to make again the point I made in my speech, and the point which is implied in the gentleman's remarks, namely, that here is an example of a great American industrialist who operated independently and did not take dictation from either Wall Street or other sources that have attempted to dictate too often the price at which American people would get the goods that were produced.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield there?

Mr. VOORHIS of California. I yield.

Mr. HOFFMAN. And Henry Ford did it all without a dollar from the Federal Government.

Mr. VOORHIS of California. Mr. Ford has had his full share of profits during the war.

Mr. HOFFMAN. He turned back all his profits. He turned back every cent of profit he made.

Mr. VOORHIS of California. Mr. Kaiser has been taxed the same as Mr. Ford has. When the gentleman talks about earnings in the Kaiser shipyards, I call attention to the fact that all earnings from the Kaiser shipyards were put up as security for the repayment of the loan for the Fontana steel plant, in order to pay the debt that Mr. Kaiser owed the United States on that plant.

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

JUVENILE DELINQUENCY—A NATIONAL STUDY AND REPORT IS SOUND AND APPROPRIATE NOW

Mr. RABAUT. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. DOYLE].

Mr. DOYLE. Mr. Chairman, it seems very appropriate to me that at this time, when we are chiefly considering the matter of profits, money, and the property element in connection with this bill, that we also call attention to the fact that there are some human values and assets which must be discussed and taken into account by this great body in connection with this H. R. 5606. I therefore say that I was very happy to have my attention called to the very timely remarks of the distinguished gentleman from Michigan [Mr. RABAUT], on the sub-

ject of juvenile delinquency. It should be significant that the distinguished gentleman from Michigan felt it of such national concern that he took the time of the valuable Appropriations Committee, a few minutes ago, to dwell upon it. Also, I call your attention to page 15 of the committee report commending the United States Attorney General for his recent emphasis on this particular and vital field. It would appear that the attention of the Nation's Attorney General to it as a problem, establishes a national concern, and that while the local level is where the effort must be placed, national interest and concern is most appropriate and constructive.

For instance, I call your attention to the statement by J. Edgar Hoover made recently, February 2, 1946, in which he relates the result of a study of some 11 of the most important and largest cities of the United States for the first 10 months of the year 1945. All of those 11 cities reported an increase in murders ranging as high as 115 percent, and each of these 11 cities reported increases in robberies ranging as high as 161 percent. metropolitan cities reported increase in assaults up to 94 percent. Ten of these metropolitan cities reported increase in burglaries as high as 74 percent, and all of these 11 cities reported increase in larcenies and auto thefts ranging as high as 20 percent and 54 percent, respectively. Mr. Hoover's word is ample proof of reason for national concern and study.

In other words, we are reaping the harvest that we had a right to expect, as a result of the World War, to say nothing of conditions that were growing rapidly in our Nation before that war came and which could hardly result in less than an increase in juvenile delinquency. Recently, too, J. Edgar Hoover reported that there had been an increase in crime in our Nation since 1939 of 198 percent; also in arrests of girls 18 years of age and under. Think of it. Girls 18 years of age and under. Boys and girls under 21 are now responsible for 15 percent of the murders, 36 percent of the robberies, and 51 percent of the burglaries.

I thank the committee for granting me these few minutes, because I want to urge respectfully to the attention of the House very sincerely and emphatically, the contents of a resolution I filed the other day, House Resolution 575, in which the introductory paragraph states:

> Whereas it is recognized that the welfare of our Nation in time of peace and the security of our Nation in time of war depends upon the training of the children and youth of the present day of our Nation, and the future of the United States of America rests upon the shoulders of those children and that they are at one and the same time its greatest resource and greatest responsibility—

I will not read the rest of the text, but simply state that I filed it because you will all agree with me, that it is not less important that the Nation know what the facts are with reference to this juvenile problem, than it is important that the Nation also know how much money it has and what its Budget is. The children of our Nation, after all, are the greatest resources we have. Our national defense depends upon their character, their sinews, and patriotism. My resolution is not directed to any particular theory or any particular fancy or the support of any particular measure in Congress, either now or in the future. It is directed to a Nation-wide survey that this Congress may ascertain and know the facts; whatever they are. Only by so learning the truth can we intelligently assume or discharge our duty to our children, who will soon be our national leaders.

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

Mr. DOYLE. I yield to the distinguished gentleman from Missouri who established himself in the forefront of school circles of his State before he came here.

Mr. CARNAHAN. I wish to compliment the gentleman from California for having introduced this resolution; and I may say that when we think of juvenile delinquency we immediately think of our schools and our churches, the American home, and public entertainment, and all of the agencies that are concerned with the training of children. Sometimes we are prone to criticize these organizations and perhaps attribute delinquency to failure on the part of these organizations. I hardly go along with that theory.

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

Mr. RABAUT. Mr. Chairman, I yield one additional minute to the gentleman from California.

Mr. CARNAHAN. I hardly go along with that philosophy and I will say I think all these agencies will welcome the investigation suggested by the gentleman's resolution.

Mr. DOYLE. I thank the gentleman for his very valuable contribution to our thinking.

Now, with reference to my own State of California, for instance, the California Youth Authority states that 40 percent of the serious public offenses in my own native State were committed by persons between the ages of 15 and 21, and that these young people between these ages constitute but 13 percent of the total population. You will see, therefore, how out of proportion the very serious problem is, and California is no exception. The problem of juvenile crimes is not a new one by any means, but all conditions of our Nation at large seem to call for a study and survey of it, Nation-wide.

My resolution calls for a congressional committee of seven members to be named by the Speaker to report their study and findings back to Congress. I did not propose this resolution to support any pet theory or bill proposal either I or anyone else has in hand, as far as I know. But I do know that it is imperative that the Federal Government have its full knowledge of what the juvenile-delinquency problem in the Nation is. This study will get the volunteer benefit of help from all States, courts, schools, churches, agencies, cities, veterans' organizations, parent-teacher associations, welfare groups, sectarian and nonsectarian groups, police officials, employers' associations—all are equally concerned. It is the Nation's business to know about the children it must depend upon for national security in event of war and for leadership in time of peace.

What are the facts about the extent of juvenile delinquency?

What are the basic causes of juvenile delinquency?

What are sound and reasonable steps to be taken by those units of Government, by parents, by schools, by churches, by individuals, by all concerned, to deter or prevent juvenile delinquency?

I will recognize that what might be termed "individual factors" materially enter into our thought, such as physical and biological conditions, physical or mental handicap, physical disorders, lack of religious instruction, instability of the individual, emotional instabilities, acquired habits, wrong companions, lack of discipline in home life, community conditions, broken homes, effects of war, the adult attitude of the community, and so forth.

These items mentioned by me are, of course, not intended by me to be either inclusive or exclusive. Nor, do I intend to indicate by my naming them as I have extemporaneously that they are in any order of importance or strength or weakness in my own thinking about this vital matter. No doubt each of you will immediately mentally add several I have not mentioned.

Since filing my resolution, H. R. 575, I have already received a goodly number of requests therefor from various sections of the country. This shows immediate concern of the problem. I have no preconceived notions about what this survey will show as to cause and effect. I do know it should result in a further awakening and an enlivened consciousness of the tragic results of not coordinating information and approach resulting from real facts and knowledge in the field.

Several Members have asked me as to my deep concern in this field of human endeavor and relationships. So all my colleagues may know it is a very real and practical thing with me. I respectfully relate that I was formerly probation officer of the juvenile court of Los Angeles County under Hon. Curtis D. Wilbur, the very human and distinguished juvenile judge on the west coast at the time Judge Lindsey was in Denver juvenile court. Then for 3 years I was boy counselor and instructor in government at the California Junior Republic, a 24-hour-a-day private school for boys. Then, during the last 15 years of my law practice at home I was president of the recreation commission and served a short time on the California State Board of Education.

I bespeak your kindly and emphatic support of this resolution in the interest of the youth of our present generation and for the domestic stability and national security of our beloved land.

Mr. STEFAN. Mr. Chairman, I yield 20 minutes to the gentleman from Colorado [Mr. GILLESPIE].

Mr. GILLESPIE. Mr. Chairman, I think the Chairman of our Subcommittee handling this bill, the gentleman from Michigan [Mr. RABAUT], deserves a great deal of credit. He was present all the time, worked very hard, and, while we did not all agree on everything, we did agree on most of the major items.

Mr. Chairman, we all tried to effect economies wherever possible. We all realized that even under our crushing tax burdens of today, the income of the Government is limited; therefore, the expenditures of the Government must also be limited. It seems that recently there has been an idea in Government agencies that, when they come in for money, it is not entirely a question of how much money they need to do a job, it is a question of how much money they can get out of the Appropriations Committee. There is no such thing as a Government agency coming in and asking for less, or even the same amount as they had the previous year. They always ask for much more than they had in the past year, notwithstanding the fact that we are struggling under the heaviest debt load in our history.

Men have honest differences of opinion as to what is, or is not, economy. I might think something is extravagant; some one else on the committee might think my idea is false economy and that it would be penny-wise and pound-foolish. In a few cases I thought some money ought to be spent that even our chairman did not think should be spent. So, we were in agreement most of the time, although we did disagree occasionally.

One of the best compliments I have ever heard paid to a committee of this House was the compliment paid last night by Fulton Lewis, Jr. Every member of the committee ought to be proud of what that great commentator had to say.

I do not want to go into too much detail with reference to the work we did because it has been pretty well covered and will be fully covered later on. The time has come in America, Mr. Chairman, when we will have to start economizing in earnest. We cannot continue spending more than we take in. We know that our Budget requirements are great and that we cannot balance the Budget while continuing to overspend our income.

Mr. Chairman, today the tax burden of every breadwinner in America is approximately $60 a month, or $720 a year, which is more than the average earning of working people in most countries of the world. In other words, our tax bill is more than their total earnings. The tax bill of America today is greater than that of any other country on earth and the percentage of taxes to the earnings of American workers is far greater than in any other country on earth. This has to some extent been covered up by withholding, so that a person making so much a month is not too conscious of what his tax bill is. In speaking to people I learned a rather amazing thing. If their check is for $200 a month, they say, "I am only making $2,400 a year." They do not count the money they pay out in taxes. I sometimes wonder, in order to make people tax conscious, if it would not be a good thing to have them paid the money, then require them to pay it out in taxes after they have received it.

I wish to say that the members of this committee did try to do a good job on this bill in cutting it over $56,000,000, and it is my opinion that we should cut these appropriations still further. I am still of the opinion that further savings can be made. Fully realizing that anyone who tries to save money in business or government is always unpopular, I want to say that we are soon going to find that the people of America expect us to effect necessary economies.

Mr. STEFAN. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, this noon I went over the figures as they appear in the Treasury statement for the latest day available and I got this very definite idea out of the statement: That probably the expenditures for the current fiscal year, 1946, will be right around $65,000,000,000; that the receipts from every source will be about $42,000,000,000, leaving a deficit for the year of approximately $23,000,000,000.

I got to figuring a little bit on what they might do next year. Of course, you cannot tell very well at this stage of the proceedings, but if you listen to the Army and the Navy and to the State Department and to these agencies that want gratuities out of the Federal Treasury, you can spread the range of what the expenditures might be over quite a territory. The lowest anybody could guess, in my opinion, from what I have been able to gather, would be $34,000,000,000; it might run up as high as $42,000,000,000 if we have the British loan and the French loan, and a very large increase in appropriations and allotments for foreign relief.

The rates for next year, unless there are some very substantial cuts in the taxes which would affect next year's receipts, will probably run in the neighborhood of $35,000,000,000. That may be reduced by tax cuts or anything of that kind that might happen, or by other things like a slack in our employment, which does not seem to be in sight, or a curtailment of inflation which the OPA has been promoting, which does not seem to be in sight, although some of us would like to see that stopped.

This bill represents a cut below the Budget estimate of approximately $56,000,000 out of a total estimate of $415,000,000 or a cut of about 13, 14, perhaps 15 percent.

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

Mr. TABER. I yield to the gentleman from Nebraska.

Mr. STEFAN. It should be noted, though, that it is an increase of over $40,000,000 above the fiscal year.

Mr. TABER. It is $40,000,000 above the present fiscal year. I intend, as I go along, to analyze that $40,000,000 because I believe that is the place where we might contribute a little toward doing our duty by the Federal Treasury.

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

Mr. TABER. I yield to the gentleman from Ohio.

Mr. JONES. $20,000,000 could be accounted for in two items in the bill: One, the information program in the State Department of $10,000,000, which does not have any basic legislation and, second, the $10,000,000 for the business census, which does not have authorizing legislation. Those two items are not authorized by law, and by not adopting the rule tomorrow those amounts could be stricken from the bill.

Mr. TABER. And they could also be stricken by amendment adopted in the committee, even if the rule should be adopted.

Mr. JONES. That is right.

Mr. TABER. I am in hopes that the Congress may have a sense of responsibility and a little interest in the taxpayers when it comes to those items.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. How does this appropriation compare with the prewar appropriations, in millions?

Mr. TABER. I do not have the exact figures here, but the figures for the Department of Justice are a little bit higher than they were in the prewar days. Those for the Judiciary are a little higher, perhaps 25 percent. The increase in both these figures is due largely to the inflationary trend that is under way.

The appropriations for the State Department, I think, are at least three times what they were in 1939. I refer to the figure the committee has recommended, not the Budget estimate. This is partly due to the inflationary trend; perhaps 25 percent of the total is due to inflation. This means in the State Department appropriation about $26,000,000 or $27,000,000 out of the $104,000,000. The rest of it is due to increased activities of one kind or another.

As to the appropriation for the Department of Commerce, the amount carried here being $143,000,000, I would guess that you could put down 25 percent as due to inflation, maybe more, perhaps 35 percent, because that involves a lot of part-time jobs in connection with the proposed Census operations. You could figure that the inflation of those things would run 35 or 40 percent. The other operations there would be up 25 percent due to the inflation, and they are probably at least double after you have subtracted the inflation. There is probably a $50,000,000 increase in the Department of Commerce activities outside of these inflationary items.

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

Mr. TABER. I yield to the gentleman from Colorado.

Mr. GILLESPIE. There is an item here regarding field offices. Last year they had $445,000. They asked for $6,500,000. We gave them $2,500,000, which is over $2,000,000 above what they had last year.

Mr. TABER. Yes.

Mr. GILLESPIE. This is more or less a new activity, giving the merchants more to do in the way of forms to be filled out, and so forth. I do not think it has any merit at all. I think that $2,000,000 can be saved there. What does the gentleman think about it?

Mr. TABER. I would be inclined to think that the gentleman from Colorado is correct.

One item in here that appears to be fairly well based that is an increase is the item for going over the German scientific discoveries, patents, and ways of doing business, and making them available to the people of the United States. If that is done, and well done, I would expect that that expenditure would be pretty fairly well justified.

There are items here for the so-called information service in the State Department providing for $10,000,000, to which the gentleman from Ohio [Mr. JONES] called attention. I would like to ask the Members this question: How would you like to be an Ambassador to some foreign country and have some fellow from outside broadcasting into that country, perhaps in English, so that a translation could be very badly garbled or even in the language of that particular country at the same time that you were trying to represent the United States? Now, do you see what that results in? It results in almost impossible confusion. It destroys the effectiveness of our representation. I do not know how it is going to work out, but I would like very much to have this situation cleaned up. I would like to see the whole picture straightened out. I want to read you something on page 19 of the hearings on the State Department, which I think the Congress ought to have in mind as it approaches this problem. Secretary Byrnes was testifying. He said:

I talked last night to Mr. Benton—

Mr. Benton is the Assistant Secretary of State who has direct supervision over this particular picture—

and he told me that in the Information Service, they had reduced the number of employees from 11,000 to 3,000. Is that right, Mr. Benton?

Mr. BENTON. It will be 3,000 very shortly. Radio broadcasting is a perfect example of something that is now in the Department that, by the end of the fiscal year—Secretary Byrnes has decided this and I am fully in agreement with him—we should get out of the Department. It is a function, like Surplus Property, that was inherited by the Department. It should be set up and handled by a separate organization. This is as good an illustration, I suppose, as you could pick, Mr. Secretary.

Why do we provide for this thing and why do we have such a thing as this after that statement?

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

Mr. TABER. I yield.

Mr. RABAUT. With reference to the opening remark that the employees were reduced from 11,000 to 3,000, that reduction to 3,000 was under the expectation of a $19,000,000 appropriation. That has been cut in half by the committee.

Mr. TABER. I appreciate that, and I would want everyone to understand that.

Mr. RABAUT. It will correspondingly affect the employees.

Mr. TABER. I appreciate that. It will cut them in half, at least. But that would not affect the principle of this activity which it seems to me is bound to get us into trouble.

I would like to call attention to page 7 of the committee's report, beginning in the middle of the page. I would hope you would read what the committee says there. I had a telephone call this morning from Mr. Benton. I had previously given him some information about some parties connected with that organization who I felt were not the sort who had their first loyalty to the United States. He had sent four or five men around to me to try to explain that they were all right. I knew better. I was told this morning he had found out that I was right.

Now, that is indicative that maybe they are beginning to wake up over there. That is what the committee says is a good sign. I want to compliment the committee right now while I am speaking, on the fact that they have decided to cut out this so-called McCormack set-up in the State Department. I have with me the records of some of the folks who are involved in that set-up. Frankly, I do not believe they should be in our State Department. I am not going to read their names here. I am not going to get into that question today. On the other hand, it is a situation that calls for a house cleaning. These people are presently on the roll and they ought not be on the roll. If we are going to have a State Department and it is going to look after the interest of the United States, we must follow down the line what this committee in its report on page 7 has said. We must clean house and keep only those people whose first loyalty is to the United States of America. I do not think this can be repeated too often.

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

Mr. TABER. I yield.

Mr. RABAUT. Can I believe my ears? Is the gentleman praising the committee?

Mr. TABER. Well, you know when the committee does something that it really ought to do, the next thing is to make the State Department do what the committee has said it ought to do. I do not think the gentleman would find any more loyal supporter than myself in the efforts that he might make to try to make the State Department do what it ought to do.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. STEFAN. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. CLEVENGER].

