OKLAHOMA

Robert D. Farish, Konawa.

PENNSYLVANIA

Kenneth C. Hilliard, Mount Bethel.

SOUTH CAROLINA

Pearl J. Sauls, Cades.
Sarah L. Bussey, Modoc.
Horace T. Fanning, Springfield.

WEST VIRGINIA

Virginia O. Pomeroy, Kopperston.

WISCONSIN

Charles W. Lee, High Bridge.

SENATE

TUESDAY, APRIL 30, 1946

(Legislative day of Tuesday, March 5, 1946)

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

Dr. C. Leslie Glenn, rector, St. John's Church, Washington, D. C., offered the following prayer:

Almighty God, who hast created man in Thine own image, grant us grace fearlessly to contend against evil and to make no peace with oppression; and, that we may reverently use our freedom, help us to employ it in the maintenance of justice among men and nations, to the glory of Thy name. Through Christ our Lord. Amen.

THE JOURNAL

On request of Mr. HATCH, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, April 29, 1946, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. HATCH. 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	Hatch	Myers
Austin	Hawkes	O'Daniel
Ball	Hayden	O'Mahoney
Bankhead	Hickenlooper	Pepper
Barkley	Hill	Radcliffe
Brewster	Hoey	Reed
Bridges	Huffman	Revercomb
Briggs	Johnson, Colo.	Robertson
Brooks	Johnston, S. C.	Russell
Buck	Kilgore	Saltonstall
Bushfield	Knowland	Shipstead
Butler	La Follette	Smith
Byrd	Langer	Stanfill
Capehart	Lucas	Stewart
Capper	McCarran	Taft
Carville	McClellan	Taylor
Cordon	McFarland	Thomas, Okla.
Donnell	McKellar	Thomas, Utah
Downey	McMahon	Tunnell
Eastland	Magnuson	Tydings
Ellender	Maybank	Wagner
Ferguson	Mead	Walsh
Fulbright	Millikin	Wheeler
Gerry	Mitchell	Wherry
Green	Moore	Wiley
Guffey	Morse	Wilson
Gurney	Murdock	Young
Hart	Murray	

Mr. HILL. 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 Mississippi [Mr. BILBO], the Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. GOSSETT], and the Senator from Louisiana [Mr. OVERTON] are absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS] is necessarily absent.

The Senator from New Mexico [Mr. CHAVEZ] is detained on public business.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

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

The Senator from Indiana [Mr. WILLIS] is necessarily absent.

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

AIRPORT DEVELOPMENT—CONFERENCE REPORT

Mr. McCARRAN. Mr. President, some time ago an order was made by unanimous consent that the conference report on Senate bill 2, known as the airport bill, should be taken up today at 12 o'clock. Some days ago an invitation was extended by representatives of the Air Corps to a number of Senators requesting that they attend a luncheon today at 12:30 o'clock. I therefore ask unanimous consent that the consideration of the conference report may go over until 2 o'clock today, the report to be voted on by the Senate on or before 4 o'clock today.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

NOTICE OF HEARING ON NOMINATION OF NADINE LANE GALLAGHER TO BE ASSOCIATE JUDGE, MUNICIPAL COURT FOR THE DISTRICT OF COLUMBIA

Mr. McCARRAN. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Tuesday, May 7, 1946, at 10:30 a. m., in the Senate Judiciary Committee room, upon the nomination of Nadine Lane Gallagher, of the District of Columbia, to be an associate judge of the municipal court for the District of Columbia, vice Hon. Brice Clagett, elevated. At the indicated time and place, all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Nevada [Mr. McCARRAN], chairman, the Senator from Mississippi [Mr. EASTLAND], and the Senator from Wisconsin [Mr. WILEY].

REPORT ON DISPOSAL OF UNITED STATES SURPLUS PROPERTY IN FOREIGN AREAS

The PRESIDENT pro tempore laid before the Senate a letter from the Secretary of State, transmitting, pursuant to law, the first report of the Department of State on the disposal of United States surplus property in foreign areas (with an accompanying report); to the Committee on Military Affairs.

PETITION

The PRESIDENT pro tempore laid before the Senate a telegram in the nature of a petition from the Pioneer Woman's Club, of Lakewood, N. J., praying for the enactment of legislation to continue the Office of Price Administration; to the Committee on Banking and Currency.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAYBANK, from the Committee on Military Affairs:

S. 2061. A bill to provide for sundry matters affecting the armed forces, and for other purposes; with amendments (Rept. No. 1265).

By Mr. TUNNELL, from the Committee on Education and Labor:

H. R. 4437. A bill to provide for the return of public employment offices to State operation, to amend the act of Congress approved June 6, 1933, and for other purposes; with amendments (Rept. No. 1266).

By Mr. SMITH, from the Committee on Military Affairs:

H. R. 3959. A bill to provide for the burial in the Memorial Amphitheater of the National Cemetery at Arlington, Va., of the remains of an unknown American who lost his life while serving overseas in the armed forces of the United States during the Second World War; without amendment (Rept. No. 1267).

POSTWAR CIVILIAN PERSONNEL REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES (S. DOC. NO. 177)

Mr. BYRD. Mr. President, a report on postwar civilian personnel in the Federal Government submitted to Congress today by the Joint Committee on Reduction of Nonessential Federal Expenditures discloses that in the first 5 months following VJ-day there was a net increase of 86,822 in personnel employed by old-line agencies inside the United States exclusive of War and Navy Departments. Major reductions, of course, were reported by the War and Navy Departments, but a great part of their reductions were effected among industrial employees, no longer needed in the war effort, who were employed in arsenals, shipyards, and munition plants inside the United States or working on construction of airfields and roads abroad.

In August 1945, the all-time peak in Federal employment, there were 3,649,769 Federal workers both inside and outside the United States. As of January 31, this over-all total decreased to 2,893,670, a reduction of 756,099. Included in this reduction were 298,003 civilian employees of the War Department stationed outside the United States and 313,367 inside the United States. Also included in this reduction were 134,348 Navy Department employees.

It is obvious, therefore, that in large measure reduction in employment in the Federal Government since VJ-day has been confined to employees engaged in

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war production work. This becomes apparent from a comparison of employment in the rest of the Federal Government during the 5 months following VJ-day. The old-line departments and agencies, excluding the War and Navy Departments, have increased 86,822 employees since VJ-day, much of this increase being caused by transfers from war agencies. A monthly analysis of this 86,822 increase discloses that the old-line agencies increased 28,677 during September, 12,377 in October, 10,166 in November, 1,033 in December, and 34,569 in January. This is exclusive of 53,277 Post Office workers, previously employed but not reported. These monthly increases in permanent-establishment personnel should be noted in comparison with monthly decreases effected in the emergency war agencies where, exclusive of the War and Navy Departments, reductions totaled 66,944 in September, 15,631 in October, 5,998 in November, 4,429 in December, and 4,201 in January.

That these increases are taking place under adjusted ceilings established by the Bureau of the Budget is evident from a comparison of ceiling determinations for the months of July, August, and September, 1945, with allowances for the months of October, November, and December, 1945. The agencies were allowed a total of 1,810,567 employees in the United States, exclusive of approximately 900,000 wage board personnel for the first quarter of the current fiscal year which began before the war ended. Allowances for the second quarter, which began after the war ended, totaled 1,856,828, a net increase of 46,261 civilian jobs in the United States exclusive of wage board employees. A reduction of 53,466 was prescribed for the War and Navy Departments, and the emergency war agencies were ordered to release 59,955 employees, but the old-line agencies were allowed an increase of 159,682 employees.

Thus the conclusion is inescapable that rapid reductions in personnel both continental and abroad must be made immediately for efficient and economical government. In December 1939, excluding emergency relief employment, Federal personnel stood at 928,836. Although certainly some additional personnel are required over the 1939 total to deal with problems of the war's aftermath, surely the present figure can and must be reduced speedily. With this in mind the Joint Committee on Reduction of Nonessential Federal Expenditures makes the following recommendations:

First. The committee recommends that the Congress fix by law an over-all ceiling on civilian personnel in the executive branch of the Government, both inside and outside continental United States, and that this ceiling should be graduated downward so that between July 1, 1946, and June 30, 1947, total personnel would be reduced to a maximum of 1,650,000 employees, or approximately 175 percent of the total as of December 31, 1939, provided that if the President at any time should determine a larger number to be essential to the public interest, such determination and the reasons therefor shall be promptly transmitted by him to the Congress along with estimates of additional appropriations which would be necessary thereby.

Second. The committee recommends that the President proceed expeditiously with the liquidation of war-emergency agencies and reorganization of other executive agencies through Executive orders and reorganization plans having among their other principal objectives reduction of the over-all civilian personnel requirement of the executive branch to a peacetime level not exceeding approximately 175 percent of that recorded as of December 31, 1939.

Third. The committee recommends that Congress fix by law standards of personnel reporting and publication, including nomenclature and definitions and methods and procedures.

Mr. President, I have here a summary of this report. I ask unanimous consent to have it printed in the body of the RECORD, and I wish to have the whole report printed as a Senate document.

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

The summary of the report submitted by Mr. BYRD is as follows:

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

PART I. SUMMARY

Federal employment invariably has been a major factor in the investigations undertaken by the Joint Committee on Reduction of Nonessential Federal Expenditures during the 5 years of its work. Because of this and in view of its requirements and its experience with inadequate personnel information, the committee inaugurated its own continuing examination of civilian employment in the executive branch of the Government.

As of 6 months after VJ-day there had been ample opportunity for the Government to facilitate its own reconversion to peacetime dimensions. Consequently the committee submits to the Congress and the President this report of its findings on the postwar civilian employment record of the executive branch, based on an analysis of data compiled through January 31, 1946.

COMPARISON OF FEDERAL EMPLOYEES, 1932, 1939, AND 1945

In August 1945, when the Pacific war ended, civilian personnel employed by the executive branch, inside and outside of the United States, stood at its all-time maximum of 3,649,769, or nearly four times the 1939 preemergency requirement of 928,836, exclusive of 57,918 emergency-relief employees.

An analysis of the increase between August 1945 and December 1939 and a comparison with figures for December 1932 follow in table A:

TABLE A.—*Summary of increase in personnel since 1932*

Agencies	December 1932	December 1939	August 1945	Increase in employment	
				1945 over 1932	1945 over 1939
Old-line establishments	467,650	706,700	957,683	490,033	250,983
Emergency war agencies	118	----------	159,773	159,655	159,773
War Department, inside the United States	49,101	123,273	1,077,179	1,028,078	953,906
Navy Department	46,936	98,863	721,342	674,406	622,479
War Department inside United States and total Navy Department	96,037	222,136	1,798,521	1,702,484	1,576,385
Total, exclusive of War Department outside the United States	563,805	928,836	2,915,977	2,352,172	1,987,141
War Department, outside the United States	(1)	(1)	[3] 733,792	733,792	733,792
Entire Government	563,805	[2] 928,836	3,649,769	3,085,964	2,720,933

[1] Figures not available.
[2] Excludes 57,918 emergency relief employees.
[3] As of June 30, 1945.

The total increase of 2,720,933 in employment since December 1939, as shown in the preceding table, is composed of an increase of 250,983 in the old-line establishments, practically all of which was justified on the basis of war emergency activities; an increase of 159,773 in the emergency war agencies, none of which was in existence in 1939; and an increase of 2,310,177 in the War and Navy Departments (including the 733,792 employees reported as stationed outside the United States), of which a vast majority were industrial employees.

TWO MILLION REDUCTION AND PAY-ROLL FIGURES

If the executive branch personnel were reduced 2,000,000 under the VJ-day peak, some 1,649,769 employees would remain on the pay roll. This would be approximately 75 percent in excess of the December 1939 preemergency total employment of 928,836 and would allow more than 700,000 employees for normal expansion requirements and necessary war clean-up.

Although numerous other factors would enter in any calculation of savings in payroll costs which would result from a 2,000,000 reduction in the Federal force, Bureau of Labor Statistics records show the executive branch pay roll for 1939 totaled $1,635,512,000 and that for 1945 it totaled $7,262,911,000, exclusive of compensation paid employees outside the United States and those of certain Government corporations. Such a personnel reduction would cut the Federal pay roll approximately in half.

PERSONNEL, AUGUST 1945 TO JANUARY 1946

Reductions to any peacetime civilian personnel level during the first 5 months after VJ-day could not be criticized as having been too precipitous since the net reduction in the executive branch, exclusive of War and Navy Departments, amounted to less than 2 percent, or about 10,000. Although the emergency war agencies show a reduction of 97,203, the old-line establishments increased 86,822. Most of this increased personnel in the permanent agencies was occasioned by the transfer of functions from scattered war agencies which had been ordered transferred or liquidated.

Among the 745,718 reduction in civilian personnel reported for the same period by the War and Navy Departments, 298,003, or

almost 40 percent, were found to have been employed abroad by the War Department on such projects as air fields, roads, etc.

An analysis of the 756,099 postwar decrease in Federal executive personnel follows in table B:

TABLE B.—*Summary of employment trend since August 1945*

	Employment		Increase(+) and decrease(−)
	August 1945	January 1946	
Old-line establishments	957,683	1,044,505	+86,822
Emergency war agencies	159,773	62,570	−97,203
War Department, inside the United States	1,077,179	763,812	−313,367
Navy Department	721,342	586,994	−134,348
War Department inside United States and total Navy Department	1,798,521	1,350,806	−447,715
Total, exclusive of War Department outside the United States	2,915,977	2,457,881	−458,096
War Department, outside the United States	[1] 733,792	[2] 435,789	−298,003
Entire Government	3,649,769	2,893,670	[3] −756,099

[1] As of June 30, 1945.
[2] As of Dec. 31, 1945.
[3] Excludes 53,277 Post Office employees previously employed but not previously reported.

PERSONNEL REPORTING DEFICIENCIES

For comparison with the August 1945 totals, it is necessary in the preceding table to adjust the January old-line agency figure because 53,277 previously employed but unreported third-class Post Office Department employees appeared on their report for September. This is one example of numerous deficiencies found thus far by the committee in executive agency personnel reporting and reporting practices, some of which materially alter totals.

The committee has worked diligently in an effort to dispel the confusion which is necessarily created by inadequate reporting.

EMPLOYMENT OUTSIDE THE UNITED STATES

Inadequacy has been a characteristic of the reporting on employment outside of the United States, and on industrial employees who have constituted a large proportion of the reductions to date.

Because of the fact that in the past the War Department has been permitted to report on a quarterly basis, it is difficult to present a 6-month comparison of employees outside the United States for all departments. War Department reductions in civilian employees from June 30 to December 31, 1945, total 298,003. With respect to the other departments, which report monthly, there has been an increase of 899 employees abroad since the end of the war through January.

As of January 1946 there were 1,224,325 industrial employees in the executive branch, and 424,314 of these were among War Department personnel outside the country. Between November and January the total figure was reduced 183,487, and more than 173,000 of this reduction were among War Department industrial employees outside the United States.

AGENCY TERMINATIONS AND PERSONNEL TRANSFERS

Next to civilian personnel retrenchment in the War and Navy Departments it might have been expected that substantial reductions would have resulted since VJ-day because of the termination of war-emergency agencies, and a cursory review of reports may indicate that liquidations for such agencies through January 31 eliminated employment for 97,203 employees. However, investigation reveals that by the nature of the liquidations ordered for most of these temporary agencies, many of their units and functions have been transferred to more permanent agencies whose pay rolls have been increased correspondingly by at least 67,881 employees.

Thus, while it appears that a reduction of 97,203 war emergency agency employees resulted from liquidations to January 31, the net reduction was about 30,000, or 20 percent of the August employment of 159,773. The situation becomes clearer when it is realized that while orders for liquidation in varying degrees were issued on 15 war units since August 1945, only one, the Office of Censorship, has been terminated beyond vestige of any remains.

NET INCREASE IN OLD-LINE AGENCIES

While reductions in War and Navy Departments and emergency war agencies were being accomplished as described, it is remarkable that during the same period a net actual increase of 86,822 was recorded in the total number of employees accredited to the old-line, peacetime group of agencies, and it is significant that 75 percent of the increase is represented in the 67,881 new jobs required to absorb units and functions transferred from temporary war agencies in liquidation.

PERSONNEL CEILINGS

An instrument which could be used effectively for paring personnel in the executive branch to peacetime levels was provided by the Congress when it enacted Public Law 106, Seventy-ninth Congress, directing the Bureau of the Budget to determine quarterly ceilings on personnel employed in the United States by the respective agencies. The declared purpose of the law was, in the interest of economy and efficiency, to effectuate the termination of services of all personnel not required for the proper and efficient performance of the functions of the respective agencies.

The effectiveness with which the law has been applied may be judged on the basis of allowances authorized in the two quarterly determinations made during the fiscal year 1946. The agencies were allowed a total of 1,810,567 employees in the United States, exclusive of wage-board personnel for the first quarter of the current fiscal year which began before the war ended. Allowances for the second quarter, which began after the war ended, totaled 1,856,828, a net increase of 46,261 civilian jobs in the United States, exclusive of wage-board employees. A reduction of 53,466 was prescribed for the War and Navy Departments, and the emergency war agencies were ordered to release 59,955, but the old-line agencies were allowed an increase of 159,682 employees.

PERSONNEL IN BUDGET ESTIMATES

The extent to which personnel levels in the executive branch continue to rise even in the postwar period is evident in the Budget estimates for fiscal year 1947. For example, for the fiscal year 1946 (beginning July 1, 1945), 16 peacetime establishments are shown to have justified to the satisfaction of the Bureau of the Budget a total of 333,301.4 man-years including those connected with national-defense activities. Budget requests for these agencies for the fiscal year 1947 (beginning July 1, 1946) show a total of 367,973.6 or an increase of 34,672. In connection with this increase, it is pointed out that the President in his message last January 14, said that "as in recent years, detailed recommendations concerning most appropriations for the national-defense program are postponed until spring."

So it may be anticipated that the net increase in these agencies will be greater to the extent of personnel required for any national-defense functions assigned to them.

CONCLUSIONS

The committee finds:

I. That employment in the old-line agencies has been increasing ever since VJ-day.

II. That such reductions as have taken place in the emergency war agencies have been nearly compensated for in the increases shown in the old-line agencies.

III. That while large-scale decreases have taken place in the War and Navy Departments, demobilization of civilian personnel is not continuing at a rate comparable to military demobilization.

IV. That perpetuation of excess war personnel in the Federal service is being made by transferring such personnel and functions from war agencies to peacetime agencies.

V. That these increases are taking place under adjusted ceilings established by the Bureau of the Budget.

VI. That there is a clear obligation upon the Congress and the President to determine immediately whether demobilization of wartime civilian personnel is unduly apathetic, whether there is inclination to perpetuate wartime civilian personnel inflation, and whether the situation conforms with the policy of the Government.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. THOMAS of Utah, from the Committee on Foreign Relations:

Prentice Cooper, of Tennessee, to be Ambassador Extraordinary and Plenipotentiary to Peru.

By Mr. THOMAS of Utah, from the Committee on Military Affairs:

Sundry officers for appointment, by transfer, in the Regular Army of the United States; and

Sundry officers for promotion in the Regular Army of the United States, under the provisions of law.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. JOHNSON of Colorado:

S. 2128. A bill to amend section 100 of the Servicemen's Readjustment Act of 1944; and

S. 2129. A bill to remove the existing limitation on the number of associate members of the Board of Veterans' Appeals in the Veterans' Administration; to the Committee on Finance.

By Mr. DOWNEY:

S. 2130. A bill for the relief of Secundano Castillian, a minor; to the Committee on Claims.

S. 2131. A bill to authorize the payment of compensation for time lost in the case of certain veteran and nonveteran employees of the United States restored to active duty after disproval of charges against them; to the Committee on Civil Service.

By Mr. GUFFEY:

S. 2132. A bill to amend the Act entitled "An act to provide for the posthumous

appointment to commissioned or noncommissioned grade of certain enlisted men and the posthumous promotion of certain officers and enlisted men," approved July 28, 1942 (56 Stat. 722) so as to provide for the promotion of persons in the military or naval service who were killed while leading units properly commanded by persons holding a higher grade; to the Committee on Military Affairs.

By Mr. WALSH:

S. 2133. A bill to amend further the Pay Readjustment Act of 1942, as amended; to the Committee on Naval Affairs.

By Mr. TAFT:

S. 2134. A bill for the relief of John B. H. Waring; to the Committee on Military Affairs.

(Mr. BRIDGES introduced Senate bill 2135, imposing certain limitations on appointments to the Supreme Court, which was referred to the Committee on the Judiciary, and appears under a separate heading.)

By Mr. BUTLER:

S. J. Res. 157. Joint resolution to enable private purchasers of corn and wheat to purchase at the same price as the Government; to the Committee on Banking and Currency.

THE GOVERNMENT OF RUSSIA

Mr. BUSHFIELD. Mr. President, I call attention to a statement of British Prime Minister Attlee which seems to me very significant. The statement is as follows:

The Communist Party gives lip service to democracy, but it is essentially undemocratic. The methods by which it seeks to gain power disregard altogether the obligation to maintain the standards of conduct which would make life possible in a civilized society.

In that connection, and as particularly significant, I call the attention of the Senate to a statement by a very distinguished statesman of our own country, Bainbridge Colby. He said:

It is not possible for the Government of the United States to recognize the present rulers of Russia as a government with which the relations common to friendly governments can be maintained. This conviction has nothing to do with any particular political or social structure which the Russian people themselves may see fit to embrace. It rests upon a wholly different set of facts. These facts, which none disputes, have convinced the Government of the United States, against its will, that the existing regime in Russia is based upon the negation of every principle of honor and good faith and every usage and convention underlying the whole structure of international law—the negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or of individuals.

Mr. President, that statement was made in the year 1920 by the then Secretary of State of the United States.

INFLATION—ADDRESS BY HENRY MORGENTHAU, JR.

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a radio address entitled "Inflation," delivered by Henry Morgenthau, Jr., former Secretary of the Treasury, on April 24, 1946, which appears in the Appendix.]