Mr. CLEVENGER. Mr. Chairman, from Virginia and Missouri—far apart geographically, but united in desire to maintain Government solvency—has come vigorous opposition to Federal grants-in-aid to the States, which it is contended, are subversive of State sovereignty and put a heavy drain on the Federal Treasury.

In Virginia the opposition was expressed by Gov. William M. Tuck in his recent inaugural address. In Missouri it was in a resolution introduced in the State house of representatives proposing that Missouri—

give notice to the Congress of the United States that Missouri now takes the lead among the States in helping solve the Federal debt crisis and that we will refrain and forbear from demanding further grants from Congress.

Grants-in-aid not only are destructive of State sovereignty, Governor Tuck contended, but they also result in far less return than when the States raise and spend the same sum directly.

Money paid by the taxpayer to the Federal Government and then returned by it to the States is burdened with the collection and handling charges incurred by that Government.

He said:

It is also burdened with the operating costs of the headquarters of the bureau in Washington which passes upon the grant and regulates its expenditures. Finally, it is burdened with the salaries and expenses of the Federal agents who are sent into the States to personally regulate the State agencies in their spending of what is left of the money received from the taxpayer. The amount left is about half.

Governor Tuck declared that the proposed program of Federal aid to education will eventually result in control of schools from Washington. If taxpayers do not want this, he said, they must see to it that States give adequate financial support to their public-school systems, and urged increased expenditures for this purpose by the Virginia State government.

Our debt, funded and other, stands at approximately $300,000,000,000, almost exactly twice the total of property assessed for taxes in the 48 States.

The dread four horsemen of the New Deal—Debt, Deficit, Delirium, and Despair—are riding headlong.

The 1947 peacetime, ordinary Budget of $36,000,000,000 is equivalent to $720, or $60 per month, for each of 50,000,000 of gainfully employed. On top of that we propose billions more of deductions for various social welfare schemes—medical, hospital, and old-age deductions, until verily many an American thinks "the deducts have got him." Dozens of direct taxes hit him and his employer, dozens and dozens of hidden excise taxes are wrapped up in all he buys and must have, millions of Government employees harass him, and devour his substance.

A crushing interest burden on debt, the ever-recurring deficits in income, the delirium of emergencies ever-justifying all these extraordinary actions, and the crushing despair of the toiling millions of ever regaining their liberties, their political and financial security, their control of this governmental juggernaut, this New Deal Frankenstein, are destroying the American Republic and the American way of life.

Added to all these problems which bedevil the people of America—and they are personal bedevilments of each citizen—the dark and menacing shadow of ruinous inflation hangs over this Nation to add to the despair.

It seems incredible, and yet it seems to be true, that we talk as much as we do about inflation and do nothing about it except to keep pouring more gasoline onto the fires of inflation. Before the war ended we could clearly foresee a dangerous inflationary pressure which inevitably would arise from the accumulated purchasing power of the people pressing against the reduced and limited supply of consumer goods—necessities which men, women, and children sorely need.

We know that every additional dollar that is expended by the Government, unless it represents goods or services produced, will add to the inflation. We know that inflation ruins first the wage earners of this Nation and the farmers of this Nation. We know that the economic fallacy of increased wages without adequate, necessary increase in prices, if added to a multiplicity of stifling and strangling governmental regulations and red tape, are carried to the point where they are allowed to stop reconversion and production, inevitably will produce a condition of inflation that will completely ruin the workingman and the farmer as well as the rest of us. If industry is to be prevented by those who are playing politics with price control from producing jobs and goods and services, then we can expect black markets and inflation to thrive and to eat into the vitals of our economy like a canker.

Those in control of the Government know what sound economics are, but the temptation to yield to political expediency seems to be too strong for the common sense of good government to prevail. Inflation, if it is not checked, will ruin us all. Those who talk about the danger of inflation occurring in this country are like a man pitted from head to foot with smallpox talking about the danger of his sometime getting smallpox. The plague of epidemic inflation is on this country now. We are in the middle of it. It is growing worse. If those in charge of the Government do not move to eliminate the causes and check the contributory conditions to inflation, we will lose the peace and this country will go down in confusion and economic chaos. That would spell utter ruin.

How did we get that way? Now let us consider two great Americans, two Texans—one who rose to preside in turn over each of the great legislative branches of our Government and who retired to his native State disillusioned and saddened by the result of his party's part in the rape of America and American institutions. Not so many years ago he said, "Every time a damyankee gets a hambone, I aim to get a hog." And then the scheme of matching funds with the States was born and it continues in full flower. It has turned from a "do-good-ing" program into one of distributing the wealth. Six great Northern States will pay 51.95 percent of this latest matching game. They will match 42 States putting up 48.05 percent of the money. To get some of this money the States have parted with their sovereignty, their States' rights. They have sold their birthrights for a mess of socialistic-fascistic pottage. More patriotic Texans give up their seats in Congress. The venerable and able chairman of the Judiciary Committee, Hon. HATTON SUMNERS, makes this statement from the sadness of his heart:

By ignoring principles and the lessons of history, and accepting the theories of men and political expedience for our guidance, we have made vassals of our States and dependents of our people. By concentration of governmental power and drafts upon the Federal Treasury, we have now a financially "busted" great piled-up mass of governmental confusion beyond human comprehension, impossible of democratic control, extravagant, wasteful, inefficient, and by its nature the instrumentality of favoritism, tyranny, oppression, and corruption, and the destroyer of the self-reliance and self-respect and governmental capacity of the people, qualities without which no people can remain free. The people are coming to realize what has happened, Republicans and Democrats; people of all stations and political faiths. But they are yet too much depending upon the Congress.

The powers of the Congress are not what they used to be. Largely because of this concentration, even the policy-fixing and legislative power, the most basic of the essential powers of the Congress, have largely been shifted to the executive agencies and organized minorities.

The time of the Congressman is now taken up largely as go-between for his constituents, and these agencies, writing innumerable letters about their matters, with little time left for attending to even the most important legislative matters, and almost no time for the duties of statesmanship at a time when our circumstances require of us the highest type of statesmanship ever required, perhaps of any people.

There is practically no opportunity for the Member of Congress to be home and explain legislation and defend his position. Clearly this is the people's job.

This matching of funds for a multitude of purposes—highways, rivers, and harbors, airfields, agricultural extension work—all of them of laudable purpose, is affording a wonderful opportunity for those of our electorate who would destroy our free economy to join forces with the radicals as well as the charitable. To combine with the political demagogue, the professional uplifter and do-gooder who just loves to give away things, other people's things. The demagogue can spout about what he gets for his State or district. The Red can help take America nearer the inevitable collapse, and the do-gooder can get a warm glow distributing the fruits of other people's labor. The four horsemen gallop thundering along the road to national bankruptcy, confusion, anarchy, and despair. I have prepared some figures that should prove interesting. They are taken from Treasury statement for 1944, and report accompanying H. R. 3370, the Federal school-lunch bill. Six Northern States—New York, Pennsylvania, Massachusetts, Illinois, Michigan, and Ohio—are broken down, showing they contain 36.65 percent of the population—1940—pay 51.95 percent of all Federal revenue—1944. Of the $50,000,000 for school lunches, they would furnish $25,841,000 and would receive from the $50,000,000, $8,642,000 and be required to match it with another $8,642,000.

	Percentage population, 1940	All taxes, percent tax, 1944	States tax share of $50,000,000	H. R. 3370. States matching required	H. R. 3370. States allotment under plan
New York	10.20	18.47	$9,235,000	$1,907,000	$1,907,000
Pennsylvania	7.49	8.42	4,210,000	2,277,000	2,277,000
Ohio	5.23	7.35	3,675,000	1,276,000	1,276,000
Michigan	3.98	5.91	2,955,000	1,050,000	1,050,000
Illinois	5.98	8.12	4,031,660	1,357,000	1,357,000
Massachusetts	3.27	3.74	1,735,000	775,000	775,000
Total	36.65	51.95	25,841,660	8,642,000	8,642,000
Alabama	2.14	.62	310,000	609,400	1,441,700
Arkansas	1.48	.23	115,000	548,300	1,103,300
Mississippi	1.65	.22	110,000	661,000	1,410,000
Georgia	2.36	.96	480,000	858,900	1,367,700
Tennessee	2.21	.76	380,000	800,400	1,272,500
South Carolina	1.44	.43	215,000	593,100	1,061,000
Total	11.28	3.22	1,610,000	4,071,100	7,656,200

Now, let us take six Southern States, Alabama, Arkansas, Mississippi, Georgia, Tennessee, and South Carolina. These States contain 11.28 percent of the population, pay 3.22 percent of the taxes. They would furnish $1,610,000 of the $50,000,000. They would receive $7,656,200 and match with $4,071,100. These matchings may be services, and so forth, in lieu of cash. What an attractive scheme to trade States' rights and sovereignty for a political tie-up with northern cities to perpetuate the New Deal.

Is it any wonder that labor unrest and strikes are rife in these six milch-cow States? And they stand meekly for the milking. There are as many more where the ratio is almost as great. Consider little Delaware by herself; to this $50,000,000 subsidy, she contributes $520,000 for her school lunches; she is allotted $43,200. Is not that a trade to make Delaware proud of the political bondage in which she finds herself rated? But she and the other States must help free themselves. Only the brave deserve to be free.

TABLE 3.—*Summary of internal revenue collections, year ended June 30, 1944, by States and Territories*

States and Territories	Population as of Apr. 1, 1940 (Bureau of the Census estimate)	Percent of total population	Income (including excess profits) tax collections	Percent of income-tax payments	Miscellaneous internal-revenue collections	Percent of miscellaneous internal-revenue payments	Employment taxes, including carriers' taxes	Percent of payroll tax payments	Total internal-revenue collections	Percent of total internal-revenue payments
Alabama	2,833,000	2.14	$217,605,458.00	0.66	$15,101,459.48	0.28	$15,262,426.29	0.88	$247,969,343.77	0.62
Alaska	61,500	.05	16,893,775.08	.05	1,380,658.24	.03	531,512.62	.03	18,805,945.94	.05
Arizona	499,000	.38	61,363,254.51	.19	5,176,296.82	.10	2,458,077.03	.14	68,997,628.36	.17
Arkansas	1,949,000	1.48	79,914,481.44	.24	8,336,484.07	.16	4,044,572.37	.23	92,295,537.88	.23
California	6,907,000	5.23	2,865,182,503.96	8.67	361,768,620.84	6.76	144,746,837.16	8.33	3,371,697,961.96	8.40
Colorado	1,123,000	.85	169,285,341.16	.51	36,172,288.83	.68	9,119,558.21	.52	214,577,188.20	.53
Connecticut	1,709,000	1.29	801,719,397.42	2.43	63,298,057.48	1.18	39,582,951.87	2.28	904,600,406.77	2.25
Delaware	266,000	.20	390,229,182.10	1.18	13,383,937.64	.25	14,070,237.70	.81	417,683,357.44	1.04
District of Columbia	663,000	.50	378,780,522.16	1.15	27,428,480.53	.51	$13,539,637.14	.78	419,748,639.83	1.05
Florida	1,897,000	1.44	289,102,389.79	.88	42,307,785.91	.79	12,532,860.80	.72	343,943,036.50	.86
Georgia	3,124,000	2.36	326,576,557.82	.99	42,537,300.90	.79	17,004,509.23	.98	386,118,367.95	.96
Hawaii	425,900	.32	133,139,930.52	.40	14,357,015.11	.27	3,284,363.91	.19	150,781,309.54	.37
Idaho	525,000	.40	51,613,894.32	.16	4,611,035.70	.09	2,537,721.16	.15	58,762,651.18	.15
Illinois	7,897,000	5.98	2,682,008,659.04	8.12	394,792,820.08	7.37	155,046,483.94	8.92	3,231,847,963.06	8.06
Indiana	3,427,000	2.59	632,428,410.83	1.91	171,791,247.97	3.21	27,295,215.34	1.57	831,514,874.14	2.07
Iowa	2,538,000	1.92	262,261,786.04	.79	20,485,644.74	.38	10,494,453.65	.60	293,241,884.43	.73
Kansas	1,801,000	1.36	313,380,073.16	.95	24,850,869.63	.46	17,577,926.11	1.01	355,808,868.90	.89
Kentucky	2,845,000	2.15	264,131,634.75	.80	273,309,168.33	5.10	14,814,776.84	.85	552,255,579.92	1.38
Louisiana	2,364,000	1.79	243,183,030.41	.74	52,996,279.79	.99	13,206,878.82	.76	309,386,189.02	.77
Maine	847,000	.64	130,899,533.35	.40	8,972,758.00	.17	8,039,246.37	.46	147,911,537.72	.37
Maryland	1,821,000	1.38	518,249,999.91	1.57	160,801,916.57	3.00	31,320,214.21	1.80	710,372,130.69	1.77
Massachusetts	4,316,000	3.27	1,292,919,080.75	3.91	145,928,236.10	2.72	60,328,326.17	3.47	1,499,175,643.02	3.74
Michigan	5,256,000	3.98	2,110,238,060.58	6.39	144,524,268.17	2.70	115,883,909.77	6.67	2,370,646,238.52	5.91
Minnesota	2,792,000	2.11	467,739,739.73	1.42	75,940,710.11	1.42	32,892,064.38	1.89	576,572,514.22	1.44
Mississippi	2,183,000	1.65	78,121,934.79	.24	6,349,455.76	.12	3,694,966.33	.21	88,166,356.88	.22
Missouri	3,784,000	2.86	780,938,379.32	2.36	141,337,505.60	2.64	48,645,702.75	2.80	970,921,587.67	2.42
Montana	559,000	.42	48,296,611.14	.15	6,756,788.84	.13	1,781,070.49	.10	56,834,470.47	.14
Nebraska	1,316,000	1.00	173,176,031.11	.52	32,240,213.21	.60	18,137,821.00	1.04	223,554,065.32	.56
Nevada	110,000	.08	32,078,078.02	.10	2,751,459.91	.05	872,038.06	.05	35,701,575.99	.09
New Hampshire	491,000	.37	63,681,636.74	.19	7,097,919.80	.13	3,356,117.66	.19	74,135,674.20	.18
New Jersey	4,160,000	3.15	1,119,789,916.05	3.39	214,796,680.06	4.01	58,050,474.72	3.34	1,392,637,070.83	3.47
New Mexico	532,000	.40	32,988,619.25	.10	3,139,047.40	.06	1,103,844.20	.05	37,231,510.85	.09
New York	13,479,000	10.20	6,332,491,637.76	19.16	755,989,200.30	14.11	320,987,452.43	18.47	7,409,468,290.49	18.47
North Carolina	3,571,000	2.70	374,442,607.96	1.13	495,880,723.82	9.26	21,982,030.91	1.27	892,305,362.69	2.22
North Dakota	642,000	.49	31,129,645.88	.10	2,617,188.74	.05	859,686.73	.06	34,606,521.35	.09
Ohio	6,907,000	5.23	2,542,608,729.67	7.69	293,450,218.19	5.48	114,420,813.48	6.58	2,950,479,761.34	7.35
Oklahoma	2,336,000	1.77	207,132,843.86	.63	53,293,785.90	.99	10,775,567.63	.62	271,202,197.39	.67
Oregon	1,089,000	.82	282,334,562.48	.86	18,415,965.17	.34	15,105,272.00	.87	315,855,799.65	.79
Pennsylvania	9,900,000	7.49	2,742,916,456.02	8.30	452,145,427.40	8.44	181,797,794.84	10.46	3,376,859,678.26	8.42
Rhode Island	713,000	.54	224,949,778.54	.68	21,606,709.61	.40	10,308,746.14	.59	256,865,234.29	.64
South Carolina	1,900,000	1.44	158,238,443.43	.48	8,747,302.16	.16	6,872,481.98	.40	173,858,227.57	.43
South Dakota	643,000	.49	32,692,202.11	.10	3,571,923.44	.07	1,105,704.69	.06	37,369,830.24	.09
Tennessee	2,916,000	2.21	262,275,898.97	.79	26,858,979.71	.50	14,553,861.31	.84	303,688,739.99	.76
Texas	6,415,000	4.85	855,317,095.70	2.59	137,932,963.10	2.57	44,141,628.29	2.54	1,037,391,687.09	2.59
Utah	550,000	.42	72,280,309.14	.22	9,945,263.54	.19	3,694,049.68	.21	85,919,652.36	.21
Vermont	359,000	.27	45,879,949.41	.14	3,787,239.65	.07	2,535,593.23	.15	52,202,782.29	.13
Virginia	2,678,000	2.03	429,022,717.70	1.30	378,434,057.26	7.07	23,091,450.03	1.33	830,548,224.99	2.07
Washington	1,736,000	1.31	540,532,316.47	1.64	39,944,385.81	.75	24,997,720.82	1.44	605,474,423.10	1.51
West Virginia	1,902,000	1.44	151,580,943.61	.46	17,546,290.89	.33	10,137,799.02	.58	179,265,033.52	.45
Wisconsin	3,137,000	2.37	688,814,069.94	2.09	104,551,832.79	1.95	28,794,717.63	1.66	822,160,650.36	2.05
Wyoming	251,000	.19	24,783,186.71	.08	3,209,521.33	.06	953,268.75	.05	28,945,976.79	.07
Puerto Rico			26,835.60		3,368,212.24	.06			3,395,047.84	.01
Total	132,145,400	100.00	33,027,368,164.21	100.00	5,356,019,632.67	100.00	1,738,372,435.89	100.00	40,121,760,232.77	100.00

EXHIBIT B.—*War Food Administration Commodity Credit Corporation, Office of Supply*

ALLOCATION OF SCHOOL LUNCH FUNDS WITH APPORTIONMENT BASED ON FORMULA IN PROPOSED SCHOOL LUNCH BILL

Region and State	Proposed apportionment [1]	Amount matching required [2]
Northeast	$7,769,200	$7,453,900
Connecticut	243,200	243,200
Delaware	42,300	42,300
District of Columbia	91,700	91,700
Maine	204,500	204,500
Maryland	370,100	370,100
Massachusetts	775,500	775,500
New Hampshire	134,000	107,500
New Jersey	683,900	683,900
New York	1,907,000	1,907,000
Pennsylvania	2,277,100	2,277,100
Rhode Island	116,300	116,300
Vermont	95,200	82,300
West Virginia	828,400	552,500

[1] Basis of apportionment is on number of children, 5 to 17 years, inclusive, and relation of the per capita income in the United States to the per capita income in the State.

[2] Each dollar of Federal payments must be matched by $1 from sources within the State except in the case of any State whose per capita income is less than the per capita income of the United States, the matching required shall be decreased by the percentage which the State per capita income is below the per capita income of the United States.

EXHIBIT B.—*War Food Administration Commodity Credit Corporation, Office of Supply*—Continued

Region and State	Proposed apportionment	Amount matching required
Southern	$11,082,300	$6,535,200
Alabama	1,441,700	609,400
Florida	553,400	469,300
Georgia	1,367,700	858,900
Kentucky	1,321,800	781,200
Mississippi	1,410,000	661,300
North Carolina	1,787,100	1,072,300
South Carolina	1,061,000	593,100
Tennessee	1,272,500	800,400
Virginia	867,100	689,300
Midwest	8,209,900	7,875,500
Illinois	1,357,100	1,357,100
Indiana	754,400	754,400
Iowa	602,800	574,500
Michigan	1,050,500	1,050,500
Minnesota	726,200	644,900
Missouri	980,900	851,600
Nebraska	331,400	301,200
North Dakota	183,300	172,700
Ohio	1,276,000	1,276,000
South Dakota	197,400	162,100
Wisconsin	750,800	730,500
Southwest	6,003,100	4,342,200
Arkansas	1,103,300	548,300
Colorado	285,500	262,900

EXHIBIT B.—*War Food Administration Commodity Credit Corporation, Office of Supply*—Continued

Region and State	Proposed apportionment	Amount matching required
Southwest—Continued		
Kansas	$430,100	$418,500
Louisiana	923,600	640,100
New Mexico	253,800	161,400
Oklahoma	853,100	603,100
Texas	2,153,700	1,707,900
Western	2,185,500	2,124,200
Arizona	186,800	145,900
California	997,500	997,500
Idaho	141,000	130,600
Montana	130,400	130,100
Nevada	21,200	21,200
Oregon	186,800	186,800
Utah	162,200	158,800
Washington	289,100	289,100
Wyoming	70,500	64,200
Total	[3] 35,250,000	28,331,000

[3] $1,000,000 of $50,000,000 appropriation withheld for nonprofit child care centers. 3 percent set aside for administrative costs and 22 percent for direct purchase of commodities. $1,500,000 set aside to be apportioned among Alaska, Territory of Hawaii, Puerto Rico, and the Virgin Islands.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CLEVENGER. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. I just want to take this opportunity to compliment the gentleman from Ohio. I have served on a committee with him for several years, and I know that he is sincere and honest, and that there is not a better businessman in the House than is the gentleman from Ohio. I have not agreed with him on all occasions, but I just want to take this opportunity to say that it has not been that I did not have the highest regard for the gentleman.

Mr. CLEVENGER. I thank the gentleman for those kind words.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CLEVENGER. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. I take this opportunity to pay tribute to the gentleman from Ohio. He is one of the few men who votes exactly the way he talks, and that is very admirable in this day and age.

Mr. CLEVENGER. That is very touching, coming from the lady the bravest in the land.

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

Mr. CLEVENGER. I yield to the gentleman from New York.

Mr. TABER. Does the gentleman think that these people who wrote in here to their Congressmen realize what kind of a thing they were saddling onto the country when they promoted the school-lunch program?

Mr. CLEVENGER. Sometimes I am afraid they do not. Even in my State, which pays from $3 to $4 for every one they get back, minus the cost of Federal operation, I have people who instead of appealing to our State treasury which has a surplus of $100,000,000, write letters asking me to be untrue to my faith and to my conviction and promise to my district and vote the money here.

Mr. STEFAN. Mr. Chairman, I yield 10 minutes to the gentlewoman from Illinois [Miss SUMNER].

Miss SUMNER of Illinois. Mr. Chairman, the OPA produces a sinister growing Nation-wide racket which, unlike blackmarkets, operates within the law. It consists of buying up choice properties owned by citizens who are prevented from operating by OPA. A typical example in the hearings was an Illinois work-glove manufacturer. He was sued by OPA for three-fifths the value of his property. Two respectable Federal courts held he had not violated OPA's regulation, only to be overruled by a United States Supreme Court decision. In no time some harpie was dickering for his factory.

Similarly OPA has made it possible for financiers to "muscle in" on packing plants, textile mills, and other businesses forced into the red by OPA. As one disgusted witness told us, "The woods are full of them. If Congress wants to investigate, all you have to do is look up the statistics showing the mergers which have taken place the past year." Maybe the person who gets the business you spent years building up will be only a friend innocently trying to save you from bankruptcy. More likely he will be one of the Government enriched "carpetbaggers" with enough influence to secure from OPA the higher price ceiling or favorable ruling you have sweated and pleaded in vain to obtain. Often the new master benevolently lets you stay on and work in return for a small interest in the business which, except for OPA, would still be wholly and indisputably yours.

This muscling in is not done with machine guns. It is a thoroughly legal by-product of price control, and nothing short of liquidating OPA will stop it. Of course, OPA should have been liquidated a year ago. Instead it was extended to cover war industries trying to reconvert, and that is why reconversion is suffering from infantile paralysis. The OPA officials now promising to ease up restrictions and even liquidate OPA within a year promised to ease restrictions last year when the OPA bill came up before Congress. But as soon as Congress passed the bill, OPA started driving the housing industry, the household-appliance industry, and other businesses out of production. The bureaucrats know, of course, that what they decontrol today they can recontrol tomorrow—when foreign governments start the increased buying which will cause inflation the same way foreign lending caused inflation in 1919.

The President's "economic advisers" now predict that OPA is vital to the heading off of an inflation otherwise due within 12 months. But they are the same soothsayers who admitted in the hearings that they went wild on their corn-crop predictions last year—Mr. Anderson, of the Agriculture Department—and also on their prediction—by Mr. Bowles—of mass unemployment last fall at the time the bureaucracy was propagandizing for unemployment laws and appropriations. The argument that price control is necessary to prevent inflation is the same argument—word for word—which Goebbels used to enslave German industry. Someday, perhaps too late, Americans now doped with propaganda will wake up and realize what Rip van Winkles they have been.

OPA is a racket by which darlings of the politicians in power are able to get something for nothing. OPA, to be sure, is not the only racket serving that purpose. There are also the materials priority racket, the rapid tax amortization racket, the excessive estate and super-income-tax racket and others including the treasonable Bretton Woods, lend-lease, and UNRRA rackets which enable foreign governments to get American goods for nothing.

There is some creative business enterprise today because businessmen, even when Government prevents their getting a profit, hope to hang on to their capital investment, believing the blithe bureaucratic promises that the totalitarian controls are only temporary emergency measures. But like flies struggling to stay alive after they are caught on fly paper, they cease to struggle as soon as they realize how hopelessly they are stuck.

Mr. TABER. Mr. Chairman, will the gentlewoman yield?

Miss SUMNER of Illinois. I yield.

Mr. TABER. Is it not true that production is the only way to throttle inflation?

Miss SUMNER of Illinois. There are two ways to throttle inflation; one, permit production to go into volume; and, two, stop Government spending. Both are necessary.

Mr. TABER. Is it not true that the OPA has been throttling production all the way through this last year and that they have been responsible for most of the inflation we have been up against?

Miss SUMNER of Illinois. The OPA has throttled production long before this last year. The reason it has been so much more obvious this past year is because the OPA, immediately after the cut-back began, was extended to cover all the war industries so that it was more noticeable than it was before when the OPA only covered a few industries. During the war the OPA did not cover the manufacture of airplanes and other types of war production.

Mr. TABER. Of course, the things that the War Department contracted for or the Navy Department or some other Government department were not governed by the OPA, and the manufacturers with 10 percent or 15 percent of their production allocated to civilian goods could take a loss on that without losing any money because it would figure out against their whole expense.

Miss SUMNER of Illinois. The gentleman is correct.

Mr. TABER. And when the war was over and the Government ceased to be a purchaser, they were up against the proposition where they were stopped from producing as a result of OPA's operations. They could not produce without a loss. They could not take a loss without going into bankruptcy.

Miss SUMNER of Illinois. Precisely. Do not forget it is not the fault of the OPA that the OPA did not cover war production. Leon Henderson and his henchmen fought a great fight and struggled to get their clammy hands on war production, but the War Department, led by Mr. Patterson, steadfastly and successfully resisted the efforts of the OPA.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentlewoman yield?

Miss SUMNER of Illinois. I yield.

Mr. MURRAY of Wisconsin. May I say first that I regret very much the distinguished lady is not going to be here very much longer.

Miss SUMNER of Illinois. I thank the gentleman.

Mr. MURRAY of Wisconsin. There is one thing that confuses me. I do not know just who is being deceived, but I just want to be sure that I am not the one. From reading the hearings before your committee, I noticed the great contribution by the mayor of the great city of New York. He wants to be sure to keep the price of food down. That is the way it looks now. They are going to get Paul Porter's foot off of everybody's neck except the farmers.

Miss SUMNER of Illinois. Do not worry. There is nothing to prevent putting their foot right back on after they

get the bill passed. That is the way they always work it.

Mr. MURRAY of Wisconsin. I hope not. I hope they do not get the farmers in a class all by themselves. I would like to have the distinguished gentlewoman from Illinois explain this situation. She has been on the Banking and Currency Committee all this time. From one side of their mouth, they tell us that the cost of living has gone up. Yesterday, the Washington Star published a table. They had a chart with the table. You do not have to read the table. They want to picture it for you so that you can see it in the form of a chart. They show that the prices have not gone up on food and all these other things all during this time to any appreciable extent. Now, I do not want to get in wrong with the housewives of this Nation, but the chart shows that round steak is 11 percent less on February 1, 1946, than it was in 1943. It shows pork chops are 10 percent less.

Miss SUMNER of Illinois. Try and get them.

Mr. MURRAY of Wisconsin. It shows potatoes are 23 percent less. In other words, they are selling one group of people, a certain bunch of consumers, on what a wonderful job they have done. Then, on the other hand, they say they have to have more money because prices have not been held down.

Miss SUMNER of Illinois. About all you can say about these statistics and charts of the OPA is that you can prove anything by statistics.

The CHAIRMAN. The time of the gentlewoman from Illinois has expired.

Mr. STEFAN. Mr. Chairman, I yield the gentlewoman 2 additional minutes.

Mr. MURRAY of Wisconsin. Will the gentlewoman yield further?

Miss SUMNER of Illinois. I yield.

Mr. MURRAY of Wisconsin. That is a real answer, but this is a serious matter. The chairman of the Committee on Agriculture, the gentleman from Virginia [Mr. FLANNAGAN], had an article in the Sunday paper saying we should take the ceiling off of meat. It seems to me that sometime somebody has to think more than 15 minutes ahead of time. I would like to know how this administration or their spokesman can say that they want to take the ceiling off of something and at the same time they support a program that keeps it on. In other words, if you take the ceiling off of meat, anyone who has gone to school a few rainy Saturdays knows that you cannot take it off of one thing without taking the ceiling off of associated things without getting in trouble. You know what will happen if you take the ceiling off of meat.

Miss SUMNER of Illinois. You will get more meat.

Mr. MURRAY of Wisconsin. How about taking it off of meat and not taking it off of dairy products?

Miss SUMNER of Illinois. You are not quarreling with me. I voted against the OPA last year.

The CHAIRMAN. The time of the gentlewoman has again expired.

Mr. RABAUT. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, inasmuch as this OPA question has come up this afternoon, I would like to say a word about it.

In the first place, we hear the term "bankruptcy." What is the percentage of bankruptcy in this country compared to ordinary times? Does anybody want to say it is bad? No one will rise to talk about it, but they use the term "bankruptcy."

What about the volume of business in the department stores of this Nation today? Does anyone want to say anything about it? Not a word, because you cannot. There are men in this room as old as I am. Every one of you who has age upon his brow knows what the absence of OPA did to us after World War I, when things went to that pyramided height for a great number of months, and then took a toboggan and in 13 months hit the bottom and wrecked everybody with whom it came in contact. Those are the facts. It is bad enough to be in error once, but to be in error twice, when it has made such a significant impression upon your brow, is something that is beyond the thoughts of a thinking man. Yes. We can thank God today for the OPA. Somebody across this aisle just said something about looking 15 minutes ahead. I am telling you to look 15 minutes ahead before you go back to your constituencies which know the value of OPA, know what it has done for the little fellow down at the bottom, know what it has done for the homes of America, know what it has done for the U. S. A. If I had my way about it, the name of Chester Bowles would be written in neon lights in every town of America. He bared his breast alone—alone—to selfish interests, who would tear asunder, and forget human rights and stand for property proposals.

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

Mr. RABAUT. Yes; I yield to my distinguished colleague, a member of the committee, whom I greatly respect.

Mr. GILLESPIE. Do you not think that property rights are human rights?

Mr. RABAUT. I do not.

Mr. GILLESPIE. What is the difference, if a man works hard and gains a little property? Suppose a man goes into the woods, as my grandfather did, and hews out a farm and builds a house out of logs; was that a human right for him to occupy it? I think property rights and human rights are inseparable.

Mr. RABAUT. I distinguish between human rights and property rights in saying to my friend that the ax preceded the bank into the community, but after the bank came, in some instances it took over the community, for we had an obsequious feeling in this country for many years about the banker, forgetting that it took 21 years to form a man.

During the war we cried for men, "Give us men!" We did not shout "Give us banks." We did not cry: "Give us this business, give us that business, give us the other business." No. We cried: "Give us men and we will make the wheels of industry turn"—and we did it.

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

Mr. RABAUT. I yield.

Mr. GILLESPIE. Speaking about the banks, when we gave the bankers of the country their own choice of loans I think the banks did a good job. They certainly did a big job in winning the West; but the Government now has taken the banks over and supervises every move they make. You now find that in the question of loans a man's honesty has nothing to do with it; if he has enough collateral he can get it whether he has an honest name or not.

Mr. RABAUT. Do you remember the economy of this Nation when the banks were running on the old system? You had a $38,000,000,000 economy for every transaction from the smallest loan to the largest business transaction that took place in the whole Nation on an annual basis. Last year we had a $41,000,000,000 tax bill and took it off the top without affecting the business structure. Compare that with the economy you had before Roosevelt came on the scene.

Mr. GILLESPIE. Yes; under a war economy, of course.

Mr. STEFAN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. VORYS].

THE STATE DEPARTMENT AND PROPAGANDA

Mr. VORYS of Ohio. Mr. Chairman, I wish to go over the situation once more with reference to the State Department's information program. There is one thing that is more powerful in this world than the atomic bomb, for good or for evil, and that is propaganda. If peace propaganda is strong enough the atomic bomb will never be used. If the propaganda for sharing the atomic bomb is strong enough, we will furnish atomic information to would-be enemies, and then if war propaganda becomes strong enough, all of us will start blowing each other up. In each case, propaganda controls the atomic bomb.

We all know what we mean by propaganda; we all dislike to use the word when applied to our side in a controversy. One of the rules of propaganda is never to call it propaganda.

Assistant Secretary of State William Benton is a great master of propaganda. His firm of Benton & Bowles made a fortune out of propaganda in its commercialized form, advertising. Mr. Benton says that the best propaganda is truth. I believe him, and I agree with him. If we can tell enough of the truth about America to the world, we will never need the atomic bomb. The issue on Mr. Benton's information program is this: Who is to pick out what part of the truth about America to tell to the world?

Mr. Benton, speaking on March 31 to newspaperwomen, said:

> Now, I have not come here tonight to tell you that the Associated Press and the United Press and International News Service have the responsibility to provide a comprehensive program of information abroad, knowledge and cultural interchange for the rest of the world. The American people have that responsibility themselves through their Government.

Thus, Mr. Benton feels that the Government should decide what truth about America to tell the world, and under

this bill Mr. Benton, himself, is the person who will make these decisions for the Government. I believe he is intelligent, patriotic, and high minded. I will go further: I believe that he is surpassingly brilliant in his ability to select and disseminate information about America. To use the unmentionable word, he is a great propagandist. The question still remains, whether we should turn over the power and money in this appropriation bill to one man, even though he be such a paragon, or whether the Congress, itself, should not put limits upon his power, so as to insure and encourage the free selection and dissemination of truth through a free press.

A bill, H. R. 4368, to authorize Mr. Benton's program was brought to the Foreign Affairs Committee last October, in a form that was utterly unacceptable to the committee. It provided, for instance, that the Secretary of State could make practically unlimited grants of money, services, or property. Another bill, H. R. 4982, was written, and the Foreign Affairs Committee recommended that bill for passage in December. After that, the Associated Press and the United Press withdrew their services from the Government newscasting program. I want to read quotations from these statements of the Associated Press and the United Press.

On January 15th the Associated Press released the following statement explaining its decision:

> The Associated Press stands committed to the principle of freedom of access to the news and to the free flow of news throughout the world.
>
> It holds that news thus disseminated by nongovernmental news agencies is essential to the highest development of mankind and to the perpetuation of peace between nations. It recognizes the possibility of useful purpose served by governments in the maintenance throughout the world of official libraries of information. It applauds the vigorous manner in which the present national administration has advanced in the doctrine of news freedom. It holds, however, that government cannot engage in newscasting without creating the fear of propaganda which necessarily would reflect upon the objectivity of the news services from which such newscasts are prepared.