SUFFRAGE FOR THE DISTRICT OF COLUMBIA—STATEMENT BY JESSE C. SUTER

[Mr. CAPPER asked and obtained leave to have printed in the RECORD a statement regarding suffrage for the District of Columbia, written by Jesse C. Suter, and published in the Washington Evening Star, which appears in the Appendix.]

TRANSWORLD AIR LINES CONTRACT WITH THE ITALIAN GOVERNMENT

[Mr. WALSH asked and obtained leave to have printed in the RECORD the Transworld Air Lines' story of its contract with the Italian Government, which appears in the Appendix.]

THE PLACE OF THE UNITED STATES IN WORLD AVIATION

Mr. McCARRAN. Mr. President, there appeared in the Washington Times-Herald this morning an article by John O'Donnell under the caption "Capitol stuff," dealing with a subject which, to my mind, must have the serious consideration and attention of the Congress of the United States within a very short time if Congress is at all intent upon preserving or protecting the rights of the Government of the United States in air commerce.

Mr. O'Donnell's statement gives a history of conditions which are in existence now and are being continued from day to day in the way of secret agreements entered into by foreign governments with one American line against another American line. An article on the same subject is found today in the New York Herald Tribune, written by Bert Andrews. These two articles, so comprehensive and so expressive of conditions as we find them, I respectfully ask unanimous consent to have inserted in the RECORD in connection with my remarks.

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

[From the Washington Times-Herald of April 30, 1946]

CAPITOL STUFF

(By John O'Donnell)

The following will probably disturb the gentlemen in our State Department. But we believe it should be placed on the line—cold turkey—and kicked around in front of the citizens of the Republic whose income-tax payments provide the good old do-re-mi necessary for the upkeep of the diplomatic limousines, cocktail parties, morning coats, etc.

It's important because it concerns this country's definite and established right and power to rule the passenger and traffic lines of the globe—everywhere and in our time.

The Roosevelt hangovers in the State Department, who for some fantastic reason want to give away everything we Americans have to the first down-at-the-heels-sponging foreigner who asks for a hand-out, have been trying to give away our controlling stake in world aviation.

Fortunately, the boys who have something to say about the peacetime control of the skies have so messed things up that the whole story will come out—and we hope with such a dramatic fanfare that it busts up the present peace conference in Paris.

The issue now boiling up before the distinguished Secretary of State Byrnes in Paris as he sits with his Big Four colleagues is a matter of global air control and happens to be one of the messiest stews in the international pot.

But just the same, it's significant. The fight pivots on the squawk of the British because the United States outfit—TWA—has signed up a contract with Italy.

And TWA in the good old American fashion quite properly did its best to freeze out foreign competition—an old-time characteristic which in recent centuries has made Britain and the United States the greatest nations in the world.

Heart of the matter is this: Can the executive branch of the Government, under Truman, carry out the dictator methods of the late Franklin D. Roosevelt and so permit the White House-controlled State Department to enter into agreements with foreign nations with respect to world aviation which are in fact treaties.

The Senate, according to the Constitution of the United States, must pass on treaties and has the power to kick them out the window—as the Senate properly and courageously did when the sainted Woodrow came forth with the Treaty of Versailles and the League of Nations.

A few days ago, the Senate Commerce Committee gave the old-line Roosevelt New Deal theory of secret and private air agreements with foreign nations a resounding kick in the pants when by a vote of 15 to 1 it booted out the State Department's sanctified Bermuda agreements and all others.

The dissenting individual was, as might be expected, Florida's CLAUDE (RED) PEPPER, the Moscow mouthpiece on Capitol Hill.

The lusty kick also inflicted a sad but well-deserved bruise on the intellectual posterior of the former Assistant Secretary of State Adolf Augustus Berle, Jr., who some time back was F. D. R.'s stooge in giving all foreign aviation competitors everything, everywhere, in our time.

The over-all issue is simple. On the world-wide global issue, this country of ours knows more about flying (we invented it), has more technical know-how, has the capacity for turning out planes and fliers in sufficient numbers to service the nations of the world, and created in wartime, all by ourselves, the gadgets and devices for safer, faster flying.

Furthermore, we built fields all over the world to save the hides and necks of our beloved allies and paid for them with American cash.

In other words, the transportation of men and goods through the skies is just as much today a strictly American monopoly as in the last generation was England's control of the seas.

On the domestic front the Nation's dominance (for profit) in commerce of the air may well mean the power to continue the standard of living at its proper place—tops in the world.

The wealth created by the rough-and-tumble railroad pioneers after the Civil War, and later by the automobile manufacturers and roadbuilders of the twenties, increased the happiness of all.

So the dough coming from American air dominance of the universe in the next decade means more fun and happiness for Americans—unless the share-it-all-with-foreigners idea takes over the show—as most of the pinkos and commies would like to see happen.

Some of our native-born rough-and-tumble tough guys in the home-grown aviation show have been using up so much muscle scrapping with each other that they come up panting and fist-heavy when they have to take on overseas challengers.

As examples, we point to Juan Trippe, of Pan-American; Howard Hughes, of TWA; and Gen. C. R. Smith, of American Airlines.

If this trio should meet in a dark alley some night, and just to make the fight good we'll toss in Eddie Rickenbacker, of Eastern, the worthy gentlemen could stage one of the lustiest brawls in the history of what is politely known as the advancement of American economy of global aviation.

Pan-American's Trippe, TWA's Hughes, and AA's Smith are all in the jealous positions of being licensed by our Civil Aeronautics Board to compete with each other and with the foreigners for the definite dough that will roll in from passengers and freight on the soft-touch, blue-ribbon trans-Atlantic routes. Hence the dog-eat-dog tactics, result we may point out of the Berle-Roosevelt line of global

thinking and the screwball thinking which simmers down to this:

"The only way to make money these days is to tap your own bank account, give the cash to a foreign competitor, and then pray that you'll get some of your own dough back."

We thought the country had learned this lesson back in the twenties when the suckers kicked good American cash into European deadbeats (Finland excepted) and our good neighbors in Central and South America.

[From the New York Herald Tribune of April 30, 1946]

UNITED STATES AIR DEAL IN ITALY FACING SENATE ATTACK—SECRET BERMUDA DOCUMENT PROVIDES FUEL FOR NEW ANGLO-AMERICAN DISPUTE

(By Bert Andrews)

WASHINGTON, April 29.—A secret document from the United States-United Kingdom Civil Aviation Conference at Bermuda last February came to light today and provided new fuel for an Anglo-American dispute which may have grave repercussions at the current meeting of foreign ministers in Paris and at the ensuing peace conference.

Senator OWEN BREWSTER, Republican, of Maine, said he would take the Senate floor for a full-dress discussion of the trouble-making paper, which is listed in State Department files as Bermuda Conference—Document No. 8, but which cannot properly be called an agreement since it was not adopted and signed by the delegations, but was merely "noted in the final plenary session."

There are three major issues in the controversy:

Whether the State Department was aware of the monopolistic nature of a contract sought by Trans World Airline with the Italian Government at the very time this Government was opposing similar tactics by the Russians with regard to aviation in the Balkans and by the British with relation to the Italian chemical industry. (Document No. 8, plus other papers, indicates the Department was well informed about all the moves of TWA.)

ONE PARAGRAPH DISPUTED

Whether the exclusive contract signed on February 11 between Italy and the company, whose corporate name is Transcontinental & Western Air, Inc., was in conflict with suggestions at Bermuda that the British Overseas Aviation Corp. would participate in any civilian aviation development in Italy. (Document No. 8 has a hotly disputed paragraph. It does not seem to constitute a formal agreement to give the British a share, as asserted by the British Foreign Office. But it does tend to show that there was talk about the subject and perhaps an unofficial understanding.)

Whether, in the words of Senator JOHN H. OVERTON, Democrat, of Louisiana, the signing of such exclusive contracts would interfere with "the orderly development of international aviation" by inspiring companies of many countries to seek exclusive rights in nations throughout the world.

"The whole thing has very unfortunate implications," Senator BREWSTER said. "The fight on this is only beginning and there is a lot more to come out.

"The State Department witnesses never breathed a word about this Document No. 8, despite exhaustive questioning, until we pressed for it.

"You know, there's an old story about a man who would never tell a lie but who, unless pinned down, was mighty economical of the truth. That seems to be the case here, and we're going after the truth."

AGREEMENT DENIED

The State Department position is that Document No. 8 was not directly connected with the main purpose of the Bermuda Conference, but was merely the fruit of discussions by a two-man Anglo-American committee, in which discussions the British served notice they wished to participate in any revival of Italian internal aviation. The State Department contends that the document, including the passage relating to Italy, was not accepted or agreed to.

The view advanced in London by the British Foreign Office is that one passage in the document constituted a secret agreement of the Bermuda Conference to let Britain and the United States share in the operation of Italy's new civil air line, Linea Aero Italiane, in which, subsequently, TWA received exclusive partnership.

Following is the pertinent paragraph from the Bermuda document—a paragraph which is expected to be parsed painstakingly by many Senators before the debate is ended:

"The United States delegation stated that the Italian Government had requested TWA to participate in the rehabilitation of their internal services. This subject had, according to their information, been discussed by the Allied Commission in Italy, and the United States delegation were anxious to learn whether, in the event of Italian internal air lines being authorized by the Allied powers, His Majesty's Government would desire British interests to participate in any scheme for assisting them. The United Kingdom delegation replied that His Majesty's Government would almost certainly so desire."

SECRECY RECOMMENDED

The document embodying this and other paragraphs was signed for the United States by Stokeley W. Morgan and for the United Kingdom by L. J. Dunnet. In submitting their report to the Bermuda Conference on February 11, they said: "In view of the confidential nature of most of the questions dealt with in our report, we recommend that with the exception of paragraph 9 none of it should be made public."

None of it was—at the time.

In finally sending the document to the Senate Commerce Committees, which had already gone exhaustively into the Italian phase, the State Department said:

1. That the document was drawn up by Messrs. Dunnet and Morgan in expectation that it would be adopted and signed by the delegations at Bermuda.

2. That it was not adopted and signed but "was only noted in the final plenary session of the Conference."

3. That "due to the delicacy of some of the matters discussed herein, and the agreement that this record of conversations should be treated as confidential, it is considered essential that it not find its way into the public press."

SECRECY IRKS SENATORS

Many of the Senators did not see eye to eye with the State Department on the secrecy request. Some of them have been irate over the number of international moves made by Executive agreement without consideration of the treaty-making powers of the Senate.

Senator BREWSTER, in discussing the overall topic, voiced a tribute for Don Cook, of the London Bureau of the New York Herald Tribune. It was a story by Mr. Cook in the issue of April 17 which played a big part in the demand for public airing of the whole situation. Mr. Cook's story quoted the British Foreign Office as saying the TWA-Italy contract upset a secret agreement under which Great Britain and the United States were to have shared in the operation. It carried the headline, "TWA accord with Italy voids Anglo-United States pact—upsets a secret agreement reached at Bermuda to share in air-line rights."

The next day the State Department acknowledged that Britain was protesting the TWA contract on the ground that the BOAC was excluded.

A few days later the State Department reported to the Senate Commerce Committee that TWA had made a "monopolistic" contract which threatened to complicate "the already difficult problems in the Council of Foreign Ministers." The State Department admitted it had known since November 1945 that TWA was trying to negotiate the contract, but said that "the exclusive nature of this contract, in spite of repeated inquiries by the State Department as to its terms, was not known to this Government until February 8, 1946."

SENATORS TO PURSUE INQUIRY

It became known today that some Senators intend to pursue the inquiry along these lines:

The TWA-Italy agreement was signed on February 11.

Since documents submitted to the Commerce Department show that TWA kept the Embassy in Rome continuously aware of its negotiations, why did the State Department not become aware of the nature of the proposed contract before February 8?

Why, if the Department did learn of the nature of the contract on February 8, did it not act within the 3 days between then and February 11 if it objected so strongly?

Why did the Department notify the embassy in Rome on March 25 that it appeared to be within Italy's rights to negotiate a contract with a private company, such as had been done with TWA, provided that such contract provide for participation by others if the Combined Chiefs of Staff so ordered.

One of the answers appears to be that the Italian Government now hesitates to go through with the contract because of possible bad reactions at the foreign ministers' meeting or the peace conference if the British plea for a share is rejected.

Some of the other answers may come out when Senator BREWSTER takes the floor.

Mr. McCARRAN. Mr. President, for many months, in fact, during all the present session of Congress, and before, the Committee on Commerce of the Senate has had before it the matter of air commerce abroad, the air commerce of the world, and the part we should play in that great venture.

If America is to pay off her national debt, if we are to take our place among the nations of the earth in commerce, then America, with the fine advancement she has made up to date, should not lose her place. But, Mr. President, day by day and step by step America is losing her place in the vanguard of the commerce of the world. Today we are losing mail contracts, we are losing passengers, we are losing prestige, because we are divided, one line against another, one company against another, when, as a matter of fact, our great competitor in the air, the British Empire, stands as a unit with the entire British Empire behind one line, one British flag line.

The Committee on Commerce had before it a measure which would create what I choose to term the All-American Flag Line, behind which this Government would place everything it had in the way of power in every direction. The Committee on Commerce failed to report the bill by a vote of 10 to 10. It is again before the Commerce Committee. Hearings are to be held before it commencing on the 20th of this month, and I hope that when the Commerce Committee reaches the point of voting on the All-American Flag Line measure

again we will see to it that America will stand behind American lines; that America will take her place in the front line of commercial activity so that the American people may be proud of the American line that will carry commerce by air with American energy behind it.

The articles I have placed in the RECORD show, Mr. President, that the public is now becoming awakened to the situation to which it has been so long blind.

Mr. BREWSTER. Mr. President, will the Senator from Nevada yield?

Mr. McCARRAN. I yield.

Mr. BREWSTER. Supplementing what the Senator has said, I wish to say that I had an interesting experience 2 years ago when this matter came up. A representative of a reliable British agency came to me and wanted me to make a statement on the subject. I suggested to him that our merchant marine had been paralyzed in the last two decades by reason of division of opinion here on the subject, and whether or not it was stimulated from outside sources, the result had been the same. I suggested that possibly the same policy might be followed in the air. While he was not an official representative of the British Government, so I do not assume to affix to it governmental responsibility, he suggested that naturally the British would do the best they could to divide and conquer.

The only importance I attach to that is that in the last 2 years, whether or not instigated from inside or outside sources, that is precisely what has been going on. I do not mean to intimate that the distinguished gentlemen who head these various overseas air enterprises engage in anything other than the good old American game of competition, but I do suggest that it operates very much to the advantage of our foreign competitors in the most important field, perhaps, to be developed in the postwar world, since I think without exception every one of them is operating as a complete monopoly. So while Britain had contemplated they would have private participation, the labor government immediately excluded that, and has made available in recent months a total credit of $600,000,000 for the development of British overseas airlines under one control. Against that we have the comparatively puny efforts of American private enterprises, with an investment of much less than $100,000,000 capital available. They have six times that much in the British venture. It indicates, I think, the tremendous importance they attach to the conquest of the air, so that the British flag may be supreme in commercial air service as it has been so long upon the seas.

I in no way challenge their rights or their wisdom, but I say this only so that we may keep definitely in mind the question of the kind of competition we are up against, with which the Senator from Nevada has done so much to familiarize the people of this country.

One item which I left out of the discussion the other day was the device that the British use to keep British travelers from flying American. While anyone can fly any line, under present exchange arrangements an Englishman leaving England is only allowed 100 pounds for all expenditures. That means about $400. The fare to New York under present restrictions is $375. So that if an Englishman should elect to fly on an American line he would arrive in New York with $25 in his pocket to spend in the night clubs, with nothing left to pay his way back home. He would have to swim home. If, however, he should decide to fly British that sum of money is allowed as an extra allowance. He can take with him not only $400 to spend in America and elsewhere, but he may also draw $750 to pay for his round-trip fare on the British line.

Again I do not criticize the British. I think they have a perfect right to do this; indeed, I think they are very smart to do it. But it merely illustrates that we cannot afford to be be simple or naive. I very much hope that the advocacy of the Senator from Nevada for unity in approach by private enterprise to this situation may be very much more seriously considered as time goes on, and that all of these various enterprises may feel the wisdom of uniting their efforts in the interest of America taking the position to which it is rightfully entitled in the airways of the world.

Mr. McCARRAN. Mr. President, I am very grateful to the Senator from Maine for his contribution.

PAYMENT OF BONUS ON WHEAT—PLIGHT OF WHEAT FARMERS

Mr. LANGER. Mr. President in connection with the recent order issued by the Secretary of Agriculture respecting a bonus on wheat delivered before a certain date, I will say that I have received scores and scores of letters of protest from farmers. I have picked out a few which I wish to read to the Senate. One is addressed to me from New Leipzig, N. Dak., under date of April 26, 1946, and is as follows:

NEW LEIPZIG, N. DAK., *April 26, 1946.*

Hon. WILLIAM LANGER,
Washington, D. C.

DEAR MR. LANGER: Allow me to call your attention to the fact that the Government offering a 30-cent premium on wheat, at this time, is not quite fair to some farmers.

In January of this year I received a letter asking me to sell my wheat as it is badly needed to feed Europe. I responded to the Nation's call for food and sold my wheat at that time, but there were many that didn't do that. Now it seems that those who didn't respond at that time are offered 30 cents per bushel and those who answered favorably to the call in January, or rather the beginning of the year, are the losers.

This, I believe, is not fair and I think that the premium should be paid on all wheat delivered after January 1.

No doubt, Mr. LANGER, you have already thought of that, too, because I know you are looking out and doing all you can for your people. So, don't you agree with me on this point and don't you think it would be only fair to pay the 30 cents to all or to none?

Thanks a lot.

I remain,

Yours very truly,

SAM E. ROEHL,
A Grant County Farmer.

I have received another letter from Berthold, N. Dak., under date of April 26, as follows:

BERTHOLD, N. DAK., *April 26, 1946.*

Senator LANGER.

DEAR SIR: I am writing you in regards to the 30-cent bonus on wheat brought in before May 25. Lucky for the farmers that didn't rush to the call to haul in the wheat. What about us that hauled ours in before this bonus came about? Seems being patriotic doesn't pay. This 30-cent bonus would come in mighty handy for me, trying to get a start on the farm and having to buy high-priced second-hand machinery, because a fellow just starting up farming hasn't a chance to get any new equipment. Seems anybody that's been farming for years, and has a good line of machinery, can get new equipment, but not a beginner.

Would appreciate knowing if we earlier birds have a chance of getting the 30-cent bonus, too.

Sincerely yours,

LOUIS CAIN.

I also have a letter from Heaton, N. Dak., under date of April 24, 1946, written to the entire North Dakota delegation, as follows:

HEATON, N. DAK., *April 24, 1946.*

Mr. GLENN TALBOTT,
President, North Dakota Farmers Union.

Hon. CLINTON ANDERSON,
Secretary Agriculture.

Hon. WILLIAM LANGER.
Hon. MILTON R. YOUNG.
Hon. WILLIAM LEMKE.
Hon. CHARLES ROBERTSON.

GENTLEMEN: I am writing you in regard to the recent order of the Secretary of Agriculture giving farmers 30 cents a bushel bonus for wheat delivered from April 21 to May 25. What about us farmers who had to sell our wheat last fall on the open market?

I am a renter and there are no grain-storage facilities on the farm, and there are many hundreds like me in North Dakota. When I threshed last fall there was no elevator storage available so I had to sell my grain the same day I threshed. Now I have to buy seed and pay the extra 30 cents per bushel for my seed, taking a double loss. Do you think this fair? Our grain has been used for feeding the world and now the grain hoarders—men who have been holding their grain off the market are to get an extra 30-cent bonus. Is that fair? I have a section nearly ready to put into wheat and I'll be damned if I'll pay that extra 30 cents per bushel for seed. I'll let it lay idle first.

I think this is about the rawest deal the majority of North Dakota farmers have ever been handed. A good many hundreds like me are about ready to quit. A small percentage of farmers who were fortunate enough to get threshed early and have their own storage get the bonus. I think this is the worst kind of discrimination.

Respectfully yours,

EARL E. JAMES.

Mr. President, I call attention to the fact that when the Government wanted linseed oil in 1943 it promised the farmers of the Northwest $10 an acre if they would seed their land to flax. Thousands of farmers took the Government at its word and seeded their land to flax. Some of them broke up land which they really did not want to break up, but in order to help the Government they broke it up and seeded it to flax; 1943 went by, 1944 went by, and 1945 went by. We are

now in 1946. Although I protested time and time again, up to the present moment the farmers have not received the $10 an acre which was promised them.

In connection with wheat, the next day after the order was made, after I had received several telephone calls from North Dakota, I introduced Senate bill 2118, providing for the payment of a bonus of 30 cents a bushel on wheat produced and sold between January 1, 1945, and April 18, 1946. The farmers in the State of North Dakota—and I assume that the same thing is true of the farmers of Montana and South Dakota—are up in arms over this recent order. One of the men writing to me stated that if the farmers buy seed now they must pay 30 cents a bushel more for it than they would have to pay if this order had not been made. There is no provision in the order that a man who did not have seed and who wished to seed his crop, would not have to pay 30 cents a bushel extra.

I call attention again to the fact that all over the Northwest there has been a serious lack of farm machinery. The county agent in one county, the county of Hettinger, of which Mott is the county seat, testified that in 1943 the farmers of that one county lost approximately $1,000,000 in wheat and flax, because they did not have the farm machinery available with which to take care of their crops. At that very time, in 6 weeks, from July 15 to August 31, through the city of Portal, N. Dak., one little port of entry, 655 rubber-tired combines and 566 rubber-tired tractors were exported to Canada. They were taken through North Dakota, where the farmers needed the machinery so badly, and sent to Canada.

It seems to me that the farmers all over the Northwest have received a pretty miserable deal from the Government. In the last war the prices of farm machinery went up and up and up. After the war was over the prices of farm machinery remained at a high level, and today farm machinery costs more than it ever did before in the history of the United States.