On January 27 the United Press withdrew its services from the State Department for these newscasts, and I quote the explanation given by Hugh Baillie, president of the United Press:

> We have seen it demonstrated that no government, no matter how scrupulously careful it may be, can distribute news and not be suspected of spreading propaganda.
>
> The great strength of the American press associations always has been that they were not identified, even indirectly, with government propaganda. Thus the American press associations have developed into vital national assets.
>
> If the State Department wants to open an official American agency to distribute news abroad, that will be the concern of the Congress and the American people. But our participation in any such program would be a historic step backward.
>
> We do not agree that out of a news distribution contest among governments can come better international understanding and amity.

After these statements and other public statements by distinguished men, a number of members of the Foreign Affairs Committee, realizing that we had not heard this point of view, urged further consideration of H. R. 4982. On February 13 I wrote our chairman, Mr. BLOOM, asking for further hearings on our bill. Meantime, we urged the Rules Committee not to bring up the bill, and the Rules Committee did not bring that bill to the floor. Last Friday, the Foreign Affairs Committee voted unanimously to consider further the subject matter of H. R. 4982, the information program to hear witnesses and consider amendments.

On last Monday, a so-called point of order bill from the State Department, H. R. 5949, was brought into our committee. It had been filed on March 29. No action has been taken by our committee on either of these measures, but we now find that a rule is proposed to the State Department appropriation bill which would bring this controversial information program to this floor without any committee of Congress having an opportunity to consider the views of the Associated Press, the United Press, and Mr. Benton and permit them to discuss their views before a committee.

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

Mr. STEFAN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. VORYS of Ohio. Mr. Chairman, there has been no opportunity for a committee of Congress to go into this vitally important matter of whether the Government broadcasting of news would interfere with the free press the world over as has been charged and not retracted by these two great press services.

On January 16, Assistant Secretary of State Benton wrote to the AP suggesting an investigation of the State Department propaganda, saying:

> I would like to suggest that such an investigation be put in the hands of Mr. Wilbur Forrest, assistant editor of the New York Herald Tribune, Mr. Ralph McGill, editor of the Atlanta Constitution, and Mr. Carl Ackerman, Dean of the School of Journalism of Columbia University. These three men traveled around the world last year as the "World Freedom of Information Committee" officially representing the American Society of Newspaper Editors.

He suggested these three men as men who would be competent to investigate this since they officially had represented the American Society of Newspaper Editors.

I have here in my possession on the floor word from two of these gentlemen, Dean Ackerman of Columbia University and Mr. Wilbur Forrest, of the New York Herald Tribune, that they are ready to appear before a House committee to explain their views and, at least in one case, attempt to work out a compromise in this legislation which would avoid Government competition and insure a free press. I have been unable to get any hearings on this.

In his March 31 speech Mr. Benton accused the AP and UP of three secret motives, unacknowledged reasons, for refusing to furnish their service for his shortwave voice broadcasting, in addition to the reasons they proclaimed. These three unacknowledged reasons are, he said:

First. "Plain dislike of Government and attitude of 'If it's the Government I'm against it.'"

Second. "Fear of competition, fearing that the Government was going to operate a rival wire service; a second kind of competition which they feared is that old bogey, voice broadcasting of news."

Third. "The rivalry between the wire services themselves."

These are serious charges. The charges AP and UP have made against Mr. Benton's program are serious.

Remember, these charges are not just part of a general discussion about things in general. These charges and countercharges involve the very appropriations that are proposed in this bill which are brought here without authority in law. This bill deals with a question which is very perplexing but very important. How can a republic, committed to free speech and a free press, disseminate cultural propaganda in competition with Government-controlled propaganda of more totalitarian states? We do not solve this dilemma by giving the State Department complete discretion as in the present bill, or by forbidding them to act at all. Something in between is needed, and the intelligent American way to determine this is to hear the opposing viewpoints before a legislative committee. The views of the AP and UP have never been heard before the Foreign Affairs Committee, or the Rules Committee, or the Appropriations Committee. We should at least consider these views in some committees. We should not merely beg the question by giving complete discretion to Mr. Benton, as the present bill provides.

Mr. Chairman, what impresses me about this matter is the lack of teamwork between the State Department and the House. If our Department of State's conduct of its affairs with other countries is typified by its conduct of its affairs with the House of Representatives, then it is easy to see why we are in diplomatic difficulties all over the world. The post of Assistant Secretary of State for Congressional Relations is now vacant. Perhaps this job should be filled. Warned nearly a year ago that they should seek legislative authority before coming here with an appropriation bill, they came into the committee with a part of this last fall, and since these objections to their information program have come up, we have had no hearings. They come in with the rest of the program on March 29, then before it can be considered by a legislative committee we have a rule obtained waiving points of order and going ahead on this vitally important matter without any legislation at all.

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

Mr. VORYS of Ohio. I yield to the gentleman from Michigan.

Mr. MICHENER. Whose fault is it? The gentleman is a member of the Committee on Foreign Affairs. The Bloom bill was before the committee for a long time. The Bloom bill was reported authorizing a program that might amount

to $25,000,000. The gentleman's committee has refused to hear the very people he has made reference to.

Mr. VORYS of Ohio. The gentleman is in error. Our committee voted unanimously last Friday to hear witnesses on this matter. I think the delay is unconscionable and urged this 2 months ago, as I have said, but the fact is that our committee has finally agreed to go into this.

Mr. MICHENER. Well, better late than never. After this bill is out, the gentleman's committee finally concedes that it will hold hearings. I do not like waiving points of order. I expressed myself before the Committee on Rules a number of times regarding this matter. I have not voted to waive points of order, but if a legislative committee will stall week after week, and month after month, and year after year, and do nothing about it, something must be done. I would like to see the gentleman's suggestion followed and hope that he can wake up his committee and have them take some action and hear these men.

Mr. VORYS of Ohio. I hope that this matter which, it seems to me, is of vital importance, does not get off into a mere quarrel as to jurisdiction and activity between three House committees. Every one of these committees involved, the Committee on Rules, the Committee on Foreign Affairs, and the Committee on Appropriations, is controlled, and properly so, by the party in power, the administration which also controls the State Department. My concern is that the Department of State, with that possibility for liaison with the legislative body, has not been able, along with the leadership of our House, to bring this up to us so as to secure legislative authority for this program before they seek appropriations for an unauthorized program never attempted before in peacetime by this country.

Mr. MICHENER. I think the House and everybody else will take judicial notice of that fact.

Mr. VORYS of Ohio. The remedy for this will lie on a vote on the rule tomorrow.

Mr. RABAUT. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, I have noticed in the newspapers a report on the current labor dispute between the Atlantic coast sugar refineries and the unions representing their workers.

There is a very important angle connected with this dispute. We are all aware that in most of the major industries in this country, certain patterns of wage increases for this postwar period have been established. Steel has given its employees 18½ cents; electrical manufacturers have done the same, automobile manufacturers have done approximately the same. The meat-packing workers have received 16 cents.

Yet at the present time it appears that these sugar refining companies are refusing to come up even to the lowest of these patterns of wage increases. When an agreement could not be reached on the wage issue the unions, which incidentally are made up of both A. F. of L. and CIO locals acting in cooperation, offered to accept any reasonable means of deciding the issue. They offered to arbitrate. They offered to accept the findings of a fact-finding board.

The companies, however, have flatly refused to accept any means of settling the dispute. They will not arbitrate. They will not agree to submit to and accept recommendation of a fact-finding panel. They will not agree to conform to any of the established wage-increase patterns.

The American public should recognize that these sugar-refining companies on the Atlantic coast have especially weak justification for assuming so arbitrary a position. These sugar refineries have been the subject of some very exceptional favors and protections under the laws of the United States. This Congress in years past has established by law certain quotas—very fixed limits—on the amount of sugar which may be brought into the United States, not merely from foreign countries but from areas which are part of United States territory, namely, Puerto Rico, Hawaii, and the Virgin Islands. These refineries have been given by law protection against competition. That law is still on the books of the Nation and will come up for renewal in December of this year.

The theory of this special protection has been that it preserves good jobs for American workers in these Atlantic coast refineries. Yet, now we find that when those workers try to secure from these companies some assurance that those jobs will be kept up to American standards and that wage levels will be adjusted as they have been in all other American industries, they meet with rejection by the companies.

Moreover, at a time when the sugar situation is most critical these companies refuse to accept any peaceful method of resolving the conflict by arbitration or by agreeing to accept the recommendations of a fact-finding board. Instead, the companies insist on provoking a stoppage of production.

It is certainly to be hoped that these companies will yield to the public interest and agree to conform to the reasonable suggestions made by their employees.

Mr. STEFAN. Mr. Chairman, I yield 10 minutes to the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. Mr. Chairman, this appropriation bill is peculiarly interesting to me as a member of the Committee on Foreign Affairs of this House, because it contains items which have been under discussion in our committee for some weeks, but for which authorization is still lacking. Under the usual rule these items would have been subject to points of order on this appropriation bill. We learned earlier today from the mouth of the eminent gentleman from Georgia that he feels himself largely responsible for the rule under which the bill will be considered. In view of his distaste for certain activities covered in the bill, I confess to considerable confusion of mind. Had the usual order obtained, these items could have been readily deleted from the bill by points of order, giving opportunity to the Committee on Foreign Affairs to develop proper authority for such programs. The present situation is becoming confusion worse confounded.

At the moment I shall not discuss the State Department appropriation as a whole, nor what I consider an unfortunate procedure. I shall confine myself to considering one particular activity which this bill eliminates entirely, that is, the magazine we print in the United States for distribution and sale in the U. S. S. R. called Amerika. Granted that 15,000 copies for a population of roughly 190,000,000 is absurdly small; granted that many copies go to those who are opposed to every effort we attempt to use to spread information of our way of life among the vast hordes of the country we are still inclined to call Russia.

The fact remains that we have retained a toehold. To me, and I spent about 2 weeks in the Union of Soviet Socialist Republics last fall, this toehold is of great importance not only to us as a nation but to the whole international picture. The Russian people, the great mass of more than 180,000,000, are wanting to know more of us. It is true that barely a handful of these have any idea that such a magazine even exists, but those few are a leaven in the long-range process we must bring to fruition if the world is going to understand Russia (the Union of Soviet Socialist Republics), and the Union of Soviet Socialist Republics is going to understand the world.

I cannot believe this toehold is so unimportant that it can be thrown out in this fashion and at this moment without dire or at least unfortunate results. Until we have a better way through this iron wall of prejudice and intolerance and ignorance that the small minority of the Kremlin have built around the very wonderful people of that country, we shall be very unwise to destroy the one instrument we have made acceptable to Moscow. Particularly is this true when this annihilation is brought about by a wholly wrong method of approach, from my point of view, to the Congress by the State Department.

That the Committee on Appropriations has seen fit to increase the amount designated for our foreign service personnel and other such items is very heartening. We can no longer function on a prewar scale. Our responsibility to the world and in the world is far too great. We absolutely must increase our whole structure in the foreign field if we are to carry the responsibility that is ours. I feel certain I am not overstating when I suggest that the members of the Appropriations Committee who were overseas last fall are deeply aware of the needs and anxious to see adequate funds voted by the Congress.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read the bill down to and including page 1, line 6.

Mr. RABAUT. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6056) making appropriations for the Departments of State, Justice, Commerce, and the judiciary, for the fiscal year ending June 30, 1947, and for other purposes, had come to no resolution thereon.

COMMITTEE ON MILITARY AFFAIRS

Mr. RABAUT. Mr. Speaker, at the request of the majority leader, the distinguished gentleman from Massachusetts, I ask unanimous consent that the Committee on Military Affairs may have until midnight tonight to file a report on the so-called selective service bill.

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

There was no objection.

HOUR OF MEETING TOMORROW

Mr. RABAUT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourns to meet at 11 o'clock tomorrow morning.

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

There was no objection.

EXTENSION OF REMARKS

Mr. O'KONSKI asked and was given permission to extend his remarks in the RECORD in three instances.

Mrs. DOUGLAS of Illinois (at the request of Mr. CARNAHAN) was given permission to extend her remarks in the RECORD.

Mr. TABER asked and was given permission to revise and extend the remarks he made this afternoon in the Committee of the Whole and include short quotations from the committee report.

Mr. JENSEN asked and was given permission to extend his remarks in the Appendix of the RECORD and include a letter from H. R. Conklin of Griswold, Iowa.

Mr. CLEVENGER asked and was given permission to revise and extend the remarks he made in Committee of the Whole today and include a table from the Treasury Department.

Mr. JONES asked and was given permission to revise and extend the remarks he made in Committee of the Whole today and include certain extraneous matter.

Mr. VORYS of Ohio asked and was given permission to revise and extend his remarks made in Committee of the Whole and include certain quotations.

Mr. BIEMILLER (at the request of Mr. SAVAGE) was given permission to extend his remarks in the RECORD.

The SPEAKER. Under previous order of the House, the gentleman from Washington [Mr. SAVAGE] is recognized for 30 minutes.

PRIVATE POWER LOBBY

Mr. SAVAGE. Mr. Speaker, the Electrical World in its news issue of March 23, 1946, referred to a speech I delivered on this floor on February 27, 1946. In evaluating any news item from this high-class publication, it must be realized that a substantial part of the circulation of this paper covers the operators, employees, and friends of the private power companies. Naturally this publication would be irked, and I consider that their remarks about my efforts is the best compliment I have received. On page 1 of this news issue, the reporter admits that the recent resolution asking for a lobby probe was conceded to have excellent chances of passage. Consequently, their reference is an admission that I have gotten under their hide.

No attempt was made to answer any of the factual information I submitted. Since that time developments have caused me to continue the research job applying to this subject. I am today reporting on further findings, and in so doing, I want to stress the fact that I have used extreme care to preserve the accuracy of the record. In my conclusion I will document sources where confirming information and facts can be found to back up every statement I will make. I have used this extreme care in order to give those who are on the other side of this issue an opportunity to dig deeply before attempting to challenge any of this information.

PATTERN OF PROPAGANDA OPERATIONS

It is now nearly 14 years since the late President Roosevelt threw out his power challenge in a speech delivered in Portland, Oreg., in September 1932. The series of events following the Portland speech are being forgotten and are being drowned out by the loud protests of the private power lobbies. Reading the recent testimony before congressional committees convinces me that this lobby feels that the events which led up to the Holding Company Act did not occur, and this act was a great mistake. All of these recent activities definitely indicate that the private utilities have not altered their ways as promised or improved upon their former tactical pattern for misleading the American people.

The recent record forcibly indicates that the same old technique of misrepresentation and evasion still prevails. In my speech of February 27, last, I pointed out their stooge connections and the avenues used to secure congressional presentation. The visible and invisible approaches are now plainly evident. In support of these statements I will now couple past history with present performance.

PAST HISTORY—NATIONAL CAMPAIGN FROM 1919 TO 1932

The national propaganda campaigns during these 13 years have been previously investigated and have been recorded in public records following Senate Resolution 83 of the first session of the Seventieth Congress, and the Walsh resolution. Resolution 83 directed the Federal Power Commission to inquire into and report on the extent of private power propaganda and the use of money to control the avenues of publicity as well as efforts to influence or control public opinion. This same ground was covered in the Federal Trade Commission investigations.

The record made in the cited Federal Commission investigations establishes beyond doubt that the electric and gas utilities af the Nation from 1919 to 1932 carried on an aggressive national propaganda campaign. In this campaign every available facility was used, but in addition the power industry enlisted the help of outside organizations, some openly, some secretly. In this campaign all forms of publicity were used as well as all types of effort to block free expression on the issues.

The record shows that these propaganda activities were carried on through the old National Electric Light Association. This association comprised a membership of over 90 percent of the private electrical industry. In this propaganda effort, the NELA was assisted by the American Gas Association which is also a national association of the gas industries, comprising over 90 percent of this industry. The National Electric Light Association for purposes of administration divided the country into 12 geographical divisions. In addition, the NELA also maintained State associations. The geographical divisions and the State associations were organized and operated under similar rules. The functions of these suborganizations were to carry to the grass roots the national program planned by the NELA.

Power propaganda had its origin in the Insull Illinois campaign of 1919. The record shows that the NELA adopted the pattern of the "Illinois plan" and used this as a model for all propaganda activities. Early in this campaign the director of the NELA boasted that "the public will pay for all expenses of this campaign." Evidently he was referring to use of funds collected by the operating company through their billing charges to consumers. The Federal Power Commission investigation uncovered a memorandum written by the assistant director of the Illinois committee advising his agents not to attempt to meet the arguments of public interest but to pin the red or communistic label on the proponents of the rights of the people. Those speakers who took the public side of the discussion were labeled Bolsheviks, Communists, reds, or parlor pinks. The same technique is still being used, and in this connection I wish to call attention to a speech made by Mr. Kinsey M. Robinson, president of the Washington Water Power Co., as reported in the Spokane (Wash.) Spokesman Review of November 18, 1943.

The record of these investigations shows further that measured by quantity, coverage, and cost, that this was the greatest peacetime propaganda campaign ever conducted in the history of this country. The record shows that this activity was carefully considered and exclusively planned by the responsible heads of the private power industry. This campaign was built upon the theory that the two greatest public-opinion-forming agencies, present and future, were the press and the schools. In selecting personnel the greatest consideration was given to those who had the connections and the ability to contact and exploit these two public-opinion sources. So-called institutional advertising was used to the maximum extent. School people were obtained and influ-

enced by many methods. This was initiated by inviting such personnel to address utility meetings.

Others engaged in school work were employed during the vacation period. Furthermore, committees were set up to plan courses for utility studies, and members of educational and publicity staffs were invited to participate. Payments for special studies or written articles were numerous and large. Many of our higher class educational institutions were not omitted from such endeavors. Textbook surveys were made and pressure instituted to eliminate subject matter which might be detrimental to their campaign. Proof was obtained during these investigations that pressure was first applied on large publishers for the secondary effect on smaller news outlets. During this whole period the investigation brought out that these methods were fully known to the regulatory commissions and only in a few instances were efforts made to stop the use of consumers' fund in this effort. The member companies widely publicized the complete effectiveness of their campaign as a prevention of further Federal or local regulation. The investigations further brought out that in many States the power companies engaged in direct political activities against many public projects and in favor of men and measures agreeable to those who controlled the program.