But what happened with respect to wheat? In the last war the farmers were getting $2.26 a bushel at Minneapolis. Instead of the price of wheat going up, when this war started the price was kept practically stationary. Today the farmers are receiving, aside from the bonus, from $1.50 to $1.60, although the prices of everything the farmer must buy have skyrocketed, and in many instances, as the distinguished Senator who is presiding [Mr. McKELLAR] well knows, today the prices of some of the things he buys are practically doubled.

My bill has been referred to the Committee on Agriculture and Forestry. I am hoping that the Committee on Agriculture and Forestry of the Senate will take prompt action on the bill.

Last Saturday a group of Senators went to see Secretary Clinton Anderson. The group included Senators from Missouri, Oklahoma, South Dakota, and Minnesota. At that time I protested the treatment which the farmers had received. For example, the Government says to us in January, "Europe needs your wheat, and if you are a good, Christian, patriotic farmer, get in your wheat fast." The farmers who believe the Government and want to help the people in Europe bring in their crops and then find that some farmer who did not do so gets 30 cents a bushel more. When the next crop is taken off the ground and the Government comes along with its appeals, I am of the opinion that the farmers are going to do what some of these letters indicate. They will not be so anxious to respond to the call of the Government because of the feeling that within a few weeks or a few months the Government will come along with a bonus of 30 or 40 cents a bushel.

I invite the attention of the Senate to the terrible plight of the farmer in North Dakota with respect to the labor situation. Day after day I receive letters, as I assume most other Senators from farming States do, telling of instances in which the last son has been taken away from the farm home. A man 60, 65, or 70 years of age may have between a half section and a section of land. When he goes to the State selective-service board and asks that his boy be left on the farm for some time to help put in a crop, or possibly to harvest it, the State director says to him, "Your boy can be replaced by a hired man." But when the farmer goes to an employment agency he finds that no hired man is available. So it is simply begging the question, simply an excuse, to say to a farmer who wants his boy at home, and is entitled to have him at home under the Tydings amendment, "We are going to take your boy, because you will be able to get a hired man," when as a matter of fact nearly every farmer in North Dakota knows that it is impossible to get hired help.

I hope that the Committee on Agriculture and Forestry will take prompt action on my bill. I may add that my distinguished colleague from North Dakota [Mr. YOUNG] is in the Chamber. He has just returned from North Dakota, where he has been for about a week. He was not present at the time we had our meeting with the Secretary of Agriculture, but I now yield to him. I believe he will verify my statement.

Mr. YOUNG. Mr. President, I fully agree with the sentiments expressed by the senior Senator from North Dakota. The farmer of North Dakota has believed all along that the price of grain would be based on parity. The farmers responded to the call of the Government to haul their wheat to town to help the starving people of the world. They were doing it as fast as they could with the shortage of help. They are now in the process of planting their crops, and it is utterly impossible to get all the wheat in immediately and still plant their crops with the present shortage of labor.

I have been handling many requests made of citizens of North Dakota to provide wheat to the starving people of Europe as pure gifts, particularly for people of Polish descent. Now the Government comes along with a bonus of 30 cents a bushel. Only about a third of the farmers can take advantage of it. Many patriotic farmers have already disposed of their wheat.

On top of that, Dean Acheson has issued a statement to the effect that wheat should be taken away from the farmers of North Dakota. That is one of the most damnable statements I have ever heard by any official of the United States to a patriotic and generous people. In the first place, it is entirely wrong. Property cannot be taken away from people in that manner. The farmers must keep a part of their wheat for seed. If they do not, and there is a crop failure, many will be faced with feed and seed loans, on which they will be charged 5 percent interest, as has happened in the past. The feeling on the part of the farmers against the British loan is due partly to resentment over the 5 percent interest charged them. At one time two-thirds of the people of my State had feed loans on which they were paying 5 percent interest, and they were buying bonds at the same time which paid 2½ percent interest, and now the United States is making loans to foreign countries at 2 percent interest or less.

Mr. LANGER. I should like to ask my distinguished colleague what the situation is relative to farm help and the drafting of farm boys.

Mr. YOUNG. Experienced help is not available at all. In fact, I own a farm and I have not been able to get an experienced man to help on it. It is not possible to get machinery; it is impossible to get lumber, or most things farmers need so badly to produce food. There is absolutely no lumber at all for dire needs.

Mr. LANGER. I ask my colleague if he knows of a single farmer who has been able to hire a man to help him on his farm after his son has been drafted and he has been told that he can hire help through an employment agency.

Mr. YOUNG. No; it is impossible to obtain farm help. Although farmers need experienced help in connection with the production of food crops, it is impossible to obtain experienced help.

PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

Mr. ELLENDER. Mr. President——

The PRESIDENT pro tempore. The Senator from Louisiana is recognized.

Mr. ELLENDER. Mr. President, when the Senate took a recess yesterday afternoon I asked leave to place in the RECORD an excerpt from the statement of Hon. Fred Vinson, Secretary of the Treasury, in relation to the sterling bloc area and the sterling dollar pool area, because previously the Senate had, in my opinion, fully debated the problems involved in respect to those issues. As I have pointed out on several occasions, the purpose of the proposed loan is to replace losses which have been sustained

by the British during and since the war from many of their investments which were made abroad. It will be recalled that, as I pointed out, the imports of Great Britain were largely paid from income derived by the British from investments made abroad and from shipping. There has been such a decrease in the income from those sources that the British find it necessary to obtain money, so the story goes, to offset the loss. This loan will also be used in order to assist those in the sterling bloc area who now are knocking at the doors of the British, trying to obtain some kind of settlement so that they can continue to function.

I further pointed out, Mr. President, that I can see no hope that the money which we propose to advance to the British will sustain their economy. It will react as a mere shot in the arm, as it were; and after the money we advance is spent, there will be a demand for more funds.

Mr. President, in my humble opinion the British will never be able to have with their colonies the business dealings favorable to themselves which prevailed for many years before the war. There has been a vast change in the colonial picture of the British. Efforts are being made today by the British to bring about a better feeling among their colonial possessions, but little success is being attained.

Mr. President, I shall quote from W. E. Duffett, A. R. Hicks, and G. R. Parkin, writing in India Today, a book which was published in 1942. The chapter from which I shall read is entitled "British Policy Toward Industrialization of India." From these few excerpts we are able to note the efforts the British are now making in an endeavor to maintain their colonial possessions, to pacify their subjects, and to try to recoup some of the business lost from their colonies. But Britain is not meeting with much success. As many Senators know, the subject is very controversial, in that many of the leaders in the colonial possessions of Great Britain are making efforts to gain independence; and the moment they do they will be about ready to move forward under their own steam, all of which will mean a greater loss of trade, both export and import, by the British from those sources.

Mr. President, I now read from the book entitled "India Today":

This is a highly controversial subject and it is an essential point in Indian Nationalist creed that British policy in India has been directed toward maintaining British economic interests and that these are directly opposed to what the Nationalists consider true Indian interests.

The argument hinges around such subjects as the contribution of India to British prosperity, the alleged manipulation of Indian exchange rates and tariffs to suit British interests and the effects on Indian industrialization of British participation.

Congress (the Congress Party) contends that the maintenance of the one-shilling and sixpence rate (of rupee-sterling exchange) during 1929–1935 had deflationary effects on the Indian economy and was the cause of a large outflow of gold, whereas a lower rate would have benefited trade and sustained agricultural prices. Congress partly believes that the Government refused to devalue the rupee because a lower rupee would hamper British exports to India and increase the cost in rupees of British remittances from rupees into sterling.

Indian tariff policy has also caused considerable friction between the two countries. Up to about 1922 Indian tariffs were low and for revenue purposes only, but since then there has been a gradual expansion of protection, combined with preferential rates for Empire products. In 1921 the British Government granted fiscal autonomy to India, involving transfer of control over tariff policy to the viceroy and the central legislature. Unfortunately, even when British and Indian interests have coincided, Indian nationalists have been very suspicious of the tariff policy of the Indian Government and hold the view, for instance, that the British retained free trade in India as long as it was in their interests, but when Japanese competition began to threaten Lancashire's textile trade the British imposed high tariffs and imperial preference on India. In particular, new tariffs on textile goods, with special concessions for British goods, introduced in 1930, and the British-India Trade Treaty of 1935 have been bitterly opposed in the Indian Assembly.

There has also been prolonged controversy over the alleged failure of the Government of India to take active steps to promote the growth of industry, and it is sometimes even claimed that the Government has deliberately discouraged certain kinds of industrial development.

I now read from an article entitled "India Important Producer of Allied Supplies," written by Guenther Stein and published in the Christian Science Monitor of April 13, 1943:

Even the most drastic critics of British Government policies agree that if the war continues for a few years Indian industries will be greatly enlarged and should have sufficient momentum to proceed inexorably toward making India one of the world's leading industrial nations, for which it is admirably fitted, having a great variety of minerals and other raw materials, a good transport system, and masses of cheap labor.

Among new developments cited is "the completion within 2 years of a modern factory, now providing complicated alloy steels not previously manufactured in India, and other new plants initiating the production of the most up-to-date war equipment. A new plant is now producing India's first aluminum." * * * "India is at present making more than 20,000 items required for the war." In addition to this, production of old established lines has steadily increased.

India's harbors and railways have also been improved.

Mr. President, I have read these excerpts to show that the conditions in India are changing to such an extent that insofar as industry is concerned, Great Britain will no longer be able to control the exports from and the imports to India as she has been doing in the past. India will soon assume an industrial stride of her own, and that condition is bound to decrease, to a large extent, Britain's revenue, and that in turn will be reflected in her ability to repay this loan.

I now quote from an article in the Indian Textile Journal for March 1943, entitled "Some Postwar Problems of the Indian Cotton Textile Industry," by a writer named Sastri:

At the time of the declaration of the last war, the principle of free trade was accepted by most nations. Since the depression that principle has given way to economic nationalism. Another unfavorable factor is the growth of monopolistic bodies to regulate trade, for instance, the United Kingdom Commercial Corporation, which is working actively in the Middle East, in East Africa, and Ceylon, trying to restrict the number of textile concerns in those countries.

Mr. President, for some time the British have been making every effort to prevent the development of textile industries in India and in other countries of southern Asia, but she has been gradually failing in her efforts, and consequently many of the textile mills in Great Britain will not continue to have the large markets which they have had in the past.

Let us see what India has been attempting to do in Burma in an effort to expand her trade. In that colony Great Britain is meeting with strenuous opposition, and there is no doubt in my mind that she is bound to lose a great deal of her export trade to Burma, which, as well as India, is developing industrial plants and enlarging them. Burma is making many commodities which are sold in what were formerly British markets. Not only that, Mr. President, but she is developing those industries for her own use and, necessarily, that is bound eventually to encroach upon the former trade of Great Britain.

I quote from an article entitled "The Future of Burma," by J. H. Furnivall:

"Blueprint for Burma," a report prepared by Members of Parliament and recommended by the chairman of the Conservative Imperial Affairs Committee, summarizes Burmese problems, states a possible future policy, and makes proposals for defense, and for the political and economic development of Burma.

The background: Today the people of Burma have an intense desire to control their own affairs. In the past, although economic development has been rapid, industry has been controlled by British interests, commerce by British, Indian and Chinese interests, and the labor force has been Indian, for the most part. Half the population of the country has been reduced from landowners to tenants and the other half burdened with a debt averaging £15 per family. In 1939–40, Burmese exports amounted to double the imports, and of the latter, a large share were for non-Burmans. Social welfare was neglected for economic advancement, and unhealthy conditions developed, such as social disorganizations, decay of national religion and education, growth of crime, and corruption in administration.

Objective: The Imperial Government has pledged that Burma will have dominion status, i. e., self-government, and that separation from India shall not hinder its constitutional development. However, the committee's report makes self-government subject to certain reservations, providing for protection of British and Indian capital and enterprise. Until she can control economic development to national advantage, Burma will need help. Unless social and economic conditions allow of independence, forms of self-government are futile. Great Britain should be best able to help Burma, but few Burmans realize they need outside assistance. Effective proposals for reconstruction must be sound and must have the confidence of the Burmese, and the blueprint proposals fail in this respect.

Proposals for defense: The committee recommends the creation of a national army made up of Burmans but provided with British advice and assistance.

Economic proposals: (1) Industry and commerce. The committee recommends that former firms be rehabilitated in order to resume their activities under controls that will protect Burmese nationalism, also that a systematic plan be adopted for training Burmans in industrials and commercial life. Since the primary aim of either British rule or national government is to make Burma capable of independence, all foreign enterprise which promotes such a policy should be encouraged. British and Indian capital should have no privileges.

I quote on the same subject from Britain's New Colonial Empire, by Ronald Stuart Kain, published in the Yale Law Review:

Developments accompanying the fall of Singapore demonstrated that the progress made by Great Britain in colonial reform had not been sufficient to maintain the loyalty of many dependent peoples in time of an emergency. British self-examination of its colonial system revealed certain fundamental defects: Britain has moved too slowly and reluctantly in the direction of colonial self-government; not enough has been done to develop the economic resources of the colonies, and to raise the standard of living of the populations; the influx of white settlers has raised political and economic barriers to native development, and has created racial discrimination; the color bar has remained an obstacle to the development of a working partnership between the mother country and the colonial peoples; many educated natives object to the British policy of indirect rule, since it serves to perpetuate primitive institutions and preserve the autocratic power of the chiefs.

The British Government is now undertaking to build a new imperial structure, with the guiding principle of administration of the colonies for the benefit of their own peoples, and with dominion status as the goal. As a first step, the British Government has undertaken to prepare the colonies for self-rule at a greatly increased tempo. Native aptitudes are being developed in business and politics. Educational progress and economic development are considered necessary for the program. The Colonial Development Fund supports projects designed to provide the basis for long-range social and economic development. A colonial research committee is planning comprehensive application of science, technology, and administrative skill to the problems of expanding and diversifying colonial production. The Colonial Office is sending out trade-unionists and experts from the Ministry of Labor to assist the various colonies.

Various measures are being considered for the reorganization of the colonial service, establishment of better liaison between Parliament and the colonies, and the enlistment of the cooperation of the United States and other interested powers in supervising the backward and dependent areas on a regional basis. Permanent grouping of adjacent British colonies is considered as a step toward more efficient administration and defense. Participation of the French, Dutch, Belgian, and other interested governments in a scheme of regional councils or commissions could be the logical outgrowth of the close military and economic ties now existing among the United Nations.

Objections have been raised that the program is not rapid enough, but Britain's attitude is conditioned by the feeling of responsibility for the colonies, her dependence and need of them, and her colonial pride. She has therefore rejected proposals for the administration of her colonies by an international agency.

The rapid industrialization of the dominions partially accounts for their current interest in lower tariffs and the development of backward areas through international loans and large-scale investments. Their need for immigration should be selectively used for economic as well as social reasons. The dominions are well aware of the necessity of raising standards of living throughout the world if they are to live in security and peace. Though the dominions remain small nations, inevitably affected by the decisions of great powers, their resources in men and materials will enable them to play as large a postwar role as that which they have played in the winning of the war.

Mr. President, I have read these extracts to illustrate the present British policy toward her colonies, to indicate the difficulty she faces, and to show that sooner or later these colonial possessions will be no longer under the control of a small group of Britishers in London, but, like Canada, Australia, New Zealand, South Africa, and other colonies, will make every effort to strive for themselves, to get away, as it were, from the British domination and become more independent in their own development and the development of their trade with other nations.

Now, Mr. President, I desire to discuss briefly the terms of the so-called loan which really should be termed a gift. The rate of interest is 2 percent, and payment thereof is not to start until 1951. In other words, should the British draw this entire sum of money within a week after Congress gives its approval, which could be done, the borrowers would have the use of that huge sum until 1951, without the necessity of paying 1 cent of interest.

The loan is to be repaid in 50 installments, beginning in 1951, with, as I said, a rate of interest of 2 percent from that year; but, under certain conditions, the interest can be forgiven. It is written in the agreement that unless the British trade aggregates a sum equal to or in excess of her trade during the 5-year period from 1935 to 1939—and a period covering other years may be fixed—the interest must be forgiven.

As was brought out by the distinguished Senator from Ohio [Mr. TAFT] in his address of a few days ago, although before the war British trade aggregated in the neighborhood of between five and six billion dollars at the most, it would be necessary that her trade increase to as much as $7,000,000,000, for the reason that the trade must not only be considered by volume but also consideration must be given to the increased cost of producing it; and it is not very difficult for one to realize that, because of the fact, as I stated yesterday and this morning, that the British are very much hampered in their dealings with their former customers, they cannot expect to reach the prewar goal. Therefore, I contend that the provision for the payment of interest might as well be eliminated. I expect no interest to ever be paid.

Mr. President, how in the name of common sense can we expect repayment of this loan of $3,750,000,000 when a loan of $4,200,000,000 that was made during World War I has not been completely repaid to us? When that loan was made Britain was in a far better position in every respect than she is now. She enjoyed better relations with her own colonies. Her colonial possessions had not at that time reached the industrial development they have since attained. Her debt then was about $30,000,000,000, in contrast with a debt of almost $100,000,000,000 at the present. The service charge she must now provide in order to discharge her debts, aggregating $100,000,000,000 will be almost three times what it was before the war, since her debt is now over three times greater.

As I indicated yesterday, England depends for her sustenance largely on revenue she obtains from shipping. Before the war she had 22,000,000 tons in operation, as I recall the figures. Today the amount has been reduced to 15,000,000 tons. That on the face of it is bound to curtail her revenues in that enterprise, which are so essential to enable her to meet her obligations. The revenue from other investments have been reduced considerably from what they were before the war, and I repeat, with such a staggering debt as is now owed by Great Britain, she cannot hope to pay back this loan; and that is why I term it a gift.

Mr. President, I have tried to evaluate the benefits which would flow to the United States from making this loan, and I am unable to find any. I cannot believe that the British will be able to maintain the various blocs Britain has created, and which were discussed yesterday on the Senate floor at length. The peoples of the sterling and other restricted areas are going to need help, and if they cannot get it from Great Britain, they are going to trade somewhere else. I am confident that we will get our share of it without having to try to bail out Great Britain.

Mr. JOHNSON of Colorado. Mr. President——

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Does the Senator from Louisiana yield to the Senator from Colorado?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Colorado. Not only is what the Senator says true, but these blocked credits are not even good in England at the present time. They cannot be traded with any country. They are in the form of claims, and are deposited in the bank, but they are blocked. They are blocked from the commerce of the world, they are blocked from the commerce of Great Britain. Of course, the bankers of Great Britain know they cannot operate a bank on that kind of a basis, and that they have to free those claims or repudiate them, one or the other. As a matter of fact, the blocking is a repudiation of them.

Mr. ELLENDER. The Senator is well versed on that subject, and I should like to have him elaborate a little on one feature of the situation. The various countries in the sterling area will be forced to trade with Great Britain—so the story goes—because Britain is in their debt. Since Great Britain needs money with which to function—that is, with which to buy raw materials—how can those countries which have credits with Great Britain which are frozen expect to get goods from Great Britain unless they pay some actual money or trade in some way by barter? Certainly, the money

that is frozen in the bank cannot be used in paying for goods they might need from Great Britain. The point I wish to emphasize is that since Great Britain needs the cash to pay for her imports she will not be in a position to pay her debts by delivering goods to her creditors.

Mr. JOHNSON of Colorado. Of course that is true. The first thing that will have to be done will be that Great Britain will have to unlock those claims. She will have to make those claims worth something, and at the present time they are practically worthless. They are simply locked up, and blocked, and cannot be used for any commercial purpose whatsoever.

This is the whole plan: Out of our loan Britain expects to finance the importation of raw materials, and she expects to manufacture those raw materials into goods which she can ship to the nations to whom she is indebted, and thus satisfy them. Of course, so long as we keep supplying her with raw materials on a loan basis, or a gift basis, or any other basis, she perhaps can quiet those in the sterling area who have claims deposited in the Bank of England, because they cannot collect anything on those claims unless they take them out in goods, and that creates a tremendous demand for British goods.

Mr. ELLENDER. But in order that Great Britain may be able to keep going without further aid, she will have to get paid for all those goods. Otherwise, she will go into bankruptcy. Is not that true?

Mr. JOHNSON of Colorado. Certainly. Even though we furnish the raw materials free, at the other end of the line, if she turns over the finished goods in payment of debts, what profit does that leave Britain? That is why I contend that this loan is not sufficient in size to do the job it is expected to do. Three billion seven hundred and fifty million dollars is a good deal of money, but we expect it to free $14,000,000,000 worth of claims, and it cannot do it, because between our raw materials and the finished products the people of England have to support an expensive military, they have to take care of a social problem that is tremendous, they have to make their own living.

Mr. ELLENDER. And, as I just indicated, they have to service a much larger debt.

Mr. JOHNSON of Colorado. That is correct; they have to service a much larger debt, and they have to do all that out of the raw materials we furnish them free, and which they have to turn over to their creditors without receiving anything in payment.

Mr. President, it is an impossible situation, and of course that is the basis of the opposition to the whole plan in Parliament. The Tory Party refused to vote on the loan. They said, "We are not going to assume any obligations," because of course they know it is an impossible thing, that it is not sound economically, that it cannot possibly work out; yet we are going along encouraging that kind of unsound economics.

Mr. ELLENDER. Mr. President, I thank the Senator from Colorado for his contribution. I know he has studied the problem very closely. I am glad that he is in agreement with me in believing that if we advance to the British this $3,750,000,000 we will merely satisfy their economy for a few years. I am sure the British will come back and ask for more later.

Mr. JOHNSON of Colorado. It is necessary to satisfy their economy and to satisfy their creditors as well, and $3,750,000,000 simply is not enough money to satisfy their economy, let alone satisfy their creditors.

Mr. ELLENDER. What does the Senator think those creditors will do if the British cannot supply them with goods?