One of the destructive features of this campaign was the attempt to create public acceptance of manipulated values behind private power security issues. During the years 1928 and 1929 no other American industry put out such a quantity and variety of security issues as did the holding companies and their allies. Following up this campaign, superholding companies were created and organized which issued limitless securities with little attention being paid to underlying values or the soundness of such securities. These worthless services were in many cases given the stamp of regulatory approval.

Those who wish to refresh their memories should review the operations of the Insull Utilities Investment, Inc., and the Corporation Securities Co. of Chicago; also the Hopson group which controlled the Associated Gas & Electric, also the Tri-Utilities, the Standard Gas & Electric, the Central Public Service Co.—the Pierce group which operated in Portland and Seattle—and the Cities Service Co.'s. All of these organizations adopted door-to-door-selling campaigns using the employees of the subsidiary operating companies. High-pressure sales campaigns and methods were planned and used, such as following up death notices and siphoning off insurance payment from widows and orphans.

The investigation established the fact that it was impossible to fully measure the losses inflicted upon the innocent investing public and not including the losses by speculators. The selling prices varied so greatly that it was found impossible to assemble all the data. However, this pyramiding resulted in the collapse of 1929. These investigations established the conclusion "that it would probably not be overstating to say that the losses to investors in utilities securities attributable to utilities campaigns ran into billions of dollars." The effect of this campaign on price trends unquestionably resulted in the collapse of 1929. Companies like the Electric Bond & Share, for example, following the collapse, wrote off $600,000,000 in one step, at the expense of innocent investors. By 1932 public opinion was so incensed that the NELA was forced out of business. Following this action, the private power industry formed the Edison Electric Institute and promised the American people that the industry would desist from antisocial activities.

In my former presentation I outlined activities since 1932 showing that this promise has not been kept. Today I am outlining further evidence bearing on this same subject.

INFLATED SECURITY VALUES

To determine the resulting inflation in utility balance sheet values is a task of large proportions, however, to provide a ready index I have analyzed the write-off reports covering seven private power companies which directly or indirectly operate in the Pacific Northwest—California-Oregon Power Co., Eastern Oregon Light & Power Co., Mountain States Power Co., Northwestern Electric, Pacific Power & Light Co., Portland General Electric, and Washington Water Power Co. The data available for such analysis covered the period from 1941 to 1943 which comparatively is not a long stretch. In analyzing the official write-off records I find that the combined book value of these seven properties totaled in round numbers $234,000,000. The write-down legally ordered or pending during these 2 years as applied to these companies total $46,613,000. This comparison shows that in 2 years' time 19.9 percent fake values were revealed in the balance sheets of these companies. One of these seven companies, the Eastern Oregon Light & Power Co., had a balance sheet that contained over 45 percent of unreal values. These cited write-downs, which resulted from the investigations of the Federal Power Commission and the Washington and Oregon Regulatory Commissions, represent recent actions. Data on these cases are readily available, as public documents, in the files of the Power Commission.

When the Walsh resolution was before a Senate committee in the winter of 1927 and 1928 lobby representatives of the power companies advised the Senate that such an investigation was wholly unnecessary as regulatory practices were so secure that no abuse could possibly be found. Nevertheless, the Senate adopted the Walsh resolution and the Federal Trade Commission commenced its investigation in March 1928. In October 1929, the stock-market crash occurred. The Federal Trade Commission investigation continued until 1935 with the record of over 85 large printed volumes of testimony.

This record contains voluminous evidence of highly improper use of propaganda, money, and influence.

Between 1929 and 1935 many private power holding companies collapsed financially. From September 1929 to April 1935 53 holding companies, with outstanding securities amounting to over one and two-thirds billion dollars, went into receivership or made application under section 79b of the National Bankruptcy Act. In this same period 36 operating companies representing $345,000,000 of securities followed the same course. In addition during this same period 39 companies representing $690,000,000 in securities were either in default or offering adjustment or extension plans. In 1936 Judge Healy, who conducted the Federal Trade Commission investigation and was later a member of the Securities and Exchange Commission, made an analysis of power-company security inflation. From this analysis it is evident that the record I am citing did not by any means cover the entire field.

These established facts clearly show the great damage resulting from the propaganda campaign of 1919–32 and how wrong were the congressional representations of the power lobby. This record furnishes outstanding proof that such lobby presentations cannot be used as given, and by no means should legislation be based on such evidence.

PROPAGANDA CAMPAIGNS IN THE PACIFIC NORTHWEST

I have briefly covered the expenditure side of this recent propaganda effort in my discussion of February 27. Time does not permit giving all the details developed from the recent investigation of the Federal Power Commission. Anyone who wants to find out how over $1,000,000 was spent in a few years to defeat the passing of benefits to electric consumers can find a full record in the Federal Power Commission's docket, File No. I. T. 5647. This recent record gives names, circumstances, and amounts of private power company money disbursements made solely for the purpose of controlling public opinion. The large extent and the nature of these recent propaganda activities were concealed until this investigation brought them to light. These companies had previously reported to the public that these citations were activities of disinterested organizations and citizens working for the common good. The excess of $1,000,000 found on the books of these five private companies show how the activities originated, who were the stooges, and how the money was spent. The alleged disinterested organizations in the States of Washington and Oregon were found to have been financed by these companies. Such organizations as the Washington State Taxpayers Association, the People's Voting League, the Washington Bureau of Governmental Research, the Washington Business and Investors, Spokane Taxpayers Economy League, Oregon Business and Tax Research, Oregon Tax Facts, Inc., Oregon Tax Review Publishing Co., and many fake citizen committees and local groups had their origin with the power companies. All were financed by power-company funds. The account-book examination also brought out that half of these political expenditures were charged directly to the rate payer. These facts demonstrate that the public was paying for a campaign whose end result was to keep the benefits

of low-cost power from being passed to the consumers. This record outlines the propaganda work of the various front organizations, which were provided with power-company funds. The record further shows that the power companies conducted systematic house-to-house campaigns by using employees who had been schooled for this purpose.

In the Spokane election the Washington Water Power Co. used approximately one-eighth of its entire organization in full-time doorbell-ringing campaigns. The same procedure was followed in the attempted passage of initiative 139 and the more recent defeat of referendum 25. The record shows that the Washington Water Power Co. spent over $173,000 in 3 years on such campaigns. A good deal of the expense could not be uncovered, but the large amount uncovered indicates the extent of political expenditures which were used to keep low-cost power from the people.

Along this line I should like to point out a situation in my own district in the State of Washington.

In the city of Vancouver, Wash., located in Clark County, two private power companies, the Portland General Electric and the Northwestern Electric, have been serving that area until recently when the Clark County Public Utility District, established by a vote of the people, purchased properties of the Portland General Electric. The Northwestern Electric Co. has refused to sell its properties to the people at a reasonable price so it is faced with a condemnation suit coming up in November, at which time the PUD is almost sure to purchase its properties.

The Northwestern Electric Co., a subsidiary of the Electric Bond & Share Co., now has approximately 30 employees going from door to door conducting a smear campaign against the people's power district. The immediate purpose of this campaign of falsehoods is to get customers that the PUD has already purchased from the PGE to disconnect from the PUD and connect with the Northwestern so they can again collect for the business of those customers next November. This will force the people of Clark County to pay the private power companies twice for the same customers.

As a part of their campaign they have twice reduced their rates in recent months, in spite of the fact that they held up their rates for years when they had no competition. They are now flooding the newspapers of the area with propaganda telling of their low rates and the amount of money they pay in to the county for taxes, despite the fact that the PUD's pay more taxes in the State of Washington than did their private predecessors.

At this point, Mr. Speaker, I should like to refer to a portion of a speech delivered by Mr. Heye Meyer, Clark County Public Utility District commissioner, to members of the Clark County Pomona Grange on March 13.

Mr. Meyer is a respected and well-known member of the Washington State Grange. At the present time he is a State deputy and a member of the State executive committee of the Grange. His statements cannot be challenged. They bear out my remarks in detail. I quote:

I have been asked to make a short report to you on your PUD since it acquired the Portland General Electric Co. properties in the county last January.

So far as the operation of the physical plant is concerned, we have nothing but praise for the capable manner in which our staff has taken hold of their duties. We want to take this opportunity to express our gratitude publicly. We also appreciate the fact that most of the staff of the private company has remained with us, and are among our most loyal employees. This has made our task much easier.

But unfortunately, if I am to be honest with you, I shall be obliged to tell you some unpleasant things. Unpleasant from the standpoint of the unfair, unbelievable tactics now being used against us by the enemies of public power in an attempt to embarrass and discredit your PUD.

These enemies of ours apparently haven't the slightest regard for ethics, for fair play, or even for the truth. They are now engaged in a smear campaign that reminds us of their ruthless tactics of a number of years ago when the people of this State voted for public ownership. Somehow we had hoped that the power trust had had a change of heart—had been converted, let me put it, to a behavior at least on a little higher plane than in those rough-and-tumble days when they had things all their own way. But they haven't changed a bit. If anything, their tactics are more brazen, more insulting to the common people than before.

The immediate program of these enemies of ours is to take business away from your PUD by telling untruths. By so doing they hope to force the people of Clark County to pay twice for these customers.

As you know, when we took over PGE the court set a fair value on the property, a value based on the physical property and the amount of business the company had. Now the Northwestern Electric Co. has taken a good many customers from us, and by misrepresentation hopes to take away more, so that when we acquire their holdings next fall, we will have to pay a higher price. It's just another neat little trick to milk the people of Clark County for extra thousands of dollars.

Here are some of the stories these folks are telling in an attempt to injure your PUD:

They have told a number of apartment house and building owners that delinquent PUD bills are liens against their property. This is absolutely false.

They have told a number of uninformed persons that our source of electric power is unreliable, because of the storms in the Columbia Gorge. This is perhaps the most ridiculous statement ever made. As you know, we buy our power from the Bonneville Administration, which wholesales the power generated at Bonneville and Coulee. This source of power has been called the most reliable in the world. The Pacific Northwest power pool was set up to meet wartime emergencies, even enemy attack, and now, in peacetime, we continue to get the benefits of this great system. Bonneville and Coulee generate 51 percent of all power used in Washington, Oregon, Utah, Idaho, and Montana, and the private company that spreads this story buys a majority of its own requirements from this same source.

In November the PGE company read meters for an average of only 27 days, and the bills their customers received in December were consequently about 10 percent lower. Then, in December, just before we acquired the properties, the PGE read the meters for an average of 33 days, so that bills received in January were for 5 to 6 days more than the previous bill. We purchased these accounts and sent out the bills.

Immediately, when the bills started going out, doorbell ringers from the private company made a house-to-house canvass of our customers and inferred that PUD rates were now higher than PGE's. For proof, they referred them to their last two bills. They neglected to explain that these bills were for power supplied by the private company before we took over, and for a period of 33 days.

Now Northwestern is writing to our customers urging them to forsake their own public power system for one owned and controlled by Wall Street (but of course, they don't mention Wall Street).

Nor do they let these people know that when they change over from the PUD they are taking tax revenues away from their schools, their roads, their county and city government. As you know, your PUD pays a 2-percent gross revenue tax in place of a property tax, and the more business we have, the more taxes we pay.

Now we have the spectacle of the private company asking the city commissioners of Vancouver to take away part of our city business, so they can further embarrass and discredit public power. However, such a spontaneous reaction of public opinion resulted that I doubt if the city will take such action. Meanwhile, we have offered the city a new contract, providing a $10,000 annual saving. In other words, a saving to the city amounting to $1,000 more than the total 1946 property taxes paid in all of Clark County by the PGE company.

I don't think the city fathers of Vancouver want to become part of any conspiracy to injure the people's own power system.

And here's another one. The port of Vancouver, operating another big public utility, namely, public-port docks and warehouses, has switched from PUD to the private company. Here is a public body that asks you and me for tax support and votes, joining in a conspiracy to discredit the PUD and make the people of Clark County pay twice for the customers they buy when they take over Northwestern next fall.

TAXES

In my previous discussion of lobbying activities I outlined the part presently being played by Kinsey M. Robinson, president of the Washington Water Power Co., of Spokane. This is the same Mr. Robinson who was associated with the Gadsden efforts from 1936 to 1940.

Last November the same Mr. Robinson testified before one of the subcommittees of this House. On his return to Spokane this testimony was covered in the Spokane Spokesman Review of November 25, 1945. According to this account Mr. Robinson testified before the House committee on tax inequalities and told the Spokane newspaper that the committee "was visibly stirred by his testimony." Such account naturally aroused my curiosity and I secured a mimeographed copy of his presentation. If the committee "was stirred" by such an endeavor it certainly did not see through his testimony. A casual reading discloses that this testimony contains outstanding jokers. It is a clear cut case of a deliberate attempt to mislead Congress. In his testimony Mr. Robinson made much of the taxes paid by the Northwest private utilities compared with the reported revenue figures of the Federal Power system in that region. The jokers arise from the neglect of Mr. Robinson to point out that he used 22 private companies as the basis for his statistics without noting that these 22 companies serve a vastly greater area than covered by the Federal system. His

exhibit fails to stress or cite that these companies are largely in the retail business whereas the Columbia power is only sold at wholesale. The Robinson tax figures submitted to the committee also included taxes on nonoperating and nonelectric properties, and about 50 percent of the taxation cited was for Federal income and excess profit taxes. His statement shows how excess profits were derived from the resale of power purchased from the Federal Government. The cited companies elected to keep rates elevated and pay excess profits taxes rather than to pass the benefits on to the people as they are supposed to do, according to law.

Mr. Robinson's presentation before this Committee also failed to bring out that his company purchased nearly one-third of its power requirements from the Federal plants. It is interesting to note from his exhibit that the northwestern power company paying the largest excess profits tax in 1944 was the Portland Co., which purchased about 65 percent of its requirements from the Federal Columbia River plants. His exhibit instead of bringing out his generalized points furnishes conclusive evidence that the companies are not fully passing along the benefits derived from low cost Federal power. Mr. Robinson cited average tax bills expressed in mills per kilowatt hour. He failed to note that they included nonelectric properties; therefore, such unit costs have no place in such a comparison. These cited jokers show that if Mr. Robinson really stirred this group then their sights need to be reoriented. Such testimony also furnishes conclusive proof that the private power lobby has not changed its tactics or has lived up to the promises made to the people during the depths of the last depression. The same old technique is still being worked. Instead of presenting factual material, the lobby reverts to misrepresentation and raises the cry of socialism and communism. Such a false allegation never seems to be worn out by use.

It is not necessary to go very far in any research to find substantial indication that such lobbies are no more to be trusted today than when they appeared before the Senate Committee and urged that the Walsh Resolution was unnecessary. Such deliberate misrepresentations of facts, and their self-serving disregard for public interest certainly demands full exposure.

CONCLUSION

I wish the time were available to cite a great many further instances, from the CONGRESSIONAL RECORD, official documents, and from national publications showing the propaganda efforts of the private power lobby.

The facts that I have cited can be verified from the recent sources indicated throughout my remarks and from the record of investigations growing out of Senate Resolution 83, Seventieth Congress, first session. Release No. 244 of the Federal Power Commission dated December 11, 1934, and the voluminous record of the Federal Trade Commission from 1928 to 1935 will confirm the historical facts I have given. Docket IT-5647 of the Federal Power Commission is full of later confirming evidence. Further evidence can be found in the House hearings on H. R. 7642, Seventy-fifth Congress, first session, the CONGRESSIONAL RECORD of March 4, May 12, 1937, and March 10, 1939. All the hearings and floor debates in both Houses on the various Interior supply bills from 1939 to date can also be used to confirm the material I have presented. Further detailed confirming evidence will be found in the article by F. J. Chamberlain, in the Washington State Grange News of June 10, 1939.

The address of Mr. Bernard F. Weadock, vice president and managing director of the Edison Electric Institute, which appeared in the April 1939 issue of the Edison Electric Institute Bulletin furnishes further factual information. Those who want to go further might properly read the statement of Mr. C. W. Kellogg, president of this institute made at the seventh annual convention of the institute and quoted in the June 1939 bulletin. The Edison Institute bulletin of April 1939 also contains similar information.

A reading of these latter citations and a factual comparison of the war contributions of the State of Washington, will show how wrong the private power propaganda was in the period immediately preceding Pearl Harbor. Through 25-year record I have traced misleading information which has been supplied to the Congress by the succeeding private power lobbies. Certainly on the basis of such a record it is time to stop, look, listen, and investigate. The public interest demands that the sources of this misleading information be exposed, and the adverse effect on public welfare matters be eliminated.

(Mr. SAVAGE asked and was given permission to revise and extend his remarks in the RECORD and include portions of a speech delivered by Mr. Heye Meyer, Clark County public utility district commissioner, to members of the Clark County Pomona Grange on March 13.)

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. STEVENSON] is recognized for 30 minutes.

I WONDER WHAT'S BECOME OF BUTTER?

Mr. STEVENSON. Mr. Speaker, one startling item in the Washington newspapers this week was the report of the death of a housewife who had been compelled to stand in line for a long time waiting her turn to buy a few ounces of butter from one of the local grocery stores.

Who would have ventured the prophecy a few years ago that our good people in the leading dairy Nation of the world would have to stand in line to buy butter for the family table? But such is true in the United States National Capital today. Butter is now a luxury, it appears, and very difficult to get in our large cities. I do not intend to take the time of the House in this address to repeat what has been said so many times in this body outlining the large percentage of dairy herds offered for sale at public auction every day in our daily and weekly newspapers throughout the land, and the countless herds that have been offered for sale the past several years, as more and more farmers are compelled to give up their dairy herds and quit the dairy business.

We have also read for months of the butter factories throughout the country that have closed their doors for want of cream to produce butter on the one hand, and for the want of a market for the sale of butter on the other. It is only an economic consequence then that with no cream being delivered at the butter factories to be made into butter, and with butter factories closing down for lack of a butter market, less and less butter is being manufactured in this country. If this continues, there will come a time when butter will be practically unavailable for the ordinary household.