Mr. JOHNSON of Colorado. They will have to have goods, and must seek them and buy them in the markets of the world, and if we have the goods, and they need the goods, they will have to buy them from us. And if we buy their goods from them with our dollars they will have to use the same dollars to come here and buy our goods, regardless of any blocked sterling or sterling area or any other bloc or treaties they may make or preference in trading they may agree to with Great Britain or with anyone else. Their needs and the dollars they have to supply those needs are going to be the determining factors, and not a silly bloc established by England, which functioned very well during the war. They never applied it previous to the war. The blocked sterling occurred only after the war, when services and goods disappeared in all the markets of the world, and Britain could handle it as a war measure. But the war is over now, and the merchants and the bankers of England have been very frank in stating that they cannot continue that sort of policy. They know it cannot be continued. So we are simply bailing them out of an impossible situation, or pretending that we are bailing them out, for the fact of the matter is that we are not bailing them out.

Mr. ELLENDER. We are simply aggravating and prolonging the situation which now exists.

Mr. JOHNSON of Colorado. We are merely alleviating it temporarily.

Mr. ELLENDER. Mr. President, I am glad to have the opinion of my good friend the Senator from Colorado. I know that what he has stated is correct.

I believe the subject was very well covered yesterday during the debate, and I was very glad to yield to many of my colleagues who do not happen to be present now, but who were most interested in the debate which took place yesterday. I firmly believe that if this debate can continue for a little while longer, and if the press of the Nation and the radio will give to the American people a true picture of the situation, there will not be a chance for the loan to be authorized. I do not believe that Congress will then adopt the pending measure.

Mr. President, as I pointed out yesterday, I think it is a mistake for us to veer away, as it were, from the plans which were advanced by the State Department and by the Treasury and by the President as the best methods to cure evils which would arise and exist as an aftermath of the war. One of these plans that was supposed to be a cure-all was incorporated in the Bretton Woods agreements. As I suggested yesterday, few, if any, Senators had any inkling that, aside from the commitments which our country made in the Bretton Woods agreements, we were to advance to England, or to any other country on the side, any funds whatsoever. As was stated on the floor yesterday, there was some discussion of an alternate plan to the Bretton Woods proposals, that is, to make direct gifts to certain countries in order to relieve their economic situations. But at no time was it ever stated that in addition to the Bretton Woods agreements, wherein we obligated ourselves to put up about $6,000,000,000, we were to further give aid to any other nation along the lines suggested in the proposed agreement with Great Britain.

Aside from the Bretton Woods proposals, there were several other plans evolved, one of which was the expansion of the Export-Import Bank's ability to loan to various nations and corporations therein located. But such loans were to be made in a stipulated way, that is, they were to be made with foreign nations in order to develop our foreign trade. The loans were to be secured.

Mr. President, I have before me a pamphlet entitled "Bretton Woods Proposals," issued by the United States Treasury. I also have the message of the President to Congress relating to the Bretton Woods proposals, issued by the United States Treasury. I challenge any Senator to read in either of those documents any statement or reference to the effect that our Government contemplated any loan such as that which we are now asked to make to Great Britain.

It will be recalled that the Bretton Woods proposals contained two methods of dealing with the postwar economic situation. One was the creation of a fund which would be utilized to stabilize the value of all currencies of all nations in terms of each other, and the second the creation of an international bank with the power to lend money to various nations that were in need of it and was to be used to rehabilitate themselves.

Under the Bretton Woods proposals the fund was supposed to do the very thing that is now sought to be done for Great Britain, according to the statement made by proponents of this loan. This is what the Treasury said in regard to the first proposal of Bretton Woods, that is, what the fund would do:

> The fundamental purpose of the International Monetary Fund is to promote the balanced growth of international trade. It will do this in three ways. First, it will stabilize the value of all currencies in terms of each other.

Remember when these proposals were made, Great Britain's financial experts were present and participated in the preparation of all these plans.

> Second, it will progressively remove barriers against making payments across boundary lines.

That was the purpose. So it is the purpose of the proposed loan.

> Third, it will provide a supplementary source of foreign exchange to which a member country may apply for the assistance necessary to enable it to maintain stable and

unrestricted exchange relationships with other members.

That was the purpose of the fund. Yet today we are told that aside from that, the American people must dig down deep in their jeans and furnish the British with $3,750,000,000.

During much of the period since the First World War unstable exchange rates have seriously interfered with trade and the settlement of international balances. People who buy or sell abroad need to know today what their money will be worth tomorrow, and a year hence, in terms of their own currency.

Restrictions on payments, which have in the past been among the most serious obstacles in the way of international trade, take a number of forms. In some countries, importers are not permitted to purchase the dollars or pounds required to buy goods in the United States or England. In other countries, of which Germany before the war was an example, foreign trade was disrupted by the use of so-called multiple currencies. Germany also relied heavily on barter arrangements: "We will buy your coffee if you will accept our machine tools in payment." Barter is at the opposite end of the scale from freedom in international trade.

During the war, many new restrictions have been devised and employed for reasons of military necessity.

I presume that the dollar pool was one of them. The Bretton Woods proposals were designed to cure some of the evils which resulted from methods resorted to under the exigencies of a cruel war.

Unless uniform standards can now be developed and generally adopted, the entire jungle of controls may be extended and intensified in the postwar period. We in the United States believe that the greatest possible freedom should be given to our own businessmen engaged in international trade.

I am for that.

But we know that this freedom will be meaningless unless other countries create an equal measure of freedom to their businessmen.

How was that to be accomplished? I refer to a table on page 6 of a publication issued by the Board of Governors of the Federal Reserve System, containing the Bretton Woods agreements. In order to accomplish what I have just been reading about, the fund was to consist of $8,800,000,000, of which the United States was to put up $2,750,000,000, in order to unfreeze some of the frozen assets referred to by the Senator from Colorado [Mr. JOHNSON] a while ago, which assets are now tied up in the Bank of England and cannot be used. That was the reason why the fund proposal was advocated by our late President Roosevelt.

The statement from which I have been quoting says that the exchange rate must be stable. Of course, that is what I am for. That is the only basis on which we can trade with foreign countries. If we spend a dollar in France for so many francs, we want the number of francs representing that dollar to be the same for some time. We want to steady the currencies. We want to stabilize the franc in terms of the dollar. We want to stabilize the rupee in terms of the dollar. In fact, the currencies of every nation on earth should be stabilized so that we may have reliable commercial dealings and relationships.

As I have stated, this proposal was advanced in order to correct those evils. But now we are being asked, aside from that, to put up almost as much money for the use of one nation as we were asked to put up as our share to create the International Bank for the use of all. In my judgment if it had been made known to Senators that, aside from what we obligated ourselves to furnish for the International Bank, it would be proposed to advance this sum to Great Britain, it is doubtful whether the Bretton Woods agreements would have been approved by the Senate.

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

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

Mr. ELLENDER. I yield for a question.

Mr. McFARLAND. If we were to place the $3,750,000,000 in the International Bank, in addition to what we have already contributed, could not the Bank operate the whole show?

Mr. ELLENDER. That was an alternative proposal. It was suggested by the opponents of Bretton Woods that the United States might be better off if it were to lend money to Great Britain or other countries in dire circumstances, rather than to create the machinery provided for in the Bretton Woods proposals.

Mr. McFARLAND. I supported the Fund and the Bank.

Mr. ELLENDER. So did I.

Mr. McFARLAND. I felt that such an arrangement was a good thing, and I still feel that it was a good thing, but personally I feel that if we are to lend money we should get something out of it. The only way we shall ever get anything out of it is to have some kind of a settlement with respect to money which we loan; and we have not done so in the past so far as Great Britain is concerned.

Mr. ELLENDER. We have always been most liberal whenever the hat was passed in an effort to obtain funds to aid an untoward situation. The UNRRA plan is most worthy. As I recall, we put up almost 70 percent of the entire fund which UNRRA is using. I am not objecting to that. But the point is that many nations are leaning on America. They believe that here money grows on trees; and they will keep coming in quest of the fruit so long as we exhibit too much liberality as to any particular nation.

Mr. McFARLAND. So far as I am concerned, I wish to be liberal; but I think the time has come when the United States must do business on a business basis. We must let Great Britain and the world know that when we lend money we expect a settlement. That is the reason why I have offered the amendment which I have offered. Regardless of what we get out of it, we must have a settlement upon past indebtedness. If we do not, what will happen? The borrowers will expect to pay us in the same way they have paid us in the past. I ask the Senator if he does not believe that every other nation will expect to pay us in the same way.

Mr. ELLENDER. As I stated yesterday, whatever we do for Great Britain must be done for other nations seeking to obtain the same terms on a loan, we must treat them all alike. I think it would be a mistake not to do so. If we make this loan of $3,750,000,000, instead of some of the other nations trying to obtain money from us through the Export-Import Bank, they will come with hat in hand and say, "You loaned Great Britain so much. Why can you not loan money to us on similar terms?" What would happen to the diplomatic relations between us and Russia today if Russia were to ask for a loan of as much as $3,000,000,000 and we should refuse to let her have it? Russia, one of our allies in the war, did as much, if not more, than Great Britain did in helping to win the war. She suffered a great deal more in almost every respect. It would be rather difficult for the United States to say "No" to Russia and "Yes" to Great Britain, in response to requests by them for loans. Today the relationship between the United States and Russia is rather strained. I think the Russians are a little skeptical of us. They do not have implicit confidence in us. Why? It is because they fear that we are leaning too much toward Great Britain and are trying to make a combination with Great Britain for ulterior purposes. In short, Russia does not trust the British and since they think we are teaming up with the British, they are beginning to distrust us.

So I do not believe we should do anything now to widen the breach. I believe it is incumbent upon the United States to take world leadership and treat all nations alike under like circumstances; and I believe that we shall go forward much better as a leader if we follow that policy, rather than take sides with one nation or a combination of some nations.

Mr. President, I now read a little further from the document coming from the Treasury. I do so simply to show what was the plan to cure all the postwar evils:

The fund proposal provides for stabilizing the value of world currencies. This is a subject that concerns every trading nation, the United States more than most. When an American sells abroad, he wants to be assured that the buyer's currency will have a constant value in terms of dollars. The reason is obvious. If, for example, he receives payment in Mexican pesos, the rate of exchange will determine the number of dollars he finally receives for a sale in Mexico. Even though the terms of the sale call for payment in dollars, which is not unlikely, the exporter will still be concerned with the stability of the peso, since a fluctuation in the dollar-peso exchange rate will alter the cost to the Mexican buyer. Specifically, any depreciation of Mexican currency raises the peso cost, possibly to a point where the Mexican can no longer afford the purchase.

An American exporter, oddly enough, may be equally concerned with currency stability in other countries, Holland, for example, in which he neither sells nor expects to sell. This interest arises from the fact that producers in Holland compete for the same Mexican market, and depreciation of the guilder would give the exporter in that country an edge over the American who, on the basis of efficiency in production and quality of product, might be able to hold his own in any market.

Under the fund proposal, no member may resort to exchange depreciation simply to gain a competitive advantage in world markets.

The reference is to the Bretton Woods agreement in which Great Britain participated, and which she helped to write.

I read further:

The proposal recognizes, however, that under certain conditions it may be necessary to change the value of a currency. For example, prices in a given country may remain relatively high while world prices generally decline. If so, the country's exports will drop off and its imports, over the short run, will tend to increase. This situation may be corrected by a downward adjustment of the exchange rate which, however, under the fund proposal will have to be requested by the country in question and approved by other members of the world trading community.

Again that is something which the British representatives agreed upon. Yet they say they are not ready at the moment to subscribe to this Fund; they say they do not have the money.

I read further:

EXCHANGE TRANSACTIONS MUST BE FREE

Among the more important provisions of the Fund proposal are those relating to the member's obligation to allow businessmen maximum freedom to conduct current transactions across boundary lines. This means more than simply allowing an Englishman who buys in America to pay the exporter in English pounds sterling. Since the American exporter cannot use pounds sterling to pay wages or buy raw materials in the United States, he must be assured that he can at any time readily convert a sterling balance in a London bank to dollar balances in his own bank. The problem is reversed in certain respects if it is agreed that the Englishman will pay in dollars. In that case, he should be able to buy a dollar draft on an American bank with an ordinary check drawn in terms of pounds, shillings, and pence against a London bank.

So long as the financial transaction grows out of current business, the Fund proposal provides that a member country shall impose no restrictions either on the acquisition of foreign exchange or on the conversion of foreign balances into domestic currency.

The Senate can readily see that if a plan of this nature were put into effect immediately, many of our postwar troubles would be solved. I am sure that is why these two proposals received the approval of the Senate. The Senate did so because of the good which would accrue from them; that action was taken in an effort to cure the evils which developed during the war and following it.

Let me refer now to the International Bank. I wish to repeat that this little brochure was prepared by the Treasury; and I challenge any Senator, especially my good friend the Senator from Arkansas [Mr. FULBRIGHT], who took issue with me yesterday, to point to one solitary word or sentence in this brochure which would in anywise even intimate that we were to advance funds other than those we agreed to subscribe to under this plan.

Mr. President, before referring to the International Bank for Reconstruction and Development, let me read one more paragraph about the fund plan:

COOPERATION VERSUS ISOLATION

The essence of the proposed International Monetary Fund is that it would substitute order and stability for the dog-eat-dog attitude that has in the past characterized international currency practices. Order and stability in exchange policies are objectives that can be attained not by a single country working alone but only by the united action of all of the 44 countries represented at Bretton Woods. Upon the attainment of these objectives hinges the realization of the ultimate goals of national policy—high levels of employment, rising standards of living, and economic development. In the shrunken world of tomorrow, prosperity, like political security, lies not in isolation but in cooperation and mutual understanding.

All of which would be brought about by this plan which was so strongly advocated as being a cure for an economically sick world.

Mr. President, the second proposal created an International Bank for Reconstruction and Development. Let us see, according to the Treasury Department, what the bank would do:

The International Bank for Reconstruction and Development, like the International Monetary Fund, recognizes the need for world-wide cooperation in monetary and financial matters. Both aim at a balanced growth of trade as a means of achieving high levels of employment and rising standards of living. Each, however, will have its own separate function. The fund will be concerned with orderly, stable exchange rates and freedom in exchange transactions. The bank will be concerned with long-range protective international investment.

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

Mr. ELLENDER. I yield.

Mr. LANGER. Has it occurred to the Senator that a sum equivalent to the proposed loan to Great Britain of $3,750,000,000 might be used for the purpose of constructing hospitals, for example, in this country? In that connection, I should like to ask the Senator what was the cost of the free hospital in Louisiana?

Mr. ELLENDER. Does the Senator mean that the money which it is proposed to loan to Great Britain could be used in this country for such a purpose?

Mr. LANGER. Yes.

Mr. ELLENDER. Oh, certainly; if we have any money to spare we could use it in no better way than by spending it in this country for building and operating hospitals and clinics to assist in maintaining a healthy Nation.

Mr. LANGER. I particularly wish to inquire about the hospital in Louisiana known as the Memorial Free Hospital, or some similar name.

Mr. ELLENDER. In Louisiana we have an institution which was organized more than 100 years ago by the Sisters of Charity. While I was a member of the State Legislature of Louisiana, that body appropriated certain funds which, together with funds received by the State from Washington, were used in building one of the most modern hospitals in the country. It has a capacity of approximately 3,600 beds. It is operated by the State of Louisiana, and in that hospital all persons in the State who are unable to pay for regular treatment may obtain treatment at no charge to them. In the hospital patients are treated for virtually all classes of diseases. The doctors connected with the hospital will perform any kind of an operation which is needed by any citizen of our State who is unable to pay for surgical and hospital facilities.

In answer to the Senator's question as to whether we could spend as much as $3,750,000,000, or any part thereof, in constructing similar hospitals in other parts of the Nation, of course, by answer is emphatically "Yes." We could easily do so, and I am very hopeful that, irrespective of whether this loan is made or not made, we will continue a program along the lines suggested in a bill, sponsored by the Senator from Alabama [Mr. HILL] and former Senator Burton which was passed by the Senate about 2 months ago.

Mr. LANGER. I understand that any citizen of Louisiana who is in need of medical attention may be taken care of by the State of Louisiana free of charge.

Mr. ELLENDER. The Senator is correct.

Mr. LANGER. And the hospital to which the Senator has referred has a capacity of 3,600 free beds?

Mr. ELLENDER. Yes. That hospital is located in the city of New Orleans. We now have a similar hospital in Shreveport with a capacity of 1,000 beds. It is modern in every respect. That hospital also is maintained by the State, and takes care of the indigent free of charge. We have another hospital at Lafayette, La., with a capacity of 350 beds, another one in Pineville, another one in Independence, and another one in Monroe. Those hospitals were constructed and are maintained in order to take care of the medical and surgical requirements of the people of the State of Louisiana who are unable to pay for such attention.

Mr. LANGER. And people are taken care of regardless of race or color?

Mr. ELLENDER. Absolutely. The records will show that although the population of colored people in the city of New Orleans is 38 percent of the whole, the number of colored persons who are treated in the charity hospital in that city aggregates 42 percent or 43 percent of the entire number of persons who are treated in the hospital. That fact in itself shows that the colored people in that section of the State receive more free treatment, according to their population, than do the whites.

Mr. LANGER. How is the basis of treatment determined? Is there a board which has jurisdiction over the matter?

Mr. ELLENDER. The patient who is to be treated must obtain a certificate from a doctor stating that he needs hospitalization, and that he is unable to pay for it.

Mr. LANGER. Are the doctors paid by the year?

Mr. ELLENDER. No. The doctor who regularly prescribes for the patient may do the treating. For example, a patient may go to a family physician for treatment of a particular ailment. He may be able to pay $2 or $3 for the visit. The doctor may conclude that the patient must undergo an operation. If the circumstances are such that the patient is unable to pay for the operation, the doctor merely certifies accordingly.

The certificate is sent to the hospital and the patient is taken care of in the hospital free of charge. The expenses not only in connection with the operation itself, but in connection with nursing and other clinical expenses, are taken care of free of charge to the patient.

Mr. LANGER. And the patient may select a doctor of his own choosing, whether colored or otherwise?

Mr. ELLENDER. No. The hospital is staffed by white doctors. The hospital has a board of supervisors and a superintendent. The superintendent is generally a physician. Many physicians are paid on a salary basis to carry on the work of the hospital. There are also a number of practitioners in the city of New Orleans who give their services free to the hospital, for example, a doctor who specializes in gynecology, or another doctor who specializes in urology. Such doctors will be assigned a certain number of beds wherein patients requiring their specialty may be cared for free of charge. There are also a great many internes who work in the hospital, having been graduated from the two great medical centers located on the hospital grounds. One of them is operated by Tulane University and the other by the Louisiana State University. In other words both of those great medical schools graduate a number of doctors yearly, and many of them serve as interns at the hospital.

Mr. President, I do not mind answering the questions propounded by my distinguished friend from North Dakota, but I believe we are traveling afar from the subject matter at issue. I hope that I may be permitted to continue my remarks at some time in the near future. The hour of 2 o'clock is at hand and I understand that we are to consider under a special order the conference report on the airport bill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, communicated to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. Harlan Fiske Stone, Chief Justice of the United States.

The message announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5604) reducing or further reducing certain appropriations and contractual authorizations available for the fiscal year 1946, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. LUDLOW, Mr. O'NEAL, Mr. RABAUT, Mr. JOHNSON of Oklahoma, Mr. KERR, Mr. TABER, Mr. WIGGLESWORTH, and Mr. DIRKSEN were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5890) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. LUDLOW, Mr. O'NEAL, Mr. RABAUT, Mr. JOHNSON of Oklahoma, Mr. KERR, Mr. TABER, Mr. WIGGLESWORTH, and Mr. DIRKSEN were appointed managers on the part of the House at the conference.

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 333) to provide for the reappointment of Dr. Vannevar Bush as citizen regent of the Board of Regents of the Smithsonian Institution, and it was signed by the President pro tempore.

AIRPORT DEVELOPMENT—CONFERENCE REPORT

The PRESIDENT pro tempore. The hour of 2 o'clock having arrived, under the unanimous consent agreement the Senate will proceed to the consideration of the conference report on the bill (S. 2) to provide for Federal aid for the development, construction, improvement, and repair of public airports in the United States, and for other purposes.

Mr. HATCH. 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	Hatch	O'Daniel
Austin	Hawkes	O'Mahoney
Ball	Hayden	Pepper
Bankhead	Hickenlooper	Radcliffe
Barkley	Hill	Reed
Brewster	Hoey	Revercomb
Bridges	Huffman	Robertson
Briggs	Johnson, Colo.	Russell
Brooks	Johnston, S. C.	Saltonstall
Buck	Kilgore	Shipstead
Bushfield	Knowland	Smith
Butler	La Follette	Stanfill
Byrd	Langer	Stewart
Capehart	Lucas	Taft
Capper	McCarran	Taylor
Carville	McClellan	Thomas, Okla.
Cordon	McFarland	Thomas, Utah
Donnell	McKellar	Tunnell
Downey	McMahon	Tydings
Eastland	Magnuson	Wagner
Ellender	Maybank	Walsh
Ferguson	Mead	Wheeler
Fulbright	Millikin	Wherry
Gerry	Mitchell	Wiley
Green	Moore	Wilson
Guffey	Morse	Young
Gurney	Murdock	
Hart	Murray	

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

Mr. McCARRAN. Mr. President, I submit the conference report on Senate bill No. 2, known as the airport bill.

The PRESIDENT pro tempore. The report will be read.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2) to provide for Federal aid for the development, construction, improvement, and repair of public airports in the United States, 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 an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'Federal Airport Act.'

"PROVISIONS OF GENERAL APPLICATION

"Definitions

"SEC. 2. (a) As used in this Act—

"(1) 'Administrator' means the Administrator of Civil Aeronautics.

"(2) 'Airport' means any area of land or water which is used, or intended for use, for the landing and take-off of aircraft, and any appurtenant areas which are used, or intended for use, for airport buildings or other airport facilities or rights-of-way, together with all airport buildings and facilities located thereon.

"(3) 'Airport development' means (A) any work involved in constructing, improving, or repairing a public airport or portion thereof, including the construction, alteration, and repair of airport administrative buildings and the removal, lowering, relocation, and marking and lighting of airport hazards, and (B) any acquisition of land or of any interest therein, or of any easement through or other interest in air space, which is necessary to permit any such work or to remove or mitigate, or prevent or limit the establishment of, airport hazards; but such term does not include the construction, alteration, or repair of airport hangars.

"(4) 'Airport hazard' means any structure or object of natural growth located on or in the vicinity of a public airport, or any use of land near such airport, which obstructs the air space required for the flight of aircraft in landing or taking off at such airport or is otherwise hazardous to such landing or taking off of aircraft.

"(5) 'Project' means a project for the accomplishment of airport development with respect to a particular airport.

"(6) 'Project costs' means any costs involved in accomplishing a project under this Act, including those of making field surveys, preparation of plans and specifications, supervision and inspection of construction work, procurement of the accomplishment of such work by contract, and acquisition of land or interests therein or easements through or other interests in air space, and also including administrative and other incidental costs incurred specifically in connection with the accomplishment of a project, and which would not have been incurred otherwise.

"(7) 'Public agency' means the United States Government or an agency thereof; a State, the Territory of Alaska, the Territory of Hawaii, or Puerto Rico, or an agency of any of them; a municipality or other political subdivision; or a tax-supported organization.

"(8) 'Public airport' means any airport which is used or to be used for public purposes, under the control of a public agency, the landing area of which is publicly owned.

"(9) 'Sponsor' means any public agency which, either individually or jointly with one or more other public agencies, submits to the Administrator, in accordance with this Act, an application for a grant of funds for airport development.

"(10) 'United States share' means that portion of the project costs of approved projects under this Act which is to be paid from appropriations made under authority of this Act.

"(11) 'Military and naval aircraft' means aircraft owned and operated by the United States Army, the United States Navy, the United States Coast Guard, or the United States Marine Corps.

"(12) 'State' means a State of the United States or the District of Columbia.

"Airport classifications

"(b) For purposes of this Act, a project shall be considered one for development of

an airport of a certain class if upon completion of the airport development proposed, the airport so developed would be properly classifiable as of that class according to the airport classification standards of the Administrator stated in Civil Aeronautics Administration Bulletin 'Airport Design' dated April 1, 1944.

"NATIONAL AIRPORT PLAN

"Formulation of plan

"SEC. 3. (a) The Administrator is hereby authorized and directed to prepare, and revise annually, a national plan for the development of public airports in the United States, including the Territory of Alaska, the Territory of Hawaii, and Puerto Rico. Such plan shall specify, in terms of general location and type of development, the projects considered by the Administrator to be necessary to provide a system of public airports adequate to anticipate and meet the needs of civil aeronautics. In formulating and revising such plan, the Administrator shall take into account the needs of both air commerce and private flying, the probable technological developments in the science of aeronautics, the probable growth and requirements of civil aeronautics, and such other considerations as he may deem appropriate, and shall, to the extent feasible, consult, and give consideration to the views and recommendations of, the Civil Aeronautics Board, the States, the Territories, and Puerto Rico, and their political subdivisions, and shall, to the extent feasible, consult, and give consideration to the views and recommendations of, the Federal Communications Commission, and shall make all reasonable efforts to cooperate with that Commission for the purpose of eliminating, preventing, or minimizing airport hazards caused by construction or operation of any radio station. In carrying out this section the Administrator is authorized to make such surveys, studies, examinations, and investigations as he may deem necessary.

"Consultation with War and Navy Departments

"(b) In carrying out this section the Administrator shall also consider the views and recommendations of the War and Navy Departments to the end that the airport development included in such plan may be as useful for national defense as is feasible, and shall ascertain from such Departments the extent to which military and naval airports and airport facilities will be available for civil use. The War and Navy Departments shall consider the views and recommendations of the Administrator to the end that military and naval airports and airport facilities may be made available for civil use to such extent as is feasible.

"FEDERAL-AID AIRPORT PROGRAM

"SEC. 4. In order to bring about, in conformity with the national airport plan prepared and from time to time revised as provided in this Act, the establishment of a Nation-wide system of public airports adequate to meet the present and future needs of civil aeronautics, the Administrator is authorized, within the limits of available appropriations made therefor by the Congress, to make grants of funds to sponsors for airport development as hereinafter provided.

"APPROPRIATIONS

"Appropriation for preliminary expenses

"SEC. 5. (a) In addition to amounts hereinafter authorized to be appropriated for administrative expenses, the sum of $3,000,000 is hereby authorized to be appropriated immediately upon the enactment of this Act for expenses of preliminary planning and surveys incident to the initiation of the airport program provided for by this Act, including administrative expenses, which sum shall remain available until expended.

"Annual appropriations for projects in States

"(b) For the purpose of carrying out this Act with respect to projects in the several States, annual appropriations amounting in the aggregate to $500,000,000 are hereby authorized to be made to the Administrator over a period of seven fiscal years, beginning with the fiscal year ending June 30, 1947. The appropriation for any such fiscal year shall not exceed $100,000,000 and shall remain available until June 30, 1953, unless sooner expended. Not to exceed 5 per centum of any such annual appropriation, as specified in the Act making such appropriation, shall be available to the Administrator for necessary planning and research and for administrative expenses incident to the administration of this Act in the several States; except that if 5 per centum of the appropriation for any fiscal year is less than $3,500,000, or if there is no appropriation for such fiscal year, not to exceed $3,500,000 in the aggregate may be made available to the Administrator, for such fiscal year, for such planning and research and administrative expenses. Any amounts made available to the Administrator for such planning and research and administrative expenses shall be deducted for purposes of determining the amounts available for grants for projects in the several States.

"Annual appropriations for projects in Alaska, Hawaii, and Puerto Rico

"(c) For the purpose of carrying out this Act with respect to projects in the Territories of Alaska and Hawaii, and in Puerto Rico, annual appropriations amounting in the aggregate to $20,000,000 are hereby authorized to be made to the Administrator over a period of seven fiscal years beginning with the fiscal year ending June 30, 1947. The appropriation for any such fiscal year shall remain available until June 30, 1953, unless sooner expended. Not to exceed 5 per centum of any such annual appropriation, as specified in the Act making such appropriation, shall be available to the Administrator for necessary planning and research and for administrative expenses incident to the administration of this Act with respect to projects in the Territories of Alaska and Hawaii, and in Puerto Rico; and the amount so available shall be deducted from such appropriation for purposes of determining the amount thereof available for grants for projects therein. Of the total amount available for such grants, 50 per centum shall be available for projects in the Territory of Alaska, 25 per centum shall be available for projects in the Territory of Hawaii, and 25 per centum shall be available for projects in Puerto Rico.

"Administrative expenses

"(d) As used in this section, the term 'administrative expenses' includes expenses under this Act of the character specified in section 204 of the Civil Aeronautics Act of 1938, as amended (U. S. C., 1940 edition, title 49, sec. 424).

"DISTRIBUTION OF FUNDS AVAILABLE FOR PROJECTS IN STATES

"Apportionment of funds

"Sec. 6. (a) As soon as possible after any appropriation is made under section 5 (b), 75 per centum of the amount thereof available for grants for projects in the several States shall be apportioned by the Administrator among the several States, one-half in the proportion which the population of each State bears to the total population of all the States, and one-half in the proportion which the area of each State bears to the total area of all the States. All sums so apportioned for a State shall be available only to pay the United States share of the allowable project costs of approved projects located in that State, or sponsored by that State or some public agency thereof but located in an adjoining State. Upon making an apportionment as provided in this subsection, the Administrator shall inform the executive head of each State, and any public agency which has requested such information, as to the sums apportioned for each State. As used in this subsection the term 'population' means the population according to the latest decennial census of the United States and the term 'area' includes both land and water.

"Discretionary fund

"(b) (1) All moneys appropriated under section 5 (b) which are available for grants for projects in the several States, and which are not apportioned as provided in subsection (a) of this section, shall constitute a discretionary fund.

"(2) The moneys in such discretionary fund shall be available to pay the United States share of the allowable project costs of such approved projects in the several States as the Administrator may deem most appropriate for carrying out the national airport plan, regardless of the States in which they are located. The Administrator shall give consideration, in determining the projects for which the moneys in such fund are to be so used, to the existing airport facilities in the several States and to the need for or lack of development of airport facilities in the several States.

"(3) The moneys in such discretionary fund shall also be available to pay the United States share of the allowable project costs of such approved projects in national parks and national recreation areas, national monuments, and national forests, sponsored by the United States or any agency thereof, as the Administrator may deem appropriate for carrying out the national airport plan; but no other funds appropriated under authority of this act shall be available for such purpose. The sponsor's share of the project costs of any such approved project shall be paid only out of funds contributed to the sponsor for the purpose of paying such costs (receipt of which funds and their use for this purpose is hereby authorized) or appropriations specifically authorized therefor.

"AVAILABILITY OF FUNDS FOR PROJECTS IN ALASKA, HAWAII, AND PUERTO RICO

"SEC. 7. All funds available for grants for projects in the Territory of Alaska, in the Territorly of Hawaii, or in Puerto Rico, respectively, shall be available to pay the United States share of the allowable project costs of such approved projects therein as the Administrator may deem most appropriate for carrying out the national airport plan.

"CONDITION PRECEDENT TO DEVELOPMENT OF LARGER AIRPORTS

"SEC. 8. At least 2 months prior to the close of each fiscal year, the Administrator shall submit to the Congress a request for authority to undertake during the next fiscal year those of the projects for the development of class 4 and larger airports, included in the then current revision of the national airport plan formulated by him under this act, which, in his opinion, should be undertaken during that fiscal year, together with an estimate of the Federal funds required to pay the United States share of the allowable project costs of such projects. In determining which projects to include in such a request, the Administrator shall consider, among other things, the relative aeronautical need for and urgency of the projects included in the plan and the likelihood of securing satisfactory sponsorship of such projects. In granting any funds that thereafter may be appropriated to pay the United States share of allowable project costs during the next fiscal year, the Administrator may consider such appropriation as granting the authority requested unless a contrary intent shall have been manifested by the Congress by law or by concurrent resolution, and no such grants shall be made unless so authorized.

"SUBMISSION AND APPROVAL OF PROJECTS

"Submission

"SEC. 9. (a) Subject to the provisions of subsections (b) and (c) of this section, any public agency, or two or more public agencies acting jointly, may submit to the Administrator a project application in such form, and containing such supporting information, as may be prescribed by the Administrator and setting forth the airport development proposed to be undertaken. No project application shall propose airport development other than that included in the then current revision of the national airport plan formulated by the Administrator under this Act, and all such proposed development shall be in accordance with standards established by the Administrator, including standards for site location, airport layout, grading, drainage, seeding, paving, lighting, and safety of approaches.

"Applications by public agencies whose powers are limited by State law

"(b) Nothing in this Act shall authorize the submission of a project application by any municipality or other public agency which is subject to the law of any State if the submission of such project application by such municipality or other public agency is prohibited by the law of such State.

"Applications by Federal agencies

"(c) Nothing in this Act shall authorize the submission of a project application by the United States or any agency thereof, except in the case of a project in the Territory of Alaska, the Territory of Hawaii, or Puerto Rico, or in a national park or national recreation area, a national monument, or a national forest.

"Approval

"(d) All such projects shall be subject to the approval of the Administrator, which approval shall be given only if, at the time of approval, funds are available for payment of the United States share of the allowable project costs, and only if he is satisfied that the project will contribute to the accomplishment of the purposes of this Act, that sufficient funds are available for that portion of the project costs which is not to be paid by the United States under this act, that the project will be completed without undue delay, that the public agency or public agencies which submitted the project application have legal authority to engage in the airport development as proposed, and that all project sponsorship requirements prescribed by or under the authority of this Act have been or will be met. No project shall be approved by the Administrator with respect to any airport unless a public agency holds good title, satisfactory to the Administrator, to the landing area of such airport or the site therefor, or gives assurance satisfactory to the Administrator that such title will be acquired.

"Hearings

"(e) Project applications shall be matters of public record in the office of the Administrator. Any public agency, person, association, firm, or corporation having a substantial interest in the disposition of any application by the Administrator may file with the Administrator a memorandum in support of or in opposition to such application; and any such agency, person, association, firm, or corporation shall be accorded, upon request, a public hearing with respect to the location of any airport the development of which is proposed. The Administrator is authorized to prescribe regulations governing such public hearings, and such regulations may prescribe a reasonable time within which requests for public hearings shall be made and such other reasonable requirements as may be necessary to avoid undue delay in disposing of project applications.

"UNITED STATES SHARE OF PROJECT COSTS

"General provision

"SEC. 10. (a) Except as provided in subsections (b), (c), and (d) of this section, the United States share payable on account of any approved project under this Act shall be—

"(1) in the case of a project for the development of a class 3 or smaller airport, 50 per centum of the allowable project costs of the project;

"(2) in the case of a project for the development of a class 4 or larger airport, such portion of the allowable project costs of the project (not to exceed 50 per centum) as the Administrator may deem appropriate for carrying out the provisions of this Act.

"Projects in Public Land States

"(b) In the case of any State containing unappropriated and unreserved public lands and nontaxable Indian lands (individual and tribal) exceeding 5 per centum of the total area of all lands therein, the United States share under subsection (a) (1), and the maximum United States share under subsection (a) (2), shall be increased by whichever is the smaller of the following percentages thereof: (1) 25 per centum, or (2) a percentage equal to one-half the percentage that the area of all such lands in such State is of its total area.

"Projects in Alaska

"(c) The United States share payable on account of any approved project in the Territory of Alaska shall be such portion of the allowable project costs of the project (not less than 50 per centum in the case of a class 3 or smaller airport, and not to exceed 75 per centum in the case of an airport of any class) as the Administrator may deem appropriate for carrying out the provisions of this Act.

"Acquisitions of land and interests in air space

"(d) To the extent that the project costs of an approved project represent the cost of acquiring land or interests therein or easements through or other interests in air space, the United States share (1) in the case of a project for the development of a class 3 or smaller airport, shall be 25 per centum of the allowable costs of such acquisition, and (2) in the case of a project for the development of a class 4 or larger airport, shall be not to exceed 25 per centum of the allowable costs of such acquisition.

"PROJECT SPONSORSHIP

"SEC. 11. As a condition precedent to his approval of a project under this Act, the Administrator shall receive assurances in writing, satisfactory to him, that—

"(1) the airport to which the project relates will be available for public use on fair and reasonable terms and without unjust discrimination;

"(2) such airport and all facilities thereon or connected therewith will be suitably operated and maintained, with due regard to climatic and flood conditions;

"(3) the aerial approaches to such airport will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards;

"(4) all the facilities of the airport developed with Federal aid and all those usable for the landing and take-off of aircraft will be available to the United States for use by military and naval aircraft in common with other aircraft at all times without charge, except, if the use by military and naval aircraft shall be substantial, a reasonable share, proportional to such use, of the cost of operating and maintaining the facilities so used;

"(5) the airport operator or owner will furnish to any civil agency of the Government, without charge (except for light, heat, janitor service, and similar facilities and services at the reasonable cost thereof), such space in airport buildings as may be reasonably adequate for use in connection with any air traffic control activities, or weather-reporting activities and communications activities related to air traffic control, which such agency may deem it necessary to establish and maintain at the airport;

"(6) all project accounts and records will be kept in accordance with a standard system of accounting prescribed by the Administrator after consultation with appropriate public agencies;

"(7) the airport operator or owner will submit to the Administrator such annual or special airport financial and operations reports as the Administrator may reasonably request; and

"(8) the airport and all airport records will be available for inspection by any duly authorized agent of the Administrator upon reasonable request.

To insure compliance with this section, the Administrator shall prescribe such project sponsorship requirements, consistent with the terms of this Act, as he may deem necessary. Among other steps to insure such compliance the Administrator is authorized to enter into contracts with public agencies, on behalf of the United States.

"GRANT AGREEMENTS

"SEC. 12. Upon approving a project the Administrator, on behalf of the United States, shall transmit to the sponsor or sponsors of the project an offer to pay the United States share of the allowable project costs of such project. Any such offer shall be made upon such terms, and subject to such conditions, as the Administrator may deem necessary to meet the requirements of this Act and the regulations prescribed thereunder. Each such offer shall state a definite amount as the maximum obligation of the United States payable from funds appropriated under authority of this Act, and shall stipulate the obligations to be assumed by the sponsor or sponsors of the project. If and when any such offer is accepted in writing by the sponsor or sponsors to which it is made, such offer and acceptance shall comprise a grant agreement constituting an obligation of the United States and of the sponsor or sponsors so accepting, and thereafter the amount stated in the accepted offer as the maximum obligation of the United States under such grant agreement shall not be increased. Unless and until such a grant agreement has been executed with respect to a project, the United States shall not pay, nor be obligated to pay, any portion of the project costs which have been or may be incurred in carrying out that project.

"ALLOWABLE PROJECT COSTS

"SEC. 13. Except as provided in section 14, the United States shall not pay, or be obligated to pay, from amounts appropriated to carry out the provisions of this Act, any portion of a project cost incurred in carrying out a project unless the Administrator has first determined that such cost is allowable. A project cost shall be allowable if—

"(1) it was a necessary cost incurred in accomplishing airport development in conformity with approved plans and specifications for an approved project and with the terms and conditions of the grant agreement entered into in connection with such project;

"(2) it was incurred subsequent to the execution of the grant agreement with respect to the project, and in connection with airport development accomplished under such project after the execution of such grant agreement: *Provided, however,* That the allowable costs of a project may include any necessary costs of formulating the project (including those of field surveys and the

preparation of plans and specifications, including costs of acquiring land or interests therein or easements through or other interests in air space, and including any necessary administrative or other incidental costs incurred by the sponsor specifically in connection with the accomplishment of the project, which would not have been incurred otherwise) which were incurred subsequent to the enactment of this Act; and

"(3) it is reasonable in amount, in the opinion of the Administrator: *Provided*, That if the Administrator determines that a project cost is unreasonable in amount, he shall allow, as an allowable project cost under this section, only such amount of such project cost as he determines to be reasonable and no project costs in excess of the definite amount stated in the grant agreement shall be allowable.

The Administrator is authorized to prescribe such regulations, including regulations with respect to the auditing of project costs, as he may deem necessary to effectuate the purposes of this section.

"PAYMENTS

"SEC. 14. The Administrator, after consultation with the sponsor or sponsors with which a grant agreement has been entered into, shall determine at what times, and in what amounts, payments shall be made under this Act. The aggregate of such payments at any time with respect to a particular project shall not exceed a percentage of the project costs of the airport development which has been performed up to that time (and which the sponsor or sponsors to which the payments are to be made certify to have been performed in accordance with the approved plans and specification for such project), equal to the percentage of the allowable project costs of the project determined to be the United States share of such costs; and if the Administrator shall determine at any time that the aggregate of such payments exceeds the United States share of the allowable project costs of such project the United States shall be entitled to recover such excess. Such payments shall be made to such official or officials or depository, authorized by law to receive public funds, as may be designated by the sponsor or sponsors entitled to such payments.

"PERFORMANCE OF CONSTRUCTION WORK

"Regulations of the Administrator

"SEC. 15. (a) The construction work on any approved project shall be subject to inspection and approval by the Administrator and in accordance with regulations prescribed by him. Such regulations shall require such cost and progress reporting by the sponsor or sponsors of such project as the Administrator shall deem necessary. No such regulation shall have the effect of altering any contract in connection with any project entered into without actual notice of the regulation.

"Minimum rates of wages

"(b) All contracts for work on projects approved under this Act which involves labor shall contain provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

"Other provisions as to labor

"(c) All contracts for work on projects approved under this Act which involves labor shall contain such provisions as are necessary to insure (1) that no convict labor shall be employed; and (2) that in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given, where they are qualified, to individuals who have served as persons in the military service of the United States (as defined in section 101 (1) of the Soldiers' and Sailors' Civil Relief Act of 1940), and who have been honorably discharged from such service: *Provided*, That such preference shall apply only where such labor is available and qualified to perform the work to which the employment relates.

"USE OF GOVERNMENT-OWNED LANDS

"Requests for use

"SEC. 16. (a) Whenever the Administrator determines that use of any lands owned or controlled by the United States is reasonably necessary for carrying out a project under this Act, or for the operation of any public airport, he shall file with the head of the department or agency having control of such lands a request that such property interest therein as he may deem necessary be conveyed to the public agency sponsoring the project in question or owning or controlling the airport. Such property interest may consist of the title to or any other interest in land or any easement through or other interest in air space.

"Making of conveyances

"(b) Upon receipt of a request from the Administrator under this section, the head of the department or agency having control of the lands in question shall determine whether the requested conveyance is inconsistent with the needs of the department or agency, and shall notify the Administrator of his determination within a period of four months after receipt of the Administrator's request. If such department or agency head determines that the requested conveyance is not inconsistent with the needs of that department or agency, such department or agency head is hereby authorized and directed, with the approval of the President and the Attorney General of the United States, and without any expense to the United States, to perform any acts and to execute any instruments necessary to make the conveyance requested; but each such conveyance shall be made on the condition that the property interest conveyed shall automatically revert to the United States in the event that the lands in question are not developed, or cease to be used, for airport purposes.

"REIMBURSEMENT FOR DAMAGE BY FEDERAL AGENCIES TO PUBLIC AIRPORTS

"Submission and determination of claims

"SEC. 17. (a) Reimbursement shall be made to public agencies, as provided in this section, for the necessary rehabilitation or repair of public airports heretofore or hereafter substantially damaged by any Federal agency. The Administrator is authorized on behalf of the United States to consider, ascertain, adjust, and determine in accordance with regulations he shall prescribe pursuant to this section, any claim submitted by any public agency for reimbursement of the cost of necessary rehabilitation or repair of a public airport, under the control or management of such public agency, substantially damaged by any Federal agency.