People are gradually being compelled to develop a habit of eating substitutes for butter. Here in Washington for many months leading hotels and restaurants have not served butter. They say they cannot get it. So they serve the public substitutes for butter—the most healthful spread for bread ever conceived by man from ancient times to the present day. Butter making was the principal industry in the Euphrates Valley thousands of years before the coming of Christ. In the excavations and in the ruins of the ancient city of Ur, scientists found temples erected and dedicated to the dairy cow. On the frieze of the temples erected more than 3,000 years before Christ scenes are depicted showing how the people of 60 centuries ago milked their cows, and churned their butter from the cream skimmed from cow's milk. The butter industry since ancient times was the foundation of the health and prosperity of the peoples of each succeeding generation from the time of Abraham.

Let us see what the Bible has to say about butter.

The only time angels are portrayed as eating food, is referred to in the Book of Genesis—18: 8—where the incident is mentioned that three angels visited Abraham at his tent on the plains of Mamre:

> And he took butter and milk—and set it before them; and he stood by them under the tree, and they did eat.

In the Book of Job we find this reference:

> The wicked and the hypocrite shall not see—the brooks of honey and butter. (Job 20: 17.)

And in Isaiah—7: 15—it is said:

> Butter and honey shall he eat that he may know to refuse the evil, and choose the good.

In Judges—5: 25—according to the song of Deborah and Barak:

> She brot forth butter in a lordly dish.

So, Mr. Speaker, you see butter was a food for kings.

But now we are about to see the butter industry of this country wiped out because of certain rules laid down by Washington agencies and the OPA. A Nation-wide propaganda against the butter industry began in the summer of

1941, when the Consumers' Counsel Division of the United States Department of Agriculture was given the privilege of conducting a national radio broadcast over the facilities of NBC on July 5, 1941.

To take the stigma off the real name of oleomargarine, the broadcast opened with the statement that there would follow a little family discussion about margarine. Sounds nicer than "oleo" does it not? Little Barbara, her mother, Mrs. Miles, and a young man named Carl took part in the skit. As I describe the little propaganda skit that went over the air into millions of homes in the United States and elsewhere, I want you to take particular note of the artful method used to break down the universal good-will of the public toward butter. Barbara started by asking her mother what she was mixing up in the bowl she had.

"Looks sorta like butter to me."

Mrs. Miles replied: "It's something we're going to use, instead of butter for awhile." Barbara is apparently surprised: "Instead of butter? Why, what's the matter with butter?" Notice how slyly they put the idea in the minds of the listening public that something was the matter with butter. Then Mrs. Miles gave our good nourishing butter the first jolt when she said: "It costs a lot of money for people like us who have to watch our pennies." "I'm just mixing in the color. You can have uncolored margarine much cheaper, and color it yourself. That's probably a new idea for lots of people, isn't it, Carl?" Carl agreed it was. Mrs. Miles clinched her argument with the remark: "That's mighty important right now, with the price of butter what it is."

Let me ask every housewife and every worker who has been in the habit of eating butter since childhood, if they think the cost of butter—if we could only get some—is too high or unreasonable. But this propaganda skit gave the world the impression that butter is unreasonably high, and that people cannot afford to buy it.

The propaganda continued, and Carl went on with the most falacious argument of the entire broadcast, as follows:

"Of course you know both butter and margarine are chiefly fat. By law or Government rules both margarine and butter must be at least 80 percent fat. Butter is made of butterfat, the fat from cream. And margarine can be made from animal fat or oil, or vegetable fat or oil, or a combination of the two." Then to complete the picture, Mrs. Miles said:

"So the biggest part of both butter and margarine is just fat." And so the people listening in on that broadcast were led to believe that butter and margarine are alike and the same—because it was said they are both mostly fats.

The closing hoax was offered the public by the young man, Carl, who then remarked: "Fats are important in your food because of the large number of calories—you know, for fuel and energy." He was asked, "Is there any difference between fat in butter and fat in margarine?" But instead of giving the real, true, and correct answer to that $64 question, he asked another question and parried the $64 question like this: "How do you mean, difference? You mean, is one fat more digestible than the other?" Then he answered his own easy question by saying: "There's very little to choose on that score between the various kinds of pure fats; they are all more or less equally digestible and equally rich in fuel value." According to this we might better eat tallow candles to get the fuel and energy contained in candles. In fact the Eskimo prefers to eat tallow candles for heat and energy. He prefers tallow to oleomargarine in his diet. But that is no reason why we should eat "oleo" instead of butter.

Then they brought up the subject that finished off the butter industry. Answering the question, "Is there a difference in other food values between butter and margarine," the character Carl said: "That depends. You know, butter has vitamin A in it. Over the year a pound of butter will average about 9,000 USP units of vitamin A. But under the new law and new standards, if manufacturers add vitamin A to margarine, they must add 9,000 USP units to make it about the same as the average pound of butter." He continued: "The labels on the margarine package will tell you lots of things—what margarine was made from, whether a preservative was used, and what it was; whether vitamin A was added, and whether it was artificially flavored or colored."

They concluded this propaganda skit with the remark: "We can find out practically all we need to know about margarine just by reading the labels." Just to prove to you how misleading that artful statement was, I have here a carton cover of a pound of oleo sold in Washington. Listen to what the label says, and then tell me if you think the label has told you "practically all you need to know about oleo just by reading the label."

The new Creamo vegetable oleomargarine contains 5 percent cream. Vitamin A added—Sodium benzoate added as a preservative—Artificially flavored—2 ounces supply 28 percent minimum adult daily requirement of vitamin A.

If this margarine called Creamo contains only 5 percent cream, that means every pound of it contains less than one ounce of cream. To be exact, only four-fifths of an ounce of cream per pound. According to the Federal law cream must contain 18 percent butterfat. So this margarine sold under the name "Creamo" contains less than one-seventh of an ounce of butterfat per pound. A pound of butter contains 12.9 ounces of butterfat. Some difference! Ninety and one-third times as much butterfat in a pound of butter as in a pound of oleo.

From a recent bulletin issued by the Department of Agriculture, bulletin No. 571, table No. 2, shows the vitamin A potency of creamery butter produced in winter and summer in the 14 dairy States. I include this table at this point of my remarks.

TABLE 2.—*Vitamin A potency of creamery butter produced during the winter and summer months in 14 States*

Region, and participating State	Average yearly butter production			Average vitamin A potency per pound		
	Total	Winter months	Summer months	Winter butter	Summer butter	Annual
	Million pounds	*Percent*	*Percent*	*International units*	*International units*	*International units*
North Central:						
Minnesota	304.4	43.3	56.7	10,808	17,946	14,855
Wisconsin	151.2	34.6	65.4	10,663	18,884	16,039
Ohio	69.5	31.4	68.6	9,698	15,459	13,650
Iowa	241.0	37.4	62.6	10,946	17,434	15,010
Nebraska	93.3	36.5	63.5	11,287	20,667	17,030
Kansas	74.7	37.8	62.2	11,606	15,030	13,768
Total or average	934.1	38.3	61.7	10,863±267	17,810±870	15,150±535
South Atlantic and South Central:						
North Carolina	1.8	29.5	70.5	9,674	16,253	14,312
Louisiana	.8	29.2	70.8	12,283	18,068	16,379
Mississippi	4.0	22.8	77.2	12,014	17,868	16,533
Total or average	6.6	25.4	74.6	11,301	17,471	15,903
Rocky Mountain and Pacific coast:						
Washington	32.0	17.8	82.2	12,162	19,827	18,467
Oregon	28.2	34.7	65.3	12,899	18,464	16,535
California	43.2	19.0	81.0	15,140	18,968	18,241
Idaho	37.1	37.1	62.9	13,312	18,197	16,384
Montana	12.7	29.7	70.3	18,636	22,018	21,014
Total or average	153.2	26.9	73.1	13,931	19,170	17,754
Grand total or average	1,093.9	35.7	64.3	11,160	17,955	15,529

This table shows the average vitamin A potency during the winter months averaged for all the dairy States, 11,160 USP units and for summer months, 17,955 units. The average for all the dairy States for both summer and winter is 15,529 USP units. From the table you will also note that certain dairy States produce creamery butter averaging 17,754 USP units for both winter and summer; and that one State averages over 21,000 USP units per pound.

Thus you behold the misleading and untrue representations of the Consumers Council of the Department of Agriculture when they broadcast to the world the fallacy that by adding 9,000 units of vitamin A to margarine, it is about the same as the average pound of butter.

The oleo interests have been misleading the public for years. This type of radio propaganda is only one of the many examples. The vitamin A gag is the more apparent when we realize that no oleo

manufacturer is compelled to inject vitamin A into his product.

Let me ask you a few questions that answer themselves:

"If oleo is more nourishing than butter why did the Russian Government refuse to accept our lend-lease shipments of oleo to Russia and insist that butter be substituted instead!"

"If oleo is more healthful than butter why did our own Army and Navy doctors insist on having wounded soldiers and sailors placed on a butter diet instead of oleo!" The proof is that wounded and sick soldiers and sailors failed to gain in health on a diet of oleomargarine, but showed rapid gains after being put on a butter diet.

"Why did our Air Forces refuse to have oleo in their rations; but insisted on good pure creamery butter instead?"

Where do these facts leave the oleo promoters? These self-styled good health boys—the oleo nutritionists.

Regardless of the fact that butterfat in a pound of creamery butter is 90⅓ times greater than in a pound of oleo, the OPA has set a ceiling price of 55 cents a pound for butter and a sliding scale of ceiling prices for a pound of oleomargarine, running from 27 cents a pound down to 17 cents. Thus you will note how the OPA gives the oleo boys a lot of money for what they give the unsuspecting public. Those who buy oleo get one-seventh of a pound of butterfat in a pound of oleo at the OPA price of 27 cents if they give it a shot of vitamin A. But for 55 cents you get over 90⅓ times as much butterfat in a pound of butter, and from 1½ to 2½ times as much vitamin A as you get in oleo.

And if the OPA allows some manufacturers of oleo to sell their product for 17 cents a pound and others for 27 cents a pound—somebody somewhere is getting "gypped" and somebody is making exorbitant profits at the expense of the gullible public who have been misled by the misrepresentations of the oleo interests in this country. The OPA has set a ceiling price on butter at 55 cents a pound. This ceiling price of 55 cents per pound for butter reflects a return to the farmer of about 55 cents a pound for butterfat. However, butterfat has no OPA ceiling price, and there is a market for Wisconsin cream in some southern States where it is sold for more than 55 cents a pound—in some instances Wisconsin cream is bought for 75 cents and more per pound and used in the process of making "blended" milk. The cream or butterfat is blended with skim-milk powder and water, bottled and sold as "blended" milk for 20 cents and more per quart. Thus butterfat, or cream, that sells for as high as 75 cents per pound, is shipped to southern markets, where it is mixed with skim-milk powder, and lots of water, and resold by large corporate dealers for five times what the cream cost in Wisconsin.

That, Mr. Speaker, is what has become of butter. Our farmers can get more for fluid milk and cream than they can get for butter under OPA ceiling prices, so the farmer does not sell his milk or cream as butter, but as fluid milk and cream where he can get a price for his milk and cream that pays him the cost of production.

The OPA has set a ceiling price of 13½ cents for cottonseed oil and other vegetable oils used in the manufacture of oleomargarine. After the cottonseed oil has been processed into oleomargarine the OPA gives it a ceiling price of 27 cents per pound. Just add to cottonseed oil some diacetyl acid to make the oleo taste like butter, wash it with skim milk to make it smell like butter, then adulterate it with benzoate of soda to keep it from going rancid and developing an odor that will drive you out of the house; then put it in a pretty box, decorated with pretty pictures, give it a pretty name, add a fancy price, and you have oleomargarine—the substitute that is driving good, pure, unadulterated, healthful, and nourishing dairy butter off the legitimate market. But disguise it as you will, it is still "oleo."

It is high time Congress brought pressure to bear on the agencies in and out of Washington to let them know in no uncertain terms that while we are appropriating millions of dollars annually for such agencies to advance agriculture and agricultural industries in this country, including the butter industry, these departments and agencies of our Federal Government must stop all further use of such appropriations to fool the public. They must not mislead our people into the false assumption that oleomargarine is anywhere near as nutritious or as healthful as creamery butter. They must not aid the oleo interests to supplant the creamery butter industry in this country with such a poor butter substitute as oleomargarine.

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

Mr. STEVENSON. I yield to the gentleman from Michigan.

Mr. RABAUT. The substitute the gentleman referred to is really in the form of a jelly; it is not anything else. I never receive a substitute other than jelly served in any hotel in Washington.

Mr. STEVENSON. I agree with the gentleman from Michigan.

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

Mr. STEVENSON. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. Does the gentleman have an extra copy of the Bible he could send to OPA?

Mr. STEVENSON. I have a copy in my office which I think would be good for them to see.

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

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

Mr. PITTENGER. As I understand, that was a radio broadcast by the Consumers Counsel Division of the Department of Agriculture.

Mr. STEVENSON. That is right.

Mr. PITTENGER. Is not that the same kind of broadcast the Department of Agriculture has been putting out in past years at the expense of the taxpayers as against the interests of the farmers?

Mr. STEVENSON. I would not be surprised.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

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

Mr. H. CARL ANDERSEN. During our hearings before the Subcommittee on Appropriations for the Department of Agriculture I asked Dr. Stiebeling, the head of the Bureau of Home Economics, whether or not her division had made any study into the comparative value of butter and oleo. The lady was very reluctant to admit anything in her reply and did not even go so far as to say that there was any difference. In fact, from her testimony, I was led to believe that she, the head of a great division in our own Department of Agriculture, was in favor of promoting oleo. I told her at the time that in my opinion she was not working for the good of the farmers of the United States by refusing to hold up the superiority of butter over oleo and expressed my personal opinion in addition that, in spite of her good work in other lines, she knew very little about the comparative values of these products. I hate to see people in our great Department of Agriculture unwilling to come out and defend the dairy cow.

Mr. STEVENSON. I am glad to have that reference by the gentleman from Minnesota.

Mr. MURRAY of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. STEVENSON. I yield to my distinguished colleague from Wisconsin.

Mr. MURRAY of Wisconsin. I think, in fairness to Dr. Stiebeling, it should be said that her department has not carried on enough experiments to be able to answer the gentleman from Minnesota. She does not have sufficient experimental information to draw too many conclusions as to the merits of oleo and butter. It was her co-workers last year who first found out that butter even had vitamin A in it. Up to a year ago they did not seem to know. They had not run the experiments to find out. The oleo people for all these years had been getting away with their advertising of the 9,000 international units. The dairy interests evidently had not even bothered to find out if there was any vitamin A in it or how many international units of vitamin A the butter had in it.

The dairy department, and I can verify that by the gentleman from Minnesota [Mr. H. CARL ANDERSEN], explained the situation to us one day at Beltsville and showed us the tables in circular 571. Is not that right?

Mr. H. CARL ANDERSEN. That is right, as to the tables.

Mr. MURRAY of Wisconsin. Until that time the dairymen did not have this information. Dr. Stiebeling therefore is in no position to know too much about it because there had not been enough experimenting done on this part of dairy science.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. H. CARL ANDERSEN. In my opinion, Dr. Stiebeling knows full well but she fears that perhaps if she does say that butter is better than oleo, some of these southern gentlemen in the House

of Representatives might take exception to it because of their natural interest in cottonseed oil.

Mr. STEVENSON. It is a fact that we feed our infants on butter, not on oleomargarine, to make them healthy.

Mr. O'KONSKI. Mr. Speaker, will the gentleman yield?

Mr. STEVENSON. I yield to my colleague from Wisconsin.

Mr. O'KONSKI. Does the gentleman know what oleo sold for in 1941? What percentage of price increase has been allowed in the last 5 years?

Mr. STEVENSON. I cannot answer that in exact figures; but there has been some increase in the price of oleomargarine on the market.

Mr. O'KONSKI. I believe the gentleman will find that OPA has allowed substantial increases for oleo but has denied any to butter. It looks to me like a conspiracy on the part of OPA to wipe out the dairy industry of the United States of America. That is the way it appears to me.

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

Mr. STEVENSON. I yield to my friend from Michigan.

Mr. RABAUT. There is just one thing I cannot understand about the dairy industry, and that is this: It was very unmindful during the whole of the war period when butter could not be had, when the housewives of the Nation were forced to mix a pound of oleo every day that they might feed their children some sort of fat, when there was a great shortage of labor they still forced this waste of time. That does not seem right to me; it resembled gross indifference. Then, too, they wanted to stop the oleo people from putting the very coloring matter into oleo that the dairy people themselves put into butter. They use coloring matter in butter and still they will not permit coloring matter to be used in oleo.

I am favorable to butter, as favorable to butter as anybody else, but when the dairy interests cannot supply the demand, and they were unable to, they should not try to stop the sale of oleo. Right downstairs here in our restaurant day after day we have not been able to get butter. Some day I hope somebody in this House will be big enough to say: "Put the sign up on the mirror: 'Oleo is served here.'"

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

Mr. STEVENSON. I yield to my friend the gentleman from Washington.

Mr. HORAN. I am very much sold on butter after listening to the gentleman from Wisconsin. I wonder where I can buy some?

Mr. STEVENSON. That is what a lot of us want to know. I wonder what has become of butter?

Mr. HORAN. Mr. Speaker, will the gentleman yield further?

Mr. STEVENSON. I yield.

Mr. HORAN. What will be necessary in order to get dairy production up that we may have some butter? I understand the production of dairy products has dropped? Is that so?

Mr. STEVENSON. That is correct.

Mr. HORAN. What will be necessary in order to get greater production of butter so we can all have some?

Mr. STEVENSON. Perhaps the gentleman from Minnesota can answer that.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. H. CARL ANDERSEN. May I say to the gentleman from Michigan that if he would use his great influence in trying to persuade OPA to do right by the butter producers he would not have to shed tears here on the floor for the oleo people and we would have plenty of butter for the children of America.

Mr. RABAUT. At what price?

Mr. H. CARL ANDERSEN. At a price which would assure production.

Mr. RABAUT. What is the price? You name it.