"Certification of claims to Congress

"(b) Such amount as may be found to be due to any claimant under this section shall be certified by the Administrator to Congress as a claim against the United States, and appropriations for payment of such claims are hereby authorized to be made. Such certification shall include a brief statement of the character of each claim, the amount claimed, and the amount allowed.

"Limitation on submission of claims

"(c) No claim shall be considered by the Administrator pursuant to this section unless such claim has been presented to him within six months after the occurrence of the damage upon which the claim is based, except that in case of damage caused by operations of a military nature during time of war such notice may be filed within sixty days after termination of the war.

"REPORTS TO CONGRESS

"SEC. 18. On or before the third day of January of each year the Administrator shall make a report to the Congress describing his operations under this Act during the preceding fiscal year, including detailed statements of the airport development accomplished, the status of each project undertaken, the allocation of appropriations, and itemized statements of expenditures and receipts, and setting forth his recommendations, if any, for legislation amending or supplementing this Act.

"FALSE STATEMENTS

"SEC. 19. Any officer, agent, or employee of the United States, or any officer, agent, or employee of any public agency, or any person, association, firm, or corporation who shall knowingly make any false statement, false representation, or false report as to the character, quality, quantity, or cost of the material used or to be used, or the quantity or quality of the work performed or to be performed, or the costs thereof, in connection with the submission of plans, maps, specifications, contracts, or estimates of project costs for any project submitted to the Administrator for approval under this Act or shall knowingly make any false statement, false representation, or false report or claim for work or materials for any project approved by the Administrator under this Act, or shall knowingly make any false statement or false representation in any report required to be made under this Act, with the intent to defraud the United States shall, upon conviction thereof, be punished by imprisonment for not to exceed 5 years or by a fine of not to exceed $10,000, or by both such fine and imprisonment.

"EXISTING AIRPORT PROGRAMS

"SEC. 20. Nothing in this Act shall affect the carrying out of the program for the development of public landing areas necessary for national defense, authorized by the Department of Commerce Appropriation Act, 1946, or the program for the development of civil landing areas, authorized by the First Supplemental National Defense Appropriation Act, 1944, which programs shall be additional to the Federal-aid airport program authorized by this Act."

And the House agree to the same.

Amend the title so as to read "An Act to provide Federal aid for the development of public airports."

PAT MCCARRAN,
JOHN OVERTON,
WARREN G. MAGNUSON,
GEORGE L. RADCLIFFE,
Managers on the Part of the Senate.

A. L. BULWINKLE,
CLARENCE F. LEA,
VIRGIL CHAPMAN,
LYLE H. BOREN,
CHAS. A. WOLVERTON,
PEHR G. HOLMES,
Managers on the Part of the House.

Mr. McCARRAN. Mr. President, in order that the Senate may have a brief view of the conference report, it seems to me entirely proper to make a very short statement.

When the bill was before the Senate some controversial questions were involved. One controversial question was settled by the amendment known as the Brewster amendment. Those of us who drafted the bill and guided it through committee in its various stages favored granting 65 percent of the money appropriated each year, to be channeled

to the States for the smaller airports, and 35 percent to be channeled to municipalities for the larger airports. That view was not accepted by the Senate. The Brewster amendment was adopted, which provided for a channeling of the money to the States alone.

The conference report is a compromise of all the various contentions. It takes care of the States in that it provides that the moneys may be channeled to the States. It takes care of the municipalities, in that it provides that the moneys may be channeled to the municipalities; and then it provides for what some have chosen to term States' rights; in other words, if a State determines that the money shall be channeled through State authorities only, the conference report takes care of that situation. It provides that a State may ordain by its legislative procedure that the Federal money for airports shall be channeled through the State only; and in that event the Federal share will be channeled through the State only.

Until that time, in order that airports may go forward with expedition—because, after all, airports are constructed by municipalities—the bill provides that either the State or a municipality may deal directly with the Federal Government, the Federal Government contributing dollar for dollar. That is, the Federal Government contributes dollar for dollar for the construction of airports of classes 1, 2, and 3. The Civil Aeronautics Administration, acting for the Federal Government, will contribute dollar for dollar with a municipality or a State for the construction of airports of those classes.

For the construction of airports of the larger classes, classes 4 and 5, the bill now provides that the Civil Aeronautics Administration may contribute dollar for dollar. In other words, it may contribute 50 percent. The reason for placing that provision in the bill was so that in the case of the larger airports, the cost of which runs into many millions of dollars, the Federal Government, acting through the Civil Aeronautics Administration, may exercise its judgment for the protection of Federal money. In the construction of a $50,000,000 or $75,000,000 airport it may be deemed improper for the Federal Government to put up dollar for dollar. It may contribute a lesser sum. In every instance of an airport of class 4 or class 5, the Civil Aeronautics Administration must bring the matter to the attention of Congress. In other words, for the protection of Federal money, appropriations for class 4 or class 5 airports must pass through the Appropriations Committees of both Houses.

The reason for the provision is obvious. Let me use the LaGuardia Airport as an example. It is one of the greatest airports in the world, if not the greatest. Its cost was in excess of $50,000,000. Another airport is to be constructed in New York which will cost, so we are informed, between $60,000,000 and $75,000,000. We thought that it would be improper for the Federal Government to be held responsible for 50 percent of the cost of construction of such airports when they are constructed by great municipalities, and when the property occupied by the airport may be of great value. We tried to safeguard in every way the Federal money which may go into the construction of such airports. We have safeguarded the States, so that States may build airports. We have safeguarded States' rights, so that the States may say that all money contributed by the Federal Government shall be channeled through the States. We provide that a State may, by legislation, say that a municipality may not deal directly with the Federal Government, but that all money for airports must be channeled through the State. That is a sufficient explanation to begin with, as regards that point of contention.

We now come to another point—

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

The PRESIDING OFFICER (Mr. McMAHON in the chair). Does the Senator from Nevada yield to the Senator from Arkansas?

Mr. McCARRAN. I yield.

Mr. FULBRIGHT. Is the manner in which the State is to participate to be determined by an act of the State legislature?

Mr. McCARRAN. That is correct.

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

Mr. McCARRAN. I yield.

Mr. AIKEN. Did I correctly understand the Senator to say that 75 percent of the appropriation will be handled through the States in any event?

Mr. McCARRAN. No; I did not say that.

Mr. AIKEN. That is what I wished to make clear.

Mr. McCARRAN. I did not say that. We define sponsors as being States or municipalities. So the State or the municipality may construct an airport, and may deal directly with the Federal Government. If the airport is a class 1, class 2, or class 3 airport, the Federal Government, if it contributes at all, will contribute 50 percent. If it is of the fourth or fifth class, the Federal Government may contribute 50 percent or it may contribute less.

Mr. AIKEN. Then, the Federal Government determines on which airports the money shall be spent, unless the States enact legislation requiring the money to be channeled through the States; is that correct?

Mr. McCARRAN. That is correct. If the State government directs that municipalities within the State shall not deal with the Federal Government in regard to this matter, but that the State alone shall deal with the Federal Government, then the Federal Government will deal with the State.

Mr. AIKEN. And that would not reduce the allocation to the State in any way?

Mr. McCARRAN. Not at all.

Mr. AIKEN. But as it is now, the Federal Government may deal with the municipality, regardless of the size of the airport; may it?

Mr. McCARRAN. Except as to airports of the fourth or fifth class.

Mr. AIKEN. Yes.

Mr. McCARRAN. As to airports of the fourth or fifth class, which are the larger airports, the Federal Government may deal with a municipality, but it may limit its contribution to less than 50 percent. I tried to explain the reason. I shall go into it further if the Senator did not understand my explanation.

Mr. AIKEN. Very well.

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

Mr. McCARRAN. I yield.

Mr. HUFFMAN. Is there any difference between an allocation directly from the Federal Government to the State and an allocation under a law enacted by a State for the purpose of participating?

Mr. McCARRAN. Let us suppose that right now a city in the Senator's State of Ohio wanted an airport. It would negotiate with the Civil Aeronautics Administration, and the Civil Aeronautics Administration would make an estimate of the cost of constructing the airport and would contribute 50 percent of that amount, if the airport were of the first, second, or third class. If it were of the fourth or fifth class, which are the larger classes, the Federal Government, acting through the Civil Aeronautics Administration, would be required to come to the Congress and obtain a specific appropriation of that sum of money. That is in the case of a municipality, mind you. It may act now.

Mr. HUFFMAN. It may act now without any State legislation?

Mr. McCARRAN. Yes; without any State legislation whatever.

The reason for that is that we find that today very few of the States, if any, have either legislation or preparations made to go forward with these airports. We find that, up to now, practically all airports have been constructed by municipalities.

Let me refer to the Senator's own State of Ohio, and to the city of Cleveland. The city of Cleveland has its airports. It either issued bonds for their construction or it taxed itself or by other means it raised the money needed to build those airports, together with Federal aid; and it will do so again. I doubt very much whether, today, if a city in the southern end of the Senator's State wished to build an airport, it could tax the whole State to obtain funds with which to build it.

I doubt very much whether the city of Cleveland would join in such a movement. In other words, to explain what I am trying to point out, let me say that the municipalities build these airports. They tax themselves for that purpose. It is only in very rare cases, if at all, that a State builds airports. That was our experience over a period of years.

So we wished to have this program go forward; and we said that the municipalities—meaning municipalities or cities, as the case may be—may now come to the Federal Government and may say, "We are ready to build an airport. Will you make a survey of it and estimate how much it will cost and how much you will give us, dollar for

dollar?" Then the Civil Aeronautics Administration makes the survey and determines the cost.

Have I answered the question?

Mr. HUFFMAN. In other words, the municipalities of the various States can now participate in direct allocations without any further legislation by the States themselves?

Mr. McCARRAN. That is correct in part; but it is not altogether correct, because the State of Ohio, if it saw fit to do so, could now build an airport and could come to the Federal Government and say, "We want Federal aid."

Mr. HUFFMAN. Could Federal aid be given directly to the State?

Mr. McCARRAN. Yes, because we define a sponsor as a State, city, county, or other legal subdivision.

Mr. HUFFMAN. What is to be the basis of the allocation of the funds to the various municipalities?

Mr. McCARRAN. It is based on the area and the population.

Mr. HUFFMAN. I thank the Senator.

Mr. BREWSTER. Mr. President, I do not think the Senator from Nevada wishes to let that answer stand. Did I correctly understand him to say that it is limited to the various municipalities? The Senator meant to say "to the various States, on the basis of population," I am sure.

Mr. McCARRAN. That was the question of the Senator from Ohio.

Mr. BREWSTER. I thought the Senator used the word "municipalities."

Mr. McCARRAN. No; I think I said "the allocations to the States." In other words, the CAA allocates the money to the States on the basis of population and area.

Mr. BREWSTER. As to 75 percent. Twenty-five percent is discretionary, to go to any State, according as the CAA deems best under the proposal.

Mr. McCARRAN. That is correct. A discretionary fund is to be taken out of the whole fund and is to be held by the CAA, so that the CAA may balance up the matter in some particular State or locality, or may use it where there is no municipality.

Mr. HUFFMAN. But, according to the distinguished Senator from Maine, the allocation is to the State, not to the municipality; is that correct? Is that the correction which the Senator wished to make?

Mr. McCARRAN. That is correct; it is allocated to the State.

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

Mr. McCARRAN. I yield.

Mr. BREWSTER. I did not intend to say that it is allocated to the various States on the basis of one-half according to population and one-half according to area. But under the conference report, when the money actually goes out, it goes to any municipalities——

Mr. McCARRAN. That is correct.

Mr. BREWSTER. That is the case as to 75 percent of the funds. Twenty-five percent is reserved as a discretionary fund which may go to any State. In other words, theoretically the State of Ohio might get the entire 25 percent. Again, that is limited exclusively on a municipal basis, rather than a State basis, when the arrangement is actually made. Is not that a correct statement?

Mr. McCARRAN. That is correct.

Mr. HUFFMAN. That was my understanding. I thank the Senator.

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

Mr. McCARRAN. I yield.

Mr. MAGNUSON. As I understand the Senator, under the conference report as it now stands, the allocations can be made directly to States, counties, municipalities, and—as I believe the Senator from Nevada said—other subdivisions of government.

Mr. McCARRAN. Legal subdivisions.

Mr. MAGNUSON. Would that include port districts? I ask that question in order that the record may be clear, because many States have port districts which include airports. In the Senator's opinion, would that include legal port districts maintained by the various States as legal subdivisions?

Mr. McCARRAN. Yes. On page 2 of the report it is stated:

> (7) "Public agency" means the United States Government or an agency thereof; a State, the Territory of Alaska, the Territory of Hawaii, or Puerto Rico, or an agency of any of them; a municipality or other political subdivision; or a tax-supported organization.

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

Mr. McCARRAN. I yield.

Mr. LUCAS. I should like to ask the able Senator from Nevada a question. In the event the conference report is not adopted, what will be the next move from the standpoint of the parliamentary situation?

Mr. McCARRAN. I am glad the Senator raises that point because I wish to bring it to the attention of the Senate. In order to answer the Senator's question, I should like to discuss the point for a moment.

Mr. LUCAS. Let me say that I ask the question on the basis of a telegram which I shall read into the RECORD in due course.

Mr. McCARRAN. In order to give a full answer to the Senator's question, let me say that the conference report must, under the rule, be either accepted or rejected as a whole. It cannot be amended. If it is rejected, then those who vote to reject it—and I say this with no desire whatever to criticize—will vote an airport program out of business, so far as I have any knowledge whatever.

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

Mr. McCARRAN. I yield.

Mr. BREWSTER. I feel very confident that the Senator from Nevada is misinformed as to the parliamentary situation.

As I am advised by the Parliamentarian, if the conference report is rejected, there are four motions which then will be in order. One of them will be a motion to amend the House amendment as it would then be before us. Such an amendment is now prepared and can be adopted immediately, and the measure can go back to the House of Representatives.

I shall ask to have the Presiding Officer confirm my statement, if there is any question about the parliamentary situation.

The PRESIDING OFFICER (Mr. McMAHON in the chair). The Chair is advised by the Parliamentarian that in the event the conference report is rejected the following motions with respect to the House amendment, having precedence in the order named, may be made:

First. A motion to refer the amendment to a standing committee.

Second. A motion to amend the amendment, which, for the purpose of amendment, is regarded as an original text, not an amendment in the first degree.

A substitute amendment is in order; but perfecting amendments are in order, being in the second degree, and take precedence over the substitute.

An amendment to the House amendment would take precedence over perfecting amendments to the substitute.

Third. A motion to agree to the House amendment.

Fourth. A motion to further disagree to the House amendment and ask for a further conference.

Mr. McCARRAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCARRAN. Is it not true that this conference report must, in the first instance, either be accepted or rejected by a vote of the Senate as a whole?

The PRESIDING OFFICER. The question the Chair answered was predicated on the rejection of the conference report. The Senator is correct in stating that before the motions the Chair has stated would be in order, there would have to be a vote on the question of agreeing to the conference report.

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

Mr. McCARRAN. I yield.

Mr. LUCAS. In the event the conference report is rejected, as I understand from the decision of the Chair, a number of motions may be made. But whatever may be done, if the conference report is rejected, it will necessarily delay any further legislative action in connection with this matter.

Mr. McCARRAN. Let me say further that, regardless of what may be done, if this conference report is rejected it must go back to the other House. The House has already agreed to the conference report, and the conferees on the part of the House have been discharged. Senators, there is no more chance—I say this with all due respect to every Senator who opposes the conference report—there is no more chance of getting another airport program through this Congress or the next Congress than there is for the proverbial snowball.

Mr. LUCAS. I raised the question because I think the Senator is absolutely correct in his conclusions insofar as obtaining immediate legislation is concerned. Certainly, this Congress ought to give the country some form of legislation at once with respect to airports.

Mr. President, I have before me a telegram which convinces me that this legis-

lation is necessary at this time. The telegram, which comes from Quincy, Ill., reads as follows:

Hon. SCOTT W. LUCAS, Senator,
Member of Congress,
Senate Office Building,
Washington, D. C.:

Your support urgently requested to secure passage of Federal aid airport bill (S. 2), which is scheduled for action by the Senate April 30, 1946. This bill is necessary to assure prompt completion of the new Quincy airport, and defeat of the bill will delay completion of the new airport at least 1 year. Consequently, the passage of this bill is of vital importance to all citizens of Quincy and western Illinois.

EDWARD J. SCHNEIDMAN,
Mayor, Quincy, Ill.

Mr. McCARRAN. Mr. President, I assert to the able Senator from Illinois that I believe we could name dozens of airports with reference to which circumstances might be cited similar to those mentioned in the telegram which the Senator has read. Municipalities are now standing by with money ready to match the Federal funds if they are only permitted to go forward.

Mr. LUCAS. I agree with the Senator, and that is one of the important reasons why it seems to me that the Senate should not delay in acting affirmatively on the conference report.

Mr. President, while I am on my feet I wish to read a telegram which I have received from Jacksonville, Ill. The telegram reads as follows:

Hon. SCOTT W. LUCAS,
United States Senate,
Washington, D. C.:

DEAR SCOTT: Jacksonville voted overwhelmingly last February to create an airport authority for the purpose of establishing a municipal airport. All of us are thus anxious that the Federal aid airport bill will be adopted by the Senate. It would be a favor greatly appreciated by everyone in this town if you voted to approve the conference committee report when it comes before the Senate tomorrow. Regards.

CARL E. NEWPORT.

Here is a telegram from Danville, Ill.:

APRIL 22, 1946.

Hon. SCOTT LUCAS,
United States Senator,
Washington, D. C.:

It would be a personal favor for you to be present on the floor of the Senate tomorrow, Tuesday, and vote for approval of conference report on the airport bill.

GEO. H. JONES,
Acting Mayor.

I also have a telegram from Rockford, Ill., which reads as follows:

APRIL 22, 1946.

Hon. SCOTT W. LUCAS,
Senate Office Building,
Washington, D. C.:

On behalf of the city of Rockford and the greater Rockford Airport Authority, I urge you as a personal favor to me to vote in favor of the conference report on the airport bill which will be presented to the Senate on Tuesday, April 23. Three weeks ago the electors by a vote of 10,000 to 3,000 authorized the organization of municipal corporation known as Greater Rockford Airport Authority to purchase, operate, and maintain a municipal airport. This municipal corporation will be in dire need of Federal funds which should come directly to them from the Federal Government.

C. HENRY BLOOM,
Mayor of Rockford.

The telegrams which I have read have come from four cities in the downstate section of Illinois. Those cities are asking me to present the telegrams to the Senate in order that I may urge upon the Senate the adoption of the conference report, and thereby enable them to go forward with the construction of airports.

I undertake to say, Mr. President, that the Senator from Nevada is correct in stating that in the event the Senate fails to vote favorably for the adoption of the conference report, the parliamentary situation is such that in the final analysis no airport legislation will be enacted during this Congress.

Mr. SALTONSTALL. Mr. President, will the Senator from Nevada yield for a question?

Mr. McCARRAN. I will yield in a moment.

Mr. President, in order that the Senate may know with what diligence this body has dealt with the pending subject, it may be well for them to dwell on the following facts:

On January 6, 1945, the senior Senator from Nevada introduced this bill. On January 10, 1945, reports were requested from the War Department, the Navy Department, the Department of Commerce, and the Bureau of the Budget. From January 13 to January 23, 1945, subcommittee hearings were in progress. On April 30, 1945, the bill was reported to the Senate by the committee. On September 12, 1945, a bill was passed by the Senate. On September 13, 1945, the bill was referred to the House Interstate and Foreign Commerce Committee. On October 18, 1945, the bill in amended form was passed by the House. On October 22, 1945, the Senate asked for a conference, and on October 26, 1945, the conferees on the part of the Senate were appointed. On March 24, 1946, the conference report was filed in the House of Representatives. On April 2, 1946, the House of Representatives agreed to the conference report.

Mr. President, I state those facts in order that the Members of the Senate may know that this bill is not a haphazard bill. It has gone through the various stages of careful study. The chronology which I have read shows with what diligence the conference committee went into the matters involved.

I now yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I do not wish to take unduly the time of the Senate except to ask a question in connection with what the Senator from Illinois [Mr. LUCAS] has said.

This conference report allows the Federal Government to deal directly with municipalities. An amendment was offered to the bill in the other House at the time the bill was being considered there which would have channeled all funds through the State. That amendment was rejected by a vote of 185 to 170. So I submit most respectfully that it is not out of line to assert that if the Senate sent the original Senate bill back to the other House a change of only 8 votes would be necessary in order to have a bill passed by this Congress which would be right in principle, and which would start off the proposed program in a proper manner.

Mr. McCARRAN. I assert to the able Senator from Massachusetts that the time for that has long since passed. The Senate once considered the bill and amended it. The bill then went to the other House, and it was there taken up in one of the House committees. The bill was later sent to the floor of the House of Representatives and, after long study, the bill was passed. It then went to conference.

To say the least, the very point for which the Senator from Maine contended and voted, which was covered by the Brewster amendment, is today just as carefully guarded in this bill as it would be by the amendment of the Senator from Maine.

Mr. President, today States' rights are protected in this bill. Under the amendment, if the State legislature so provides, a municipality may not deal with the Federal Government, but all money must be channeled through the State. However, until the State acts, who will build the airports? Are we asked to sit idly by and wait for some future Congress to pass a law enabling the construction of airports by the State? I hope not.

Mr. LUCAS. Mr. President, in line with the point developed by the able Senator from Massachusetts, I think I am correct in saying that in the House of Representatives only 8 votes were cast against the conference report after it had been debated thoroughly.

Mr. McCARRAN. I am not thoroughly familiar with the situation, but that is my recollection.