Mr. H. CARL ANDERSEN. It might require an additional 10 cents a pound for real honest-to-God manufactured butter instead of requiring the housewives of America to go into the black market to buy cream.

Mr. RABAUT. Let us keep out of the black market.

Mr. H. CARL ANDERSEN. And produce butter for about $1.10 per pound.

Mr. RABAUT. I am asking the gentleman what a legitimate price for butter should be, a price in keeping with the ability of the ordinary people of the country to pay.

Mr. H. CARL ANDERSEN. If the OPA would wake up and permit an increase of about 10 cents or 15 cents, we would have all the production of butter we need in this great Nation in very short order, provided cream itself did not also advance to offset this raise in butter price.

Mr. MURRAY of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. STEVENSON. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. May I say this to the gentleman from Michigan [Mr. RABAUT]. The dairy farmers of the Nation last year received between 40 and 50 cents an hour for their labor. Now, if the gentleman wants to have plenty of butter I am sure if he would provide the dairy farmers of this country half as much per hour for their labor as the automobile workers in Detroit get for making automobiles he would get all the butter he wants. They do not get enough money from their labor to produce it in sufficient amounts for the gentleman from Michigan.

Mr. RABAUT. The gentleman has never heard the gentleman from Michigan in his life try to hold down anybody's wages in this country. I have never said one word against wages on the farm or anywhere else. I have supported many farm bills. I want to know how we can do away with this dog-in-the-manger attitude, how we can stop the dairy interest from making every housewife in America stand over a churn with a spoon, as my wife has had to do, and as the wives of many Members of the House have had to do every day.

Mr. GWYNNE of Iowa. Mr. Speaker, will the gentleman yield?

Mr. STEVENSON. I yield to the gentleman from Iowa.

Mr. GWYNNE of Iowa. Further answering the question raised by the gentleman, I would like to submit one sentence from a letter I have received from the Governor of Iowa and the secretary of agriculture of Iowa. This letter states:

> OPA must be forced at once to right this situation of price inequalities in the dairy business or Iowa creameries will cease to manufacture butter and many farmers will be forced out of the dairy business.

That comes from the governor and the secretary of agriculture of one of the great dairy States of the Union.

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

Mr. STEVENSON. I yield to my colleague, the gentleman from Wisconsin.

Mr. KEEFE. It seems to me this RECORD should not be left in the shape it is in due to the interjection of the distinguished gentleman from Michigan. Anyone who knows anything about the dairy business knows that the farmers have produced in this country the most unheard-of production of milk, which is the foundation of all the dairy business. A gradual reduction is taking place in the production of milk itself all over the United States due to the inability, first, of the farmers to get high-protein feed to put into those cows in order to produce milk; second, their inability to secure the labor that is necessary on a dairy farm to produce milk. The production is going down.

What has happened to your butter is a very simple thing. The OPA puts a ceiling price on butter; it puts no ceiling price on cream, which is a constituent part of butter. What happens?

Here is a creamery making butter for which there is a ceiling of about 55 cents a pound. Other fabricators of dairy products come into that same area and offer the farmer 85 and 90 cents a pound for his cream, his butterfat, and, as a result, the manufacturer of butter simply cannot compete. He cannot get the cream to start with into his creamery. It is a perfectly reasonable thing for a farmer to take 90 cents a pound for his butterfat instead of 57 cents a pound for it or 60 cents, if he can get it, the latter figure being the maximum amount he can get if it is fabricated into butter.

Now, your sweet-cream market is absorbing the butter due to OPA's inability to understand what is taking place in the dairy market. We see the thing happening that the big operators are buying sweet cream, condensing or powdering the skimmed milk, shipping the sweet cream into places where they can get a big fluid milk price for it, shipping the condensed or powdered into the same place, reconstituting it by adding water, and getting two or two and a half dollars a pound for their butterfat. That is what is happening, and that is where your butter is going, and you will never have any butter so long as that situation is allowed to prevail. The only thing that will bring butter back on the market is to give to the producer of milk and cream which is put into butter a price that will enable him to compete with the other fabricated

items in the dairy business. There is nothing else that will solve the problem.

I want the gentleman from Detroit to understand this, that there has been no effort on the part of the farmers of this country to deny to the little children and to the housewifes the benefit of decent, nourishing butter, but they have been put in this unfortunate situation due to the machinations of the great dairy monopoly that exists in this country that is able to take these dairy products and transform them into the things that will make the most money for them. That is the situation. OPA does not seem to understand that, and as a result you do not get butter, and you cannot get oleomargarine because they have limited the amount of fat and oil that goes into oleo. You cannot buy oleo so easily as the gentleman from Michigan would seem to indicate.

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

Mr. STEVENSON. I yield to the gentleman from Michigan.

Mr. RABAUT. Nobody has been a greater contributor to the dairy interests than the gentleman from Michigan. I have only raised nine children, and they had all the butter and all the milk they wanted, and from world travel I am very pleased to note the dairy industry of this Nation is as good as it is. But my criticism is regarding the control by the dairy industry over the processors of oleomargarine with a type of legislation that makes every housewife in America stir away and mix a pound of oleo, together with some coloring matter added to feed her children, when the butter makers do the same thing themselves by machinery.

Mr. STEVENSON. I presume the gentleman from Michigan did not feed any of those beautiful children of his oleomargarine in their infancy, because they are too good singers at the present time to have been raised on oleo.

To conclude my remarks, Mr. Speaker, I was going to mention the fact that the blended-milk industry has made serious inroads in the production of butter, to answer the question asked by the gentleman from Washington [Mr. HORAN], "Why has butte gone off the market?" We do have a blended-milk industry. It was referred to incidentally by the gentleman from Wisconsin [Mr. KEEFE]. For instance, a few weeks ago the secretary of the Goat Owners Association of Florida wrote me, and the last thing he said was, "Keep your Wisconsin milk out of Florida." I wrote back and told him in words to the effect that if Wisconsin milk was going to Florida it probably was going there because the Florida people were demanding it.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

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

There was no objection.

Mr. STEVENSON. I understand that in the Southern States especially, they will buy cream or butterfat, at whatever price they can get it, good Wisconsin butterfat. There is no ceiling on that. They will pay, as was mentioned here, 75 or 85 cents a pound for it. This butterfat is then shipped to these particular States where blended milk is consumed, mixed with a little skim milk powder, and watered from the good fountains of Florida as well as other Southern States. That is what they call blended milk, which they charge as much as 20 cents a quart for.

They can buy the butterfat that goes into a pint of blended milk for 3 cents. They sell the pint of milk for 10 cents, so you see they are making a pretty good profit, and the OPA does not stop them. That is where a lot of the good cream of Wisconsin goes, and why it does not go into butter that has a ceiling price of 55 cents.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

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

Mr. H. CARL ANDERSEN. I feel that the gentleman from Wisconsin is to be congratulated upon his protecting the interests of the dairy industry, because after all the dairy industry of America is the backbone of agriculture. In my opinion, the gentleman from Wisconsin [Mr. STEVENSON] has always tried to do his best for the farmer and, as a farmer myself, I want to thank him.

Mr. STEVENSON. I thank the gentleman from Minnesota very much.

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. MADDEN] is recognized for 30 minutes.

THE EIGHTIETH CONGRESS

Mr. MADDEN. Mr. Speaker, Congress is facing problems today which will decide the destiny of American economy and international peace for generations to come. The legislative branch of our Government needs the advice and counsel of the people back home more than any time in our history. It is unfortunate, during this war emergency, that Congress cannot recess more frequently, thus enabling its Members to return to their districts and consult with the people on these unprecedented problems. Our two-party system is the only successful method by which the people can register their approval or disapproval of the platforms and policies of the two major political parties. It is, therefore, highly important that our system must continue and the leaders of our two major parties present clear and concise programs to the people for their decision.

Reconversion after World War I was difficult, but problems today are far greater in comparison. After the armistice was signed in 1918 our war-tired citizens, weary of sacrifice and inconveniences caused by the world economic upheaval, were easily influenced by false propaganda, and in 1920 voted for a change in national administration regardless of issues and consequences.

When the great depression hit us in 1929 the thinking people of our country realized the great mistake which our voters made in the 1920's by following false and impractical leadership.

The back-to-normalcy platform of the Republican Party in 1920 laid the foundation for inflation and the companion real-estate and stock-market booms which led us to almost economic ruination in 1929.

Whenever a great crisis arises, the American people call upon the Democratic Party to take the helm of government and lead us safely through the troubled waters. On March 4, 1933, labor groups, chambers of commerce, the American Manufacturers Association, big business, little business, and even Republican leaders came to Washington and asked a newly elected Democratic President to save the business structure of our country from complete ruination.

Tens of thousands of business institutions had already collapsed during the dark years from 1929 to 1933. Life savings were wiped out overnight by the failure of our banking system throughout the country. Millions of homes were being foreclosed; farms by the dozen were being sold under the hammer in every rural county seat in the Nation. Smoke had long since ceased pouring from the smoke stacks of our industries. In metropolitan centers millions of families were on relief, and men, women, and children were poorly clothed and undernourished. This condition in our country was brought about by 10 long years of Republican special privilege and misgovernment. The country called upon the Democratic Party to lead us back to the sunshine of prosperity and the fruits of a true American way of life. Our party accomplished this great task under the leadership of a great statesman and world leader, Franklin D. Roosevelt. No President in history shouldered greater problems than President Truman did 1 year ago this week. Against selfish opposition, he is masterfully guiding our Nation through the troubled waters of after-war reconversion.

COMMUNISM

In the last two campaigns we have heard a great deal from the opposition about communism. We remember in 1931 and 1932 when farmers of the Middle West gathered in groups with pitchforks and ropes going about the countryside on trucks threatening judges and lawyers against the epidemic of foreclosures and sheriff sales. We also remember the hunger marches to Washington. In those dark years before the voters repudiated the Republican leadership, America was in real danger of revolution and communism, and if it had not been for the Democratic Party, the so-called American way of life which the Republican leaders today enthusiastically embrace, would have been destroyed. Therefore, I claim that Republican national leadership with its old-time reactionary policies is the greatest indirect friend communism has in America today.

DEMOCRATIC LEADERSHIP

There must be some fundamental reason why the American people have kept the Democratic Party in power nationally on four successive Presidential elections. The end of 1948 will mark the

16th year of successive Democratic administration in our country. I attribute this unprecedented continuation of the Democratic Party in power to two major reasons: No. 1, our party has been constant and steadfast in fighting for the rights of the great masses whether it pertained to business, labor, or agriculture; secondly, the national Republican leadership has not given the American people a progressive program since the days of Theodore Roosevelt. Even Republican newspapers editorially comment with apologies that their leadership has again failed to offer a constructive forward-looking program.

A party devoted to the goddess of special privilege with no real sympathy for the oppressed will not be entrusted with the responsibilities of government for very long. The loyal opposition loves to exalt on rugged individualism but when they speak so lovingly of rugged individualism they do not mean that labor, farmer groups, the white collar workers, and small business should be considered in their way of government. "Rugged individualism" to them means an uncontrolled, unregulated profit system with all restrictions, restraints, and responsibilities removed; and they themselves want to run the system.

Doctrines and principles in pious platitudes are not enough for a party to set out in its platforms. These promises are not superpropelled. It takes capable, outstanding elected officials to carry out noble party aspirations—men who believe and practice their belief that public office is a public trust. The Democratic Party today has such leadership.

The Republican Party leaders are on dead center. They will not admit their past failures and they will not endorse the progressive policies of the Democratic Party because that admission will keep them away from power and victory; but we have their record of the past before us and that record is black with tragedy and disaster.

PERMANENT PEACE

On Pearl Harbor Day, December 7, 1941, the American people again realized the great mistake they made in 1920 when the enemies of Woodrow Wilson's great permanent peace program were elected and proceeded to sabotage the League of Nations. Thinking Americans today agree that all possibilities for future peace were ruined when we refused to accept our world responsibility after World War I, but instead followed the leadership of isolation. The United Nations Organization of today is a direct descendant of the Democratic Party's great peace program of 25 years ago under the leadership of Woodrow Wilson. Had we joined the League, its success would have saved millions of lives, billions of dollars, and prevented World War II. The political propaganda which caused the great mistake a quarter of a century ago is still active, and in the congressional elections of 1946, we must not allow history to repeat itself.

LABOR AND AGRICULTURE

Republican strategy in the last three elections was to drive a wedge between the rural voter and the industrial worker. Millions of dollars have been spent through the newspapers, radios, and magazines to build up a spirit of resentment among the farmers against labor organizations. The Republican leaders have to a certain degree succeeded in their program to promote antipathy and bitterness between these greatest groups in our economy. I believe the Democratic leadership has been lax in neglecting to properly organize the rural communities so as to overcome this false propaganda and inform the farmer that his income rises and falls with the prosperity of the industrial worker. The interests and welfare of the American worker and farmer are interdependent—good wages for the worker means higher income to the farmer.

During the Republican days of the 1920's, before organized labor received its just recognition, the American farmer did not enjoy the prosperity that he has experienced in the last 10 years. Twenty years ago the Brookings Institute, one of our most conservative institutions, made a survey to determine the economic relationship between the worker and the farmer. The report stated that 70 percent of the industrial families of America made less than $2,500 a year and further that if the income of this 70 percent of our population had been increased to an average of $2,500 per year, the farmers' income per annum would have increased $14,000,000,000.

VETERANS

Propaganda has already started in an effort to drive a wedge between other groups of our society in America. Tons of literature have been sent to ex-servicemen in an effort to poison their minds against organized labor in America. The same interests that are financing this propaganda during the last 10 years also financed "special-privilege" lobbies in Washington to combat every progressive piece of legislation which has been enacted for the interests of the common people. Within the last 3 weeks, the greatest special-interest lobby in history came into Washington in opposition to President Truman's veterans' housing bill. This lobby succeeded on the House floor by defeating two of the most important provisions of this legislation.

As a veteran of World War I, I have personally experienced the difficulties and hardships involved when a returned serviceman starts to reestablish himself in civilian life. This Congress must stress every effort to afford the veteran aid, financially and otherwise, to make this transition period as easy as possible.

PROFITEERS

The profiteer's lobby has been operating in Washington against price control and the OPA, not only since VE-day but during the great war emergency. I will admit there have been inequalities and in certain instances injustices exercised in the enforcement of OPA, but, nevertheless, the consumer, and especially the American housewife, realizes that the OPA has been their savior during this war emergency. During World War I and 2 years thereafter the cost of living increased 108.4 percent. Up until September 1 last year the cost of living in World War II increased on the average 30.7 percent. In other words, without OPA during World War I the cost of necessities of life were 78 percent higher than with OPA under World War II.

I believe every Member of Congress is anxious that the wartime powers and restrictions be removed as rapidly as possible. This Nation stands at the crossroads, one direction leads to economic disaster, the other to a future of long-range prosperity. We must deal with the present emergency in the same spirit and manner which we met a similar emergency during the war. We must not create a false sense of security by eliminating price control at this time. Every businessman should be given fair consideration so he can plan ahead with complete confidence and he must know that prices and costs will remain stable. The American people should feel secure in their ability to stave off a disastrous inflation during these critical months ahead and still create a flood of production that will in a short time wipe out the necessity for price control and the danger of runaway inflation.

Democratic leadership has submitted a concrete program to solve all these important after-war problems while the Republican leadership is without a constructive solution to these unprecedented difficulties and is confining its activities to criticism and obstruction.

THE ATOM AGE

We are today embarking upon a new period in modern civilization. Science has plunged us into the atomic age. We do not know what revelations the next few years may bring through the science of atomic production but we do realize the catastrophic results of another war through atomic destruction. From now on, wars may be a matter of days instead of years and the first casualty list may be the last. We must look forward to collective, instead of individual, security. The oceans will no longer protect us from future enemies. The heavens will be areas of potential death. One atomic bomb has the energy release equivalent to 20,000 tons of TNT and the power of uranium is 3,000,000 times that of TNT. This terrifying power of the atomic age is still in its infancy. We must successfully outlaw the use of the atom bomb for military purposes everywhere on earth. This can only be done through international cooperation and a successful United Nations Organization. If this fails, the peace-loving nations of the world will be victims of their own laxness.

The world knows through centuries of sad experience that science, progress, and the foresight of statesmen has failed to outlaw hatred and war. As a result, we have reaped the whirlwind of destruction and death. In the future we must have the active cooperation of all nations and the guidance of our Christian and spiritual leaders to help inculcate in the hearts of men and governments the doctrine of the fatherhood of God and the brotherhood of man. The United Nations Organization must teach the people of the world that there are greater glories than international combat and that the creations of science were intended for a society of men to live

ethically, morally, and at peace with each other. Understanding and tolerance must form the foundation for future world bargaining. Cooperation and compromise between nations are necessary for permanent peace.

EXTENSION OF REMARKS

Mr. HOFFMAN (at the request of Mr. MURRAY of Wisconsin) was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. HORAN asked and was given permission to extend his remarks in the RECORD and include an editorial from the Seattle Times.

MONOPOLY VERSUS THE PEOPLE OF CALIFORNIA—THE CENTRAL VALLEY WATER AND POWER PROJECT

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

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

There was no objection.

Mr. PATTERSON. Mr. Speaker, I wish to speak regarding two appropriation items in H. R. 5400, namely $1,000,000 for the construction of the Isabella Dam on the Kern River in California, and $1,000,000 for construction of the Pine Flats Dam on the Kings River. In doing so, I intend to point out the serious significance of the methods used by the Corps of Engineers, United States Army, to promote the construction of these dams. The high-water level dams are desirable to develop power and multiple-purpose programs under the Reclamation Bureau and is necessary to carry out the full and proper development of the Central Valley water and power project.

California is one of the States in which for many years a conflict has been slowly increasing. On the one hand are the owners of factory farms, backed by California's banks and commercial interests, and closely allied with owners of huge tracts of undeveloped land. The latter stand to garner enormous speculative profits as a result of Federal appropriations for irrigation development.