Mr. President, I shall not consume further time of the Senate in presenting this matter. I assert to Senators, in all seriousness, that after weeks and weeks of devotion to a study of this bill in the conference, in which the able Senator from Maine spent as much time as he could spend, and endeavored to get the conferees on the part of the House to see his way, we arrived at an agreement which is a compromise. However, it is a compromise which will secure for this country the greatest airport program which any country ever obtained in the history of the world. I assert further to Senators, with all seriousness, that if they reject this conference report they will reject an airport program for such a length of time that some of us may not be present to see the next program when it is put forward.

Mr. BREWSTER. Mr. President, I appreciate what has been said by my good friend and highly respected teacher in air legislation, who has been a pioneer in that field for so many years, the Senator from Nevada [Mr. McCARRAN]. In the time I have spent as a Member of the Senate I have constantly recognized the profound interest of the Senator from Nevada in every matter concerned with air. Throughout the past decade he, perhaps more than any other Member of this body, has been interested in such legislation, and I have learned much from him. So it is with some diffidence that I rise today to defend the position of the Senator from Nevada, lacking his own eloquence in its behalf.

The bill as reported from the Committee on Commerce, sponsored by the Senator from Nevada, provided that 65 percent of the funds authorized to be appropriated should be channeled through the States, and that 35 percent, for the larger airports, might be channeled through the municipalities. That was the bill as submitted to the Senate by the Senator from Nevada, and represented what to him was a logical and reasonable proposal, although, as I recall the discussions in the committee, the principle of State channeling was preferred, but the genuflection to the construction of the larger airports, by the allocation of 35 percent of the funds for the larger airports to permit direct channeling, seemed to him a reasonable compromise.

However, the Senate, in considering the matter, and in deference to the long-established principle of Federal-State cooperation, by a majority of 10 votes adopted the provision that all the funds should be channeled through the States, but that 65 percent should go for the smaller airports, classes 1, 2, 3, and 35 percent for the larger airports, classes 4 and 5, but still through the medium of the States.

This, as the Senator has said, went to conference, finally, after consideration in the House. As the distinguished junior Senator from Massachusetts has pointed out, the House voted upon a considerably more extreme measure, as it provided 100 percent channeling through the States, without division as to the classes of the airports concerned.

We went into conference, as the Senator has pointed out, the House and Senate conferees conferred at length, and have produced the compromise now before us. As I have pointed out, the original Senate bill gave 65 percent to the States for smaller airports, and 35 percent to the cities for the larger airports. That was the Commerce Committee bill, sponsored by the Senator from Nevada.

The amendment proposed by me gave all to the States, but still divided it on a basis of 65 percent for the smaller airports and 35 percent for the larger airports. The House in its wisdom adopted a provision that 75 percent should be allocated to the various States upon the basis of area and population, and 25 percent should be left as a discretionary fund to be allocated to any State.

We come here today to consider the report of the conferees, and we find that the proposal of the conferees is that 75 percent shall go to the various States on the basis of area and population and 25 percent shall be discretionary. In other words, the entire matter about which there was disagreement has been resolved entirely in favor of the position of the House of Representatives. There is not one vestige of the provisions or contentions made by the Senate, either by the Commerce Committee in its bill as sponsored by the Senator from Nevada, or by the amendment finally adopted by the Senate. In order that there may be no misapprehension as to whether I am doing justice to the situation, I wish to quote what was said on the floor of the House by Members of the House in submitting the report. Chairman LEA, speaking, said:

> Mr. Speaker, in the main, the conference report on the airport bill which we bring to you today follows the bill as it passed the House.

Representative WOLVERTON made the following statement:

> I take it when a bill passes the House and it is in direct conflict with a bill which has been passed by the Senate, there is an obligation upon the conferees to insist on the provisions that are in the bill as passed by the House. It may be at times necessary to make a compromise between the House and Senate viewpoints in order to get a bill passed by the Congress. In all such compromises the conferees are bound to get just as much as possible of what the House wants, and, in the case of Senate conferees, as much as possible of what the Senate wants; however, in this case the Senate conferees—

This is a House Member speaking—

> in this case the Senate conferees receded entirely from the position the Senate had previously taken and accepted the provisions as they appear in the House bill. Under such circumstances there was nothing for the House conferees to do other than to accept this rescission upon the part of the Senate.

Mr. President, that is a very masterly statement of a very masterly maneuver on the part of our colleagues at the other end of the Capitol, who accomplished exactly what they had originally set out to do.

The statement of the managers on the part of the House itself says:

> The bill, as agreed to in conference, is generally similar to the bill as passed by the House.

Whether or not the Senate was wise in its position is a matter which I presume we should consider. The principle involved is that of allocation to the States—the same principle that has long prevailed in the allocation of highway funds, in the school-lunch program, in the hospital program, and in the public-health program, and in the proposed educational grants-in-aid program. All of these have recognized this principle of channeling through the States.

There are serious objections to the program which I think some other Senators may point out, but it seems to me sufficient to recognize that in dealing with this question the conferees upon the part of the Senate apparently did not find it possible to accomplish even the middle-of-the-road proposal which was represented by the first proposition sponsored by the Senator from Nevada, and to retain the 65 percent allocation for the smaller airports, channeled through the States.

To be sure, there is one very small provision upon which apparently great stress is being laid—a genuflection in the direction of State authority by the so-called Bulwinkle amendment—which provides that if any State passes legislation prohibiting a municipality from operating in this program, the municipality shall be excluded from participation.

The Congress of the United States does not need to say that. That is said by the constitution of every State in the Union because every municipality is nothing but a creature of a State, and can do nothing the State does not allow, and no matter what the Congress of the United States might say, there is no power in Washington or in the Federal Constitution which can control what the several States may do regarding the municipalities, which are the creatures of the States. So that the Bulwinkle amendment, upon which such stress is sought to be laid, providing that the States may prohibit municipal participation as they desire, is, in the first place, entirely superfluous because the power exists in any event for a State to do that very thing.

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

Mr. BREWSTER. I yield.

Mr. AIKEN. If it were provided that the funds must be channeled through the States, would there be any way by which the Federal Government could withhold the amount properly allocable to a State?

Mr. BREWSTER. That would depend upon the good faith of the Administrator. In both cases it was provided that the money shall be allocated to the States and that a program should then be considered, to be worked out between the State authority and the Federal Authority. If the Federal Authority did not consider that the program submitted by the State authority was wise, the Federal Authority would have the right to refuse to carry it out.

Mr. AIKEN. If the Senate rejects the conference report, does the Senator from Maine feel that the conference committee will then agree upon a bill which will be acceptable to the Senate?

Mr. BREWSTER. If the conference report shall be rejected, I propose immediately to submit an amendment, which the Presiding Officer has ruled would be in order, and which I have drafted. My amendment, which would provide for State channeling, would then go to the House. I wish to say in this connection that during the long and weary weeks of negotiation, during which the Senator from Nevada and I worked rather religiously on this matter, it was my repeated proposal that the House conferees should take to the House the Senate bill, and that we would take to the Senate the House bill, and let each body vote. I felt confident that the House would accept our provision, since the vote had been so close before, and the fact that the House conferees steadfastly, through 3 months, refused to permit the House to have any opportunity to vote upon the Senate bill was to me pretty convincing evidence that they very much feared the result. So far as I was concerned, I was perfectly ready to bring the House bill to the Senate, and we now have the House bill here as a result of the rescission of the conferees.

Mr. AIKEN. I think it very important that the airport-construction program get under way without delay, and if I felt that if we rejected the conference report and nothing came back to us the program would be delayed for a year. I should prefer to accept the conference report rather than have the program delayed.

Mr. BREWSTER. I think the Senator from Vermont need have no concern. If the conference report is rejected, which

will presumably mean that the amendment will be adopted, the bill will then immediately go to the House, and the House will then have an opportunity for the first time to vote upon the proposition which the Senate considered to be wise.

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

Mr. BREWSTER. I yield.

Mr. HART. I have a telegram which I should like to read, and which perhaps will reassure the Senator from Vermont. The telegram is from the Governor of Connecticut, who is highly interested in the program. He sends me this telegram concerning that portion of the conference report which deals with municipal participation. It is as follows:

> Strongly urge your support for Federal administrative program whereby Federal agency will work directly with the States in the matter of airport development following pattern used so successfully through the years in highway matters. If bill adopted by the House is passed by the Senate, the States in the last analysis will be required to pay most of the cost through further Federal invasion of State tax sources and through increasing demands upon the States by political subdivisions with no State participation in that respect in the planning, supervision, or operation of the program. National Governors Conference last year unanimously approved Federal-State cooperation, rather than Federal-local cooperation, thus bypassing States in any portion. Because of the size of Connecticut and the multiplicity and confusion of many municipalities developing local airports without State control and supervision, it is very important to us that Federal-State rather than Federal-local plan in part be approved.
>
> RAYMOND E. BALDWIN.

I ask the Senator if he thinks that that is about the position of other States in the New England Conference?

Mr. BREWSTER. It is my understanding that it is the position not only of the States in the New England Conference, but States very generally throughout the country. I know the Senator from Ohio inquired regarding this matter, and the Governor of that State expressed himself very strongly, as did the Governors of almost all the States concerned with this principle.

I may point out that an interesting analogy exists in the administration of the amazing Federal-State highway program involving billions of dollars. There are only 2,545 Federal employees involved in it as the result of the great amount of the work being decentralized in the States. In the case of the Civil Aeronautics Administration they already have 11,000 employees, and it is contemplated in the estimates that if the Federal Government is to administer this entire program in cooperation with the municipalities there will be a 500-percent increase in the CAA staff. I do not mean by that to suggest that the number of employees will be increased to 15,000, because it would be a 500-percent increase in that portion of the employees allocated to the planning of the airports, but it does indicate that a vast Federal bureaucracy must inevitably be greatly expanded, whereas if we continue the well-established practices of cooperation between the Federal and State authorities, with the State authorities cooperating with the municipalities as they do now, it is reasonable to anticipate that very great economies will be effected.

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

Mr. BREWSTER. I yield.

Mr. KNOWLAND. Along the line of the question raised by the distinguished Senator from Vermont [Mr. AIKEN], I, too, would be considerably concerned if I thought that there would be any unnecessary delay in the passage of this legislation, because to California, as to a great many other States, airport development is of extreme importance. A short time ago I heard the ruling of the Presiding Officer of the Senate to the effect that several procedures might be followed in the event of the rejection of the conference report, and I take it from the statement of the Senator from Maine that if the conference report is rejected there will not be an endeavor to send the bill to committee, which is one of the alternatives, but rather it will be amended on the floor and forthwith sent to the House.

Mr. BREWSTER. The amendment is all prepared, and is ready for immediate adoption if the conference report is rejected.

Mr. AIKEN. Mr. President, will the Senator from Maine again yield?

Mr. BREWSTER. I yield.

Mr. AIKEN. Suppose the House does not accept the amendment of the Senator from Maine in the event that the Senate approves it, then what happens? Will we have it back here again?

Mr. BREWSTER. Then, there will really be in order a compromise, a compromise such as we have not been presented with thus far, a compromise such as the Senator from Nevada has sponsored throughout, and which the House, I assume, was going to accept when finally that point was reached where certain of our conferees decided to recede. Instead of that compromise being made, the Senate conferees receded completely.

Mr. AIKEN. That compromise would have to be arranged between the two Houses?

Mr. BREWSTER. Yes.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LUCAS. Am I to understand that the amendment which is now being discussed by the able Senator from Maine will be first in order in the event the conference report is rejected, or will it be first in order to send it back to committee?

The PRESIDING OFFICER. The precedence as stated by the Chair on the advice of the Parliamentarian is first a motion to refer the House amendment to a standing committee. That motion will take precedence.

Mr. LUCAS. I thank the Presiding Officer.

Mr. BREWSTER. I may point out that the inquiry is a most interesting one, and it would indicate that perhaps someone on the other side would assume the responsibility for the delay. It will not rest on this side, at least in that consideration.

The difficulty with the House provision in the first place is that it is utterly inequitable as between the States, because while providing that 75 percent shall be allocated to States on the basis of area and population, it provides that 25 percent shall be a "kitty" and, remember, it amounts to $125,000,000 under the provisions of the conference report—$125,000,000 which may be put entirely in one State if the Federal Administrator shall so desire. If it is desired to put $50,000,000 in Idlewild in New York, that is possible, or it can be put in any other vast airport which it is desired to develop.

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

Mr. BREWSTER. I yield.

Mr. McCARRAN. Is it not true that the bill as it passed the Senate with the Senator's amendment allowed 35 percent for discretionary allocation?

Mr. BREWSTER. It is not.

Mr. McCARRAN. It certainly is.

Mr. BREWSTER. I think we are all agreed that the 35 percent was to be allocated for the construction of class 4 and 5 airports, but its allocation so far as States were concerned was to be on exactly the same basis as the 65 percent. That is, the State of Nevada would get——

Mr. McCARRAN. I beg the Senator's pardon, if he will again yield. The appropriations would have had to be brought back to Congress again, as was provided by the bill passed by the Senate.

Mr. BREWSTER. The Senator is quite correct, that under all the provisions, so far as the Senate measure is concerned, and I think the House measure, the proposed appropriations for the larger airports, class 4 and 5 airports, must be submitted to the Congress before they are finally made. Under the plan provided by the conference report the Administrator may allocate 25 percent of the entire fund to one State and to one airport. It is true, however, that that must receive the final concurrence of the Congress before it can take effect. Under the provision adopted by the Senate, 65 percent would go to the smaller airports in the several States on the basis of one-half population, one-half area. Thirty-five percent would go to the larger airports in the several States on the basis of one-half population, one-half area, and in consultation with the several State authorities.

Mr. McCARRAN. The Senator is not now referring to the conference report. He is referring to the bill as it was introduced in the Senate and reported from the committee. Sixty-five percent was to be channeled through the States for class 1, 2, and 3 airports, and 35 percent was to be channeled through the Congress directly for class 4 and 5 airports.

Mr. BREWSTER. That is correct. That was the bill reported by the committee and sponsored by the Senator from Nevada. The result is that there is very serious danger of inequities resulting, and that is why it has seemed to those of us concerned with the principle of State channeling that it would

be far wiser to request our coordinate body at least to take a vote upon the Senate bill. If the result of such a vote should be disapproval of the Senate measure, upon which the House has never yet voted, then it would be in order for the House and Senate really to compromise along the line long advocated by the Senator from Nevada whom, in that event, I should find it my great pleasure to support.

So I trust that the conference report will be rejected, that we will then adopt the Senate amendment as previously considered, and send it to the House for its consideration.

Mr. SALTONSTALL. Mr. President, I hope the conference report will be rejected and that the amendment intended to be offered by the Senator from Maine will be accepted and the bill promptly sent over to the House.

We are all vitally interested in airport construction. We want to see the airports built so that there can be a vast expansion in airplane traffic. The problem is: Will this bill in its present form help to develop airports to the best possible advantage? We should remember that this bill extends over a period of 5 years and establishes the principle on which the Federal Government will help to build airports.

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

Mr. SALTONSTALL. I yield.

Mr. McCARRAN. The Senator is slightly in error. Probably the Senator has not read the conference bill. When the bill went through the Senate it provided for a program over 5 years. When it went through the House it provided for a program over 10 years. The compromise was for 7 years. The bill provides for a period of 7 years.

Mr. SALTONSTALL. The Senator from Nevada is entirely correct. What I meant to say was that it provides for an appropriation of $500,000,000, extending over a period of 7 years.

As the bill was reported by the Senate committee to the Senate, it provided, as the Senator from Maine has said, for class 1, 2, and 3 airports. Assistance for such airports was to be channeled through State agencies, and construction of such airports was to consume 65 percent of the funds, on a 50-50 basis. With respect to class 4 and class 5 airports, the larger airports, they were to receive 35 percent of the Federal aid. That aid could be accorded directly to the municipalities by the Federal Administrator, after approval by Congress. The Brewster amendment required funds for class 4 and class 5 airports to be channeled also through the State agencies.

In my opinion, this so-called compromise is not a compromise at all. It is a complete yielding to the House on the question of channeling of funds. If this bill is enacted in its present form, 75 percent of the money available will be distributed directly by the Administrator to the municipalities. State agencies will be completely bypassed. With respect to the remaining 25 percent, the Federal Administrator has it completely in his discretion to deliver it to any one State for one airport, if he so desires, with the approval of Congress.

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

Mr. SALTONSTALL. I yield.

Mr. McCARRAN. I wish to correct the Senator again. Inadvertently, no doubt, he states that the State would be bypassed. Under the provisions of the bill as agreed to in conference the State may channel the money through the State. It is an agency which may deal with the Federal Government.

Mr. SALTONSTALL. The Senator is correct; and I intended to take up that point in a few moments. The Senator from Nevada is correct in saying that the State may enact a law which will forbid the Federal Government from dealing with municipalities directly.

Mr. McCARRAN. But aside from that, the Senator fails to grasp the point that the State itself is defined as an agency which may deal with the Federal Government.

Mr. SALTONSTALL. That is correct, if the State is to build an airport; but only if the State is to build an airport. In the discretion of the Federal Administrator, 25 percent of the funds in his hands may go into one airport in one State, if Congress approves the plan. We must remember that under the compromise report, as it is now called—and I believe I am correct in interpreting it in this way; I shall be glad to receive the advice of the Senator from Nevada if I am incorrect—the Federal Administrator may put the whole amount allotted to one State into one airport with the approval of Congress, plus the 25 percent which he may use in his discretion. So I say to Senators who are interested in smaller airports that this bill can be interpreted by the Administrator as a large airport bill, as distinguished from assistance to small airports as well as large airports.

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

Mr. SALTONSTALL. I yield.

Mr. McCARRAN. The Senator addressed the subject matter of his discussion to me, and I beg leave to interrupt him in order that I may answer by way of explanation.

Nothing of the kind can take place, because immediately the money is appropriated by the Congress, the Administrator—that is, the CAA—must allocate to the respective States on the basis of population and area.

Mr. SALTONSTALL. I so stated.

Mr. McCARRAN. And that money remains allocated to the States. So far as the 25 percent is concerned, the Administrator could not put it into one State. Congress would have to give him authority before he could do anything with it.

Mr. SALTONSTALL. I believe that is what I said; I hope it is. I stated that 75 percent would be allocated on the basis of population and area; and in the discretion of the Federal Administrator the total amount allotted on that basis to any one State could go into one airport, plus the 25 percent over which he has broad discretion, subject to approval by Congress. So that it could all go into one airport in one State if Congress should approve.

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

Mr. SALTONSTALL. I yield.

Mr. REVERCOMB. The Senator has raised a question which I think is at the very heart of the issue. One question presented by the two diverse views is whether or not the construction of airports throughout the country shall be principally under the direction of the Federal Government, or whether the funds put up by the Federal Government shall be controlled by the States. I think it is quite generally known that as a rule I favor government closest to the people in all matters. Sometimes that view is expressed by the overworked phrase, "States' rights." But I feel that a different question is presented here. When the reason for the rule fails, the rule should not apply.

The idea of building airports throughout the country is a great interstate scheme. The Senator speaks of those who advocate small airports. That is the very danger of State control of this fund. The State governments are closest to and most subject to local pressures. The result may be that a State may have 50 air strips or 50 small airports, and not a single airport large enough to accommodate interstate travel.

This is a national question, not a State question. Air travel is from State to State. Federal aid for airports is not comparable to Federal aid for highways. The construction of roads is more or less local to the States; but air travel, because of its speed and the distance covered, knows no State lines.

For that reason I have hoped from the very beginning that the Federal Government would entirely control the construction of these airports. However, there has been a compromise which permits State control in the construction of municipal airports. The State, by the enactment of a law, would be permitted to take over control within the State. I intend to support the conference report. I wish that the part with regard to State control were not in it, but a compromise had to be made. I think it is a very fair compromise with advocates of the State control system.

The Senator has been very kind in permitting me to make this statement. I made it because the able Senator from Massachusetts raised the very point which I think is the heart of this question, and that is whether or not there should be small airports. That is what is coming if we place control in the hands of the States. I say this without casting any aspersions upon any State government, but the Senator and I know that State governments are more subject to local influence and pressure than is the Federal Government. The result would be a great number of small airports which could not accommodate interstate travel. Furthermore, as a practical matter, I believe that further delay would be fatal.

I hope that the conference report will be adopted.

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

Mr. SALTONSTALL. I yield for a question only. The time is limited.

Mr. LANGER. I note that the distinguished Senator from West Virginia says that he would rather trust someone far away from home. I ask him if the people would not receive a better deal from a board appointed by their own governor, whom they elect, than from a bureaucrat 3,000 miles away from home?

Mr. REVERCOMB. I will say to the Senator that he well knows my position upon the question of local self-government. I like to bring government as close to the people as possible. But we are dealing with a subject which is Nation-wide. Air travel extends from coast to coast, and from the Great Lakes to the Gulf. We are not dealing with a State question, involving the construction of a great number of small airports in a State. Under a system of State control, many counties might desire airports. Each county would say to the State government, "If you want to be fair, you must divide this money up." The result would be that there would be no airport of any size in the State, and the money of the Federal Government would be used to bring about a failure in an over-all scheme.

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

Mr. SALTONSTALL. I should like to answer the Senator from West Virginia. The Senator from West Virginia says that the compromise report is better than the Senate bill because this is a national subject and is not a State matter. I most respectfully point out to him and to other Senators that the Senate bill, as it passed the Senate, provided for the allotment of 65 percent of the funds for class 1, class 2, and class 3 airports. The purpose was to aid in the construction of small airports in the States in order to handle local traffic. Thirty-five percent of the funds were to be spent for class 4 and class 5 airports for interstate traffic. That division was worked out as a fair compromise.

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

Mr. SALTONSTALL. I yield.

Mr. McCARRAN. That is the bill which the able Senator from Massachusetts voted against on the floor of the Senate.

Mr. SALTONSTALL. I answer the Senator from Nevada by saying that I did not vote against it. I voted to channel through the States funds for class 4 and class 5 airports, but 35 percent would still have to go into large airports.

Mr. McCARRAN. When the bill came to the Senate it provided for the allotment of 65 percent for class 1, class 2, and class 3 airports, and 35 percent for class 4 and class 5 airports, but the Brewster amendment read that provision out of the bill.