On the other hand are the great mass of California farmers who own small but profitable tracts, with whom are allied the organized industrial workers of the State, and consumer groups. These people demand that the benefits of agricultural and industrial expansion be spread widely among the people of California, rather than to accrue chiefly to those who already are rich and powerful.

As I develop this picture you will realize that the Army Corps of Engineers is closely allied with the monopolistic interests, while the Bureau of Reclamation, which has offered a plan for coordinated development of the natural resources of the State, is defending the welfare of all of the people.

Here we have the spectacle of one agency of the Federal Government working in the interests of special privilege and another for the average citizen—a condition which I believe most of you will agree is prejudicial to the prestige of your Government and provocative of disastrous social conflict.

Even the President of the United States is powerless to end this strife between two Government agencies, if you gentlemen wish to prolong it by providing the funds with which to feed class strife. You must act decisively; and when you see clearly what is involved I do not entertain the slightest doubt as to which side of this controversy most of you will take.

Some months before this country entered the war this situation was coming to a head. It was laid before the late President Roosevelt who recognized that the interests of the average citizen would not be served if the Corps of Engineers were to take over construction of proposed dams on the Kings and Kern Rivers. You may recall that President Roosevelt at that time—on May 5, 1941, to be specific—wrote to the Secretary of War reaffirming an earlier decision that the Kings River project should be constructed by the Bureau of Reclamation.

But the War Production Board suspended all operations upon these Central Valley projects, except those which would produce electrical energy required to activate the great munitions industries established in California. Shasta Dam, one of the key structures in the Central Valley project, was pushed to completion, and although the war was nearing a conclusion before it came into effective operation, it made a substantial contribution to our victory.

The monopolistic interests of California, however, never ceased their effort to have the Corps of Engineers build the dams on the Kings and Kern Rivers. Why were they so much interested? In the first place, the Pine Flats Dam on the Kings River will be capable of developing electrical energy. Administered by the Bureau of Reclamation, this power would help to break the power monopoly of the Pacific Gas & Electric Co. in central California. The irrigation group in the Kings River area, however, was convinced that if it permitted the P. G. & E. to develop the power possibilities of the project that it would acquire revenue from its operation. At that time it was also suffering from the illusion that Congress would permit the Corps of Engineers to charge off most of the expense of the dam to flood control, and that the cost of irrigation water would be lower under such procedure.

This situation appeared to offer to many water users in California a chance to get something for nothing. Having two rival agencies in the field, one could be played off against the other. The great danger to the taxpayers of the United States was that they would be in a position of subsidizing the farmers of California through gifts of public funds. Under the reclamation laws the water users repay the Government for the construction of these facilities, except for interest upon the principal invested for irrigation purposes. Upon the money spent for power development there is a return of 3 percent to the Government, which is collected in power revenues. The net result is that the Government is reimbursed within a reasonable period for its entire expenditure on Reclamation projects. This is not the case in connection with Corps of Engineers projects.

When the Flood Control Act of 1944 was passed, after searching debate in Congress, an attempt was made to remedy this situation. While the Corps of Engineers was permitted to continue to make studies on the Kings and Kern Rivers projects, the Flood Control Act made it clear that all irrigation works were to come under the reclamation laws and were to be constructed and administered by the Bureau of Reclamation. All power developed at federally constructed dams was to be marketed by the Department of the Interior.

At that time President Roosevelt again took close cognizance of this situation, and when he signed the War Department's civil functions appropriation bill for fiscal 1946 he declared that he was reluctant to do so, because it contained appropriations to the Corps of Engineers to make further studies on the Kings and Kern Rivers. He added that in the near future he intended to submit to the Congress recommendations for legislation transferring jurisdiction over all of the Central Valley projects to the Bureau of Reclamation. In the near future he passed away, however, and such recommendation never was submitted.

President Truman, of course, was unable to escape this controversy, which to some appeared an ordinary struggle between the Corps of Engineers and the Bureau of Reclamation as to who would get the job of building these works. Had it been an ordinary fight for power between Federal agencies, it would have been settled long before this.

In truth it is a great struggle between the reactionary forces of California and the forces that stand for human progress which will determine eventually the pattern of modern civilization to this State. It is only incidental that the military arm of the Federal Government is alined with the reactionary group and the Bureau of Reclamation with the liberals. The real battle is between the monopolistic interests of California and a majority of the people. The question before Congress is on which side Congress will align itself. I hope you will align yourselves on the side of the people and the Bureau of Reclamation.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted Mr. STIGLER, from April 10 to April 15, inclusive, on account of business in Oklahoma.

ENROLLED JOINT RESOLUTION AND BILLS SIGNED

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 328. Joint resolution making an additional appropriation for veterans' housing and related expenses.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 565. An act to extend the privilege of retirement to the judges of the District Court for the District of Alaska, the District Court of the United States for Puerto Rico, the District Court of the Virgin Islands, and the United States District Court for the District of the Canal Zone;

S. 1298. An act to establish an office of Under Secretary of Labor, and three offices of Assistant Secretary of Labor, and to abolish the existing office of Assistant Secretary of Labor and the existing office of Second Assistant Secretary of Labor; and

S. 1841. An act to amend an act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the Superintendent of Weights, Measures, and Markets of the District of Columbia; and for other purposes" approved March 3, 1921, as amended.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval a joint resolution of the House of the following title:

H. J. Res. 328. Joint resolution making an additional appropriation for veterans' housing and related expenses.

ADJOURNMENT

Mr. RABAUT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, April 11, 1946, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON ROADS

The Committee on Roads will meet on Thursday, April 11, 1946, at 10 a. m., in room 1011, at which time a hearing will be had on H. R. 5088.

COMMITTEE ON FLOOD CONTROL

4. Thursday, April 11. Missouri River Basin, including additional authorization for the Corps of Engineers and the Bureau of Reclamation for the approved comprehensive plan:

Heart River, N. Dak.; South Platte River, Colo., Wyo., and Nebr.

5. Friday, April 12. The Great Lakes Basin and the Upper Mississippi River Basin, including additional authorization for the approved comprehensive plan:

Rock River, Wis. and Ill.; Mississippi River, local flood protection in Illinois; Clinton River, Mich.; Genesee River, N. Y.; Tonawanda Creek, N. Y.

6. Monday, April 15. Streams flowing into the Gulf of Mexico west of the Mississippi River, the Great Basin and the Pacific region, exclusive of California, including additional authorization for the approved comprehensive plan for the Willamette River:

Leon River, Tex.; Boise River, Idaho; Amazon Creek, Oreg.; Queen Creek, Ariz.; Gila River at Tucson, Ariz.; Spanish Fork River, Utah; Jordan River at Salt Lake City, Utah; and Little Valley Wash at Magna, Utah; Skagway River and Harbor, Alaska.

7. Tuesday, April 16. California streams, including additional authorization for the approved comprehensive plans for the Los Angeles River and the Sacramento-San Joaquin streams:

Salinas River, Calif.; Santa Clara River, Calif.

8. Wednesday, April 17. Lower Mississippi River Basin, including the Red River, and including additional authorization for the approved comprehensive plan for the White and Arkansas River Basin:

Red River below Denison Dam, Tex., Okla., Ark., and La.; Bayou Pierre, La.; La Fourche Bayou, La.; Pontchartrain Lake, La.; Mermentau River, La.; North Canadian River, Okla.; Polecat Creek, Okla.; Grand (Neosho) River, Kans., Mo., and Okla.; Arkansas River, Ponca City, Okla.; Mississippi River, West Tennessee tributaries; Boeuf and Tensas Rivers and Bayou Macon, Ark. and La.; Big Sunflower, Little Sunflower, Hushpuckena, and Quiver Rivers and their tributaries, and on Hull Brake, Mill Creek Canal, Bogue Phalia, Ditchlow Bayou, Deer Creek, and Steele Bayou, Miss.

9. Thursday, April 18. Lt. Gen. R. A. Wheeler, Chief of Engineers, and other representatives of the Corps of Engineers, and proponents and opponents of projects in other regions.

10. Friday, April 19. Senators and Representatives in Congress and Department of Agriculture, Weather Bureau, and other Government agencies.

COMMITTEE ON RIVERS AND HARBORS

Revised schedule of hearings on the omnibus river and harbor authorization bill to start Tuesday, April 9, 1946, at 10:30 a. m., is as follows:

(Thursday, April 11)

Sabine River, Adams Bayou, Tex.
Sabine-Neches waterway, Texas.
Trinity River below Liberty, Tex.
Mill Creek, Tex.
Aransas Pass, Intracoastal Waterway, Tex.
Brazos Island Harbor, Tex.

(Friday, April 12)

Schuylkill River, Pa.
Middle and Dark Head Creeks, Md.
Mattaponi River, Va.
Newport News Creek, Va.
Norfolk Harbor, Va.
Savannah Harbor, Ga.
St. Johns River, Fla., Jacksonville to Lake Harney.
Hollywood Harbor (Port Everglades), Fla.
Withlacoochee River, Fla.
Cleveland Harbor, Ohio.
Great Lakes connecting channels, Michigan.

(Monday, April 15)

Franklin Canal, La.
Mermentau River, La.
Lake Charles deep waterway, Louisiana.
Plaquemine and Morgan City route, Louisiana.
Red River below Fulton, La.

(Tuesday, April 16)

Cumberland River, Tenn. and Ky.
Big Sioux River, S. Dak.
Mississippi River seepage, Iowa Minnesota, and Wisconsin.
Mississippi River at Lansing, Iowa.
Mississippi River at Wabasha, Minn.
Mississippi River at Lake Pepin, Minn.
Mississippi River at Hastings, Minn.

(Wednesday, April 17)

Fairport Harbor, Ohio.
Calumet-Sag Channel, Ind. and Ill.
Chicago River, North Branch of Illinois.
Napa River, Calif.
Coos Bay, Oreg.
Columbia River at Astoria, Oreg.
Columbia River at The Dalles, Oreg.
Columbia River, Foster Creek Dam, Wash.

(Wednesday and Thursday, May 1 and 2)

Tombigbee-Tennessee Rivers.

(Friday, May 3)

Held open for description of projects favorably recommended by the Board of Engineers for Rivers and Harbors during its April meeting.

(Monday and Tuesday, May 6 and 7)

Big Sandy River, Tug and Levisa Forks, Va., W. Va., and Ky.

(Wednesday and Thursday May 8 and 9)

Arkansas River, Ark. and Okla.

COMMITTEE ON THE POST OFFICE AND POST ROADS

The Post Office and Post Roads Committee will meet on Tuesday, April 16, 1946, at 10:30 a. m., at which time a hearing will be had on H. R. 5427, 5560, and 5942, bills relating to the rate of postage on air mail of the first class.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1208. A letter from the Secretary of Agriculture, transmitting a draft of a proposed bill to amend section 17 (a) of the Soil Conservation and Domestic Allotment Act (49 Stat. 1151); to the Committee on Agriculture.

1209. A letter from the Secretary of the Interior, transmitting a draft of a proposed bill to provide for the disposal of materials or resources on the public lands of the United States which are under the exclusive jurisdiction of the Secretary of the Interior; to the Committee on the Public Lands.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAY: Committee on Military Affairs. H. R. 6064. A bill to extend the Selective Training and Service Act of 1940, as amended, and for other purposes; without amendment (Rept. No. 1923). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAY:

H. R. 6064. A bill to extend the Selective Training and Service Act of 1940, as amended,

and for other purposes; to the Committee on Military Affairs.

By Mr. LAFOLLETTE:

H. R. 6065. A bill authorizing the Indiana State Toll Bridge Commission to construct, maintain, and operate a toll bridge or a free bridge across the Ohio River at or near Cannelton, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mr. RANDOLPH:

H. R. 6066. A bill to promote the common defense by unifying the departments and agencies of the Government relating to the common defense; to the Committee on Expenditures in the Executive Departments.

By Mr. ALLEN of Louisiana:

H. R. 6067. A bill to increase the subsistence allowances to veterans receiving education or training pursuant to the Servicemen's Readjustment Act of 1944; to the Committee on World War Veterans' Legislation.

By Mr. ENGLE of California:

H. R. 6068. A bill to authorize the Secretary of Agriculture to permit the prospecting, development, and utilization of the mineral resources of national forest lands not subject to the operation of the general mining laws or the Mineral Leasing Act; to the Committee on Agriculture.

By Mr. RANKIN:

H. R. 6069. A bill to amend section 100 of the Servicemen's Readjustment Act of 1944; to the Committee on World War Veterans' Legislation.

By Mr. BEALL:

H. R. 6070. A bill to amend section 4 of the act of August 25, 1937, so as to provide a filing procedure in cases of adoption outside the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

H. R. 6071. A bill to provide for the extension of the time limitations under which patents were issued in the case of patents which have not been exploited during World War II on account of shortage of materials; to the Committee on Patents.

By Mr. BENNETT of Missouri:

H. R. 6072. A bill to amend the Adjusted Compensation Payment Act, 1936, so as to extend the time within which overseas veterans of World War II may apply to receive payment of adjusted service certificates; to the Committee on Ways and Means.

By Mr. SOMERS of New York:

H. R. 6073. A bill to provide for the establishment of a United States Military Medical School; to the Committee on Military Affairs.

H. R. 6074. A bill to provide for the establishment of a United States Naval Medical School; to the Committee on Naval Affairs.

By Mr. ZIMMERMAN:

H. R. 6075. A bill to establish a national memorial forest park in the State of Missouri as a memorial to World War II veterans; to the Committee on the Public Lands.

By Mr. SABATH:

H. J. Res. 338. Joint resolution to authorize the United States armed services to accept enlistments of former members of the Polish armed forces; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Commonwealth of Massachusetts, memorializing the President and the Congress of the United States to adopt an adequate anti-poll-tax bill; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of New York, memorializing the President and the Congress of the United States to amend and enact House bill 5059 and Senate bill 1715; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEALL:

H. R 6076. A bill to authorize the Secretary of the Interior to grant a private right-of-way to Roscoe L. Wood; to the Committee on the Public Lands.

H. R. 6077. A bill for the relief of Warren D. Fales, Jr.; to the Committee on Claims.

By Mr. ENGLE of California:

H. R. 6078. A bill to authorize the Secretary of Agriculture to convey certain land for a fair consideration; to the Committee on Agriculture.

By Mr. REED of New York:

H. R. 6079. A bill for the relief of Mrs. Margaret D. Surhan; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1780. By Mr. CLASON: Memorial of the General Court of Massachusetts, urging the Congress of the United States to adopt an adequate anti-poll-tax law; to the Committee on the Judiciary.

1781. Also, memorial of the General Court of Massachusetts, urging the Congress of the United States to extend the benefits provided by the Servicemen's Readjustment Act of 1944 to persons who served in the merchant marine of the United States during World War II; to the Committee on the Merchant Marine and Fisheries.

1782. Also, memorial of the General Court of Massachusetts, urging the Congress of the United States to provide for the maintenance by the Federal Government of Camp Edwards in Massachusetts for the hospitalization of war veterans and as a place for their convalescence and recreation; to the Committee on World War Veterans' Legislation.

1783. By Mr. NORBLAD: Petition signed by Mrs. Jessie M. Isely and 19 other citizens of Marion County, Oreg., urging the United States Congress to defeat proposals for peacetime compulsory military training and seek instead an international agreement to abolish conscription everywhere; to the Committee on Military Affairs.

1784. By Mr. GAVIN: Petition of Mr. and Mrs. H. T. Wingard, Shippenville, Pa., and other residents of Clarion County, protesting passage of House bill 4730; to the Committee on Interstate and Foreign Commerce.

1785. Also, petition of B. V. Cobler, Knox, Pa., and other residents of Knox, Pa., protesting passage of House bill 4730; to the Committee on Interstate and Foreign Commerce.

1786. Also, petition of J. W. Deitz and other residents of Clarion County, protesting passage of House bill 4730; to the Committee on Interstate and Foreign Commerce.

1787. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, urging adoption of an adequate anti-poll-tax bill; to the Committee on the Judiciary.

1788. Also, memorial of the General Court of Massachusetts, favoring extension of the so-called GI bill of rights to persons who served in the merchant marine during World War II; to the Committee on the Merchant Marine and Fisheries.

1789. Also, memorial of the General Court of Massachusetts, urging maintenance of Camp Edwards, Mass., as a veterans' hospital; to the Committee on World War Veterans' Legislation.

1790. By the SPEAKER: Petition of the chairman, disaster council, county of Hawaii, petitioning consideration of their resolution with reference to amendment of the Hawaiian relief bill; to the Committee on the Territories.

1791. Also, petition of New York League of Women Shoppers, petitioning consideration of their resolution with reference to endorsement of legislation renewing the powers of the OPA; to the Committee on Banking and Currency.

SENATE

THURSDAY, APRIL 11, 1946

(Legislative day of Tuesday, March 5, 1946)

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

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

Almighty God, who desirest truth in the inward parts, we would come to Thee in that fear of the Lord which is the beginning of wisdom. Keep us, we beseech Thee, from the folly of attempting to deceive Thee, unto whom all hearts are open, all desires known. As those whose powers are dedicated to the Nation's weal, make us ever faithful to each challenging duty, loyal to every high claim, responsive to the human needs of this suffering earth. Setting a seal upon our lips so that no thoughtless words of ours shall sting or harm another, valiantly may we meet this day's waiting tasks with laughter and kindness and cheerful good will. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, April 10, 1946, was dispensed with, and the Journal was approved.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on April 10, 1946, he presented to the President of the United States the following enrolled bills:

S. 565. An act to extend the privilege of retirement to the judges of the District Court for the District of Alaska, the District Court of the United States for Puerto Rico, the District Court of the Virgin Islands, and the United States District Court for the District of the Canal Zone;

S. 1298. An act to establish an office of Under Secretary of Labor, and three offices of Assistant Secretary of Labor, and to abolish the existing office of Assistant Secretary of Labor and the existing office of Second Assistant Secretary of Labor; and

S. 1841. An act to amend an act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the Superintendent of Weights, Measures, and Markets of the District of Columbia; and for other purposes," approved March 3, 1921, as amended.

MESSAGES FROM THE PRESIDENT—
APPROVAL OF BILLS

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