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

Mr. SALTONSTALL. I yield.

Mr. BREWSTER. The Brewster amendment did nothing of the kind. The Brewster amendment simply provided that the 35 percent for class 4 and class 5 airports should likewise receive consideration by the States. That was the only distinction.

Mr. McCARRAN. It provided that all the money had to be channeled through the States.

Mr. BREWSTER. Precisely; but the 35 percent had to go for class 4 and class 5 airports, exactly as the Senator from Massachusetts has stated. That is a sound principle which the Senator from Nevada has always advocated, namely, that we should recognize the smaller airports by allotting 65 percent to their construction and 35 percent to the construction of large airports. The only issue was as to whether the States should retain control.

Mr. SALTONSTALL. Mr. President, I should like to make a few more points, if I may do so at this time, and then I shall be through.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. SALTONSTALL. At the present time there are, as I understand, 44 State airport agencies. I mention that because when this honorable body passed the Hayden-Cartwright bill in 1913 to provide for Federal aid to State highways—a bill which has worked out most successfully in the last 33 years—there were only two State highway agencies. The highway agencies were built up to cooperate with the Federal Government and to plan the use of the funds for road work in the States.

Let me point out that if this bill becomes law, the Federal Government will be dealing directly with more than 4,000 local agencies in the various States.

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

Mr. SALTONSTALL. I yield.

Mr. BARKLEY. Of the 44 State agencies referred to by the Senator from Massachusetts, how many of the State agencies match Federal funds or appropriate any money out of the State treasury to help localities build airports?

Mr. SALTONSTALL. A few of them already do.

Mr. BARKLEY. Very few—not more than four, I think.

Mr. SALTONSTALL. I admit that a very few do as yet pass out funds. But if this compromise bill becomes law, it will afford no incentive for the States to render assistance.

I should like to make the point that a great many of the localities cannot provide their own experts. The experts will have to be provided by the States, or else they will have to be provided by the Federal Government. As the Senator from Maine points out, the Civil Aeronautics Administration now has more than 11,000 employees, of whom 191 are engaged in airport planning and airport construction. The Civil Aeronautics Administration told us that that part of their agency will have to be increased by about 500 percent if this bill becomes law. The testimony for the Civil Aeronautics Administration, by Mr. Charles B. Donaldson, Assistant Administrator for Airports, before the committee was as follows:

> As the bill is presently drawn, it would require that the Administrator deal directly with the sponsors of each project undertaken under the program. This would require direct dealings with approximately 4,300 units of government. It is obvious that from an administrative point of view this would be extremely difficult and cumbersome.

That is what the Assistant Administrator for Airports of the Civil Aeronautics Administration said of the bill in its present form.

I should like to make just one or two other points. This bill provides for no maintenance for airports. I do not think action on the measure should be held up because of that fact; but we must remember that there are approximately 800 Army airports which have been turned back as surplus, and they must be maintained in some way or other. That will be a problem in which the Federal Government must help in the days to come. For instance, in my own State, at Bedford, Mass., the State contributed about $100,000, when I was Governor, to buy the land. The Federal Government has contributed between $2,000,000 and $3,000,000 and has now declared that airport to be surplus. It could be used by the State, but it must be maintained. There is no provision for Federal assistance to maintain that airport. I am not sure that I approve of Federal assistance for maintenance, but it is a problem which must arise in connection with the 800 airports which have been declared surplus.

We also must remember that the cities and towns of which we are speaking, which are going to build airports, must turn to their State governments in some instances. For instance, in many States if cities or towns desire to borrow money beyond their debt limits, they must obtain the approval of the State government, through the State legislature. If an airport is to be built outside the city limits, the city presumably must secure the approval of the State legislature to buy the land outside its limits and to hold it tax free.

The distinguished Senator from Nevada [Mr. McCARRAN] mentioned the airports in New York. I think he mentioned Idlewild, although I was not sure I correctly understood him. He did not mention it by name. Idlewild, which is the largest airport in the United States—it is not yet finished—was begun by the city of New York; but I am informed, and I believe the information to be correct, that the present mayor of New York, Mayor O'Dwyer, has asked the New York Legislature and the Governor of New York to create an authority there because Idlewild is too big a proposition for New York City to handle. That is a direct instance in which a city has asked the State to help because the job is too big for the city.

In my own city of Boston the State had to take over, buy, maintain, and enlarge the airport because the city of Boston could not do it.

Those are two instances which I have in mind, in which the State government has been asked to help in connection with the airport problem.

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

Mr. SALTONSTALL. I yield.

Mr. McCARRAN. Inasmuch as the Senator has mentioned Mayor O'Dwyer.

I should like to read a letter which is under date of March 28:

Thank you for your further information with reference to the conference committee report on the airport bill. I strongly favor the final draft of the bill as reported by this committee. Specifically, I believe that grants should be made through the CAA to cities, counties, and authorities. In New York City all airport matters will be in the hands of the New York City Airport Authority, and I am strongly in favor of having the CAA deal directly with this authority, and not through the State or any other agency. May I ask you to state this fact when the bill comes up for consideration in the Senate and House.

Mr. SALTONSTALL. Let me ask the distinguished Senator whether the letter is signed by former Mayor LaGuardia?

Mr. McCARRAN. No; it is signed by William O'Dwyer.

Mr. SALTONSTALL. I would point out that Mayor O'Dwyer has asked the State government for assistance.

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

Mr. SALTONSTALL. I yield.

Mr. BREWSTER. Mayor O'Dwyer has not only asked the State government, but the bill has been passed and signed by Governor Dewey; and the entire authority, insofar as the New York airport known as Idlewild is concerned, has been transferred to the State authority, which is a representative of the State government. I suspect that perhaps Mayor O'Dwyer has not been fully informed as to the implications of the various proposals, in questioning the propriety of the procedure.

Mr. McCARRAN. Mr. President, let me say to the Senator from Maine that I would not imply that the mayor was not advised when he sent that telegram. Let me say that he was advised as to what is contained in the conference bill.

Mr. SALTONSTALL. Mr. President, I should like to make a further point. Since I have been a Member of this distinguished body, the Senate has passed a bill, which is now in conference, dealing with school lunches. If my understanding of the bill is correct, the Federal assistance which is rendered in that connection stops at the State line, and from there on the work is carried on by State agencies, under certain supervision.

The Senate recently passed a bill dealing with hospitals, and under the provisions of that bill the Federal aid stops at the State line.

In connection with highway construction, the Federal Government has always dealt directly with the State highway authorities, and it refuses to deal with the municipalities, no matter how large they may be.

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

Mr. SALTONSTALL. I yield.

Mr. REVERCOMB. Does not the Senator see a very definite distinction between appropriations for air travel, which recognizes no State boundaries, and appropriations for roads and for school lunches?

Mr. SALTONSTALL. I say most respectfully to the Senator from West Virginia, who is a very distinguished Member of this body and who is my friend, that airplanes travel through the States; but the principles of Government on which this country has been built begin at home and with the individual, and if we are going to disregard the State governments and the 48 units of State government and have the Federal Government deal directly with counties and municipalities, we are going to involve ourselves in a bureaucracy the magnitude of which we have no conception.

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

Mr. SALTONSTALL. I yield.

Mr. REVERCOMB. Does not the Senator realize that, under the Federal Government, national projects should be handled from a national viewpoint?

Mr. SALTONSTALL. I answer the Senator's question by saying that if the Federal Government desires to own certain airports, as the Army and the Navy do, then it should have complete jurisdiction over them; it should take them over and should pay for them entirely. But if it is going to go into localities and deal with commercial companies and private individuals, then let us keep close to home.

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

Mr. SALTONSTALL. I yield.

Mr. AIKEN. I rise merely to say that the school-lunch bill provides that the Federal Government may deal directly with certain types of schools, and not through the States. I believe the State of the Senator from Massachusetts has probably as many private schools as does any other State of the Union.

Mr. SALTONSTALL. Let me say to the Senator from Vermont that when I was Governor of Massachusetts I had a terrific row with the Federal authorities on just that point, and finally the Federal authority dealt through the State Department of Public Welfare, and thence down to the schools.

Mr. AIKEN. I should like to have one thing made clear once more, although I believe it has been made clear already. If any State has a special session of its legislature before this bill takes effect or before any money is appropriated under it, the legislature can require that the funds be channeled through the State.

Mr. SALTONSTALL. Mr. President, the Senator from Vermont asks whether the State government, through its legislature, can have all funds channeled through the State. It can, but I submit that no government or no legislature would ever advocate such legislation as would prevent municipalities from dealing directly with the Federal Government in connection with emergency matters.

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

Mr. SALTONSTALL. I yield.

Mr. O'MAHONEY. If I understand correctly what the Senator was saying, it applied to a transaction which recently took place in the State legislature of Wyoming.

When this conference report was received I took note of the provision in section 9 (b) reading as follows:

Nothing in this act shall authorize the submission of a project application by any municipality or public agency which is subject to the law of any State if the submission of such project application by such municipality or other public agency is prohibited by the law of such State.

In response to a telegraphic inquiry regarding this point, I advised the Governor and a committee of the legislature of Wyoming as to what the proposed law would provide. Thereupon the State legislature adopted the bill known as Senate file No. 7, the title of which was:

To provide that no city, town, county, or other political subdivision shall apply for or receive any Federal grant for airport development unless the project is first approved by the State commission.

It is my understanding that under the conference report the State legislature of Wyoming, by passing the bill which I understand the Governor has already signed, has taken itself out of the operation of section 9 (a). Therefore, the State remains the master of all applications, and may follow a State-wide program for airport development.

I should like to ask the Senator's indulgence to invite a statement from the Senator from Nevada with reference to whether or not it is true that any State legislature, after this bill becomes law, may not likewise pass an act such as the one to which I have referred, providing for State control of all applications.

Mr. McCARRAN. The Senator is entirely correct. That fact is the reason for section 9 (b). In other words, if the State wishes to have Federal moneys channeled through the State, that may be done, as in the case of the State of Wyoming, which has enacted legislation to that effect. On the other hand, municipalities will go forward with their programs until the State in which the municipality is located prohibits municipalities from doing so.

Mr. O'MAHONEY. I thank the Senator.

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

Mr. SALTONSTALL. I yield.

Mr. BREWSTER. I do not believe the Senator was in the Chamber when the language of the amendment was discussed. It has been placed in the negative. I urged very earnestly that a reverse course should be adopted in order that recognition might be given to the Federal function.

The criticism most frequently heard is that some States have not yet acted in regard to this matter. I believe that 44 States have acted. The situation could be taken care of by a general provision in the following language:

Provided, That where a State has not appropriated any State funds for airport purposes, or where a State does not have legislation which permits its participation in the program through an adequate State airport agency, the Administrator shall carry out projects under this act by direct arrangements with any qualified public agency within the State.

That language, Mr. President, would take care of the State.

Mr. SALTONSTALL. Mr. President, I say frankly that I had not realized that any State had passed a law such as the one to which the Senator from Wyoming has referred.

Mr. McCARRAN. The Senator from Maine has referred to 44 States which he believes have acted in connection with this matter. Allow me to read a list of some of the States.

Maine, no funds appropriated; Iowa, no funds appropriated; Kansas, no funds appropriated; Wisconsin, no funds appropriated; Oregon, no funds appropriated; New Hampshire, no funds appropriated; Ohio, no funds appropriated; New Jersey, no funds appropriated; Missouri, no funds appropriated; California, no funds appropriated; Indiana, no funds appropriated; Texas, no funds appropriated; Arkansas, no funds appropriated; Oklahoma, no funds appropriated; Colorado, no funds appropriated; North Carolina, no funds appropriated; Mississippi, no funds appropriated; Florida, no funds appropriated; Nevada, no funds appropriated; North Dakota, no funds appropriated; Connecticut, no funds appropriated; Georgia, no funds appropriated; Nebraska, no funds appropriated; New York, no funds appropriated; Washington, no funds appropriated; South Dakota, no funds appropriated; West Virginia, no funds appropriated for construction; Louisiana, no funds appropriated; Montana, no funds appropriated; Idaho, no funds appropriated for construction; Arizona, no funds appropriated; Delaware, no funds appropriated; New Mexico, no funds appropriated; South Carolina, no funds appropriated; Alabama, $200,000 appropriated for 1946 and 1947, conditional upon approval by governor; Maryland, indefinite; Michigan, $1,500,000 appropriated for period ending June 30, 1946; Wyoming, no funds appropriated; Rhode Island, no funds appropriated to date; Utah. $500,000 appropriated up to June 30, 1947; Virginia, $130,000 for period 1946–48; Pennsylvania, $3,725,000 appropriated; Minnesota, $910,000 available balance from prior appropriations; Illinois, $2,500,000 for airports and airways, amount for airports indefinite; Vermont, $15,000 appropriated for land; Massachusetts, no reply received; Tennessee, no reply received.

Mr. SALTONSTALL. Mr. President, I wish to ask the Senator about Massachusetts. Massachusetts has appropriated more than $39,000,000 during the past years.

Mr. McCARRAN. Not for airport construction, according to the report which was made to us.

Mr. SALTONSTALL. I shall not go into the matter except to say that I myself, while Governor of Massachusetts, signed bills appropriating more than $15,000,000.

Mr. McCARRAN. That was a long time ago.

Mr. SALTONSTALL. The Senator would give the impression that Massachusetts has not appropriated any money for this purpose at all. She has appropriated a great deal of money.

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

Mr. SALTONSTALL. I yield.

Mr. BREWSTER. The Senator from Nevada misunderstood my statement with respect to 44 States. State airport agencies with competent jurisdiction were created. Under the provisions of the conference report no Federal money may be available for next year because the report must be filed tomorrow in order to make any funds available, and that, obviously, will be impossible.

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

Mr. SALTONSTALL. I yield.

Mr. BARKLEY. Time is rapidly passing. The Senator seems well on his way toward consuming the remainder of the allotted time.

Mr. SALTONSTALL. I have one more question and then I shall be through.

Mr. BARKLEY. Mr. President, if the Senator will yield further to me, I merely wish to say that while the Senator was Governor of Massachusetts, that State, under some peculiar circumstances, did take over an airport because of conditions which existed with reference to it.

Mr. SALTONSTALL. Massachusetts took over the airport in the city of Boston, purchased land at Bedford, and planned to buy other land in other parts of the State.

Mr. BARKLEY. That was before the pending legislation was introduced.

Mr. SALTONSTALL. Massachusetts has never had any Federal assistance.

Mr. BARKLEY. Mr. President, reference was made to 44 States. All of them, with three or four exceptions, have created aviation commissions of one form or another, carrying with them no money whatever. Yet when funds are to be furnished by the United States for the purpose of helping localities which have undertaken to buy land and construct airports, hangars, and administration buildings with money derived from the sale of bonds we are asked to provide that those localities may not deal directly with the Government of the United States but must go to the State capitol in order to obtain funds from the Federal Government.

Mr. SALTONSTALL. I believe that the State governments will appropriate funds when there is an incentive for them to do so. There were only two State highway commissions when Federal assistance was originally offered for the construction of highways.

Mr. BARKLEY. Frankly, I do not believe that situation is analagous to the present one. However, I do not have time to go into it.

Mr. SALTONSTALL. I only assert, Mr. President, in conclusion that through this bill we are being asked to establish a principle for future airport construction which should not be established. I believe that it is essential to start out on the right foot, and to work through the State governments rather than through the cities.

Mr. President, I yield the floor.

Mr. LUCAS. Mr. President, in view of the fact that it required 25 minutes to call the roll when we reached the hour of 2 o'clock this afternoon, I ask unanimous consent that debate on the conference report be continued for 20 minutes.

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

Mr. GUFFEY. I object.

The PRESIDING OFFICER. Objection is heard.

SEVERAL SENATORS. Vote! Vote!

Mr. McCARRAN. Mr. President, I have only one further statement to make, and then I shall have concluded my discussion of a matter which is of great importance and will continue to be of great importance in the future.

What I say is said after months of experience through which the Senator from Maine stood with me until he became so tired that he left the conference and did not return. I did not blame him at all. I am not criticizing him, but I say that there will be no program for airports if this conference report is rejected.

Mr. BREWSTER. Mr. President, I rather regret if not resent the suggestion that I was worn out. We had continued for several months, and one Member of the Senate conferees was himself worn down and he finally notified me that he was going over to join the Senator from Nevada and his two associates. So there were four conferees on the part of the Senate who were inclined to compromise. I assumed that the compromise would be the proposal of the Senator from Nevada, but later I found to my amazement that the compromise was the House bill itself to which the conferees on the part of the Senate agreed.

Mr. BARKLEY. Mr. President, how much time do we have?

The PRESIDING OFFICER. One minute.

Mr. BARKLEY. I shall not attempt to discuss the matter in 1 minute. I am not interested in the number of old men who become worn out before their time. [Laughter.] I agree with the Senator from Nevada that if this conference report is rejected the chance of enacting any airport legislation during the present year will go out the window.

It seems to me that the States which have set up more or less ornamental or monumental aviation commissions without providing any money to aid localities which are willing to buy land and bond themselves in order to obtain necessary money, have no right to insist that Federal funds be channeled through the State capitol.

The PRESIDING OFFICER. The hour of 4 o'clock having arrived——

Mr. BREWSTER. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BREWSTER. What will be the precise question?

The PRESIDING OFFICER. The question will be on agreeing to the conference report.

Mr. BREWSTER. A vote "nay" will be to reject the conference report?

The PRESIDING OFFICER. It will be.

Mr. McCARRAN. A vote "yea" will be to adopt the conference report? [Laughter.]

The PRESIDING OFFICER. A vote "yea" will be to adopt the conference report.

The hour of 4 o'clock having arrived, under the unanimous-consent agreement, the question is on agreeing to the conference report on the bill (S. 2) to provide for Federal aid for the development, construction, improvement, and repair of public airports in the United States, and for other purposes.

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

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MAGNUSON. The distinguished senior Senator from North Carolina [Mr. BAILEY], who has long been very active in urging legislation to provide airports for cities and other places throughout the country, is necessarily absent because of illness. I am sure he would wish to be present today to vote on this conference report.

Mr. HILL. 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 Mississippi [Mr. BILBO], the Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. GOSSETT], and the Senator from Louisiana [Mr. OVERTON] are absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS] is necessarily absent.

The Senator from New Mexico [Mr. CHAVEZ] and the Senator from Pennsylvania [Mr. MYERS] are detained on public business.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Michigan [Mr. VANDENBERG]. I am advised that if present, the Senator from Texas would vote "yea."

The Senator from Montana [Mr. WHEELER] is detained on official business at one of the Government departments.

I wish to announce further that on this question, the Senator from Louisiana [Mr. OVERTON] is paired with the Senator from Maine [Mr. WHITE]. If present and voting, the Senator from Louisiana [Mr. OVERTON] would vote "yea," and the Senator from Maine [Mr. WHITE] would vote "nay."

I wish to announce further that if present and voting, the Senator from Florida [Mr. ANDREWS], the Senator from Georgia [Mr. GEORGE], and the Senator from Pennsylvania [Mr. MYERS], would vote "yea."

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Texas [Mr. CONNALLY]. I am not advised how he would vote if present.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business. If present he would vote "yea."

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

The Senator from Maine [Mr. WHITE], who is necessarily absent and who would vote "nay" if present, is paired on this question with the Senator from Louisiana [Mr. OVERTON], who would vote "yea."

The result was announced—yeas 49, nays 32, as follows:

YEAS—49

Aiken	Huffman	Pepper
Bankhead	Johnson, Colo.	Radcliffe
Barkley	Kilgore	Revercomb
Briggs	La Follette	Robertson
Butler	Lucas	Russell
Downey	McCarran	Stewart
Eastland	McFarland	Taylor
Ellender	McKellar	Thomas, Okla.
Ferguson	McMahon	Thomas, Utah
Fulbright	Magnuson	Tunnell
Green	Maybank	Tydings
Guffey	Mead	Wagner
Gurney	Mitchell	Walsh
Hatch	Morse	Wilson
Hayden	Murdock	Young
Hill	Murray	
Hoey	O'Mahoney	

NAYS—32

Austin	Cordon	Moore
Ball	Donnell	O'Daniel
Brewster	Gerry	Reed
Bridges	Hart	Saltonstall
Brooks	Hawkes	Shipstead
Buck	Hickenlooper	Smith
Bushfield	Johnston, S. C.	Stanfill
Byrd	Knowland	Taft
Capehart	Langer	Wherry
Capper	McClellan	Wiley
Carville	Millikin	

NOT VOTING—15

Andrews	George	Tobey
Bailey	Glass	Vandenberg
Bilbo	Gossett	Wheeler
Chavez	Myers	White
Connally	Overton	Willis

So the conference report was agreed to.

PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

Mr. LA FOLLETTE obtained the floor.

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

Mr. LA FOLLETTE. I yield.

Mr. BARKLEY. I wish to urge Senators, while we have a full attendance, to remain on the floor, and I hope the Senate will be willing to sit a little later than usual this evening and for the remainder of the week, in the hope that we may conclude the consideration of the unfinished business on which I understand the Senator from Wisconsin is about to address the Senate.

Mr. LA FOLLETTE. Mr. President, I have given much study and thought to the various questions involved in this proposed British loan and financial agreement. I have come to the conclusion that I cannot support it. I am convinced that from a financial and economic standpoint it would be a bad bargain and a foolish venture. Whatever merits the proposal may have as a generous gesture of international good will are more than offset by the future frictions it will create and by the unwarranted and excessive demands it will impose on our already overburdened economy.

In many respects, this is not an easy decision to make. As far as I am personally concerned, it would be much easier to coast along with the popular misconception that this is an issue involving an international outlook as against nationalism. It would be much easier to accept blindly at face value and without question the administration arguments for this loan.

I know that many well-meaning people, most of whom have only a very casual knowledge of the terms and implications of this loan, have been sold on the idea that this is a necessary step toward international cooperation. I know that many less-honest and less-scrupulous individuals will seize upon this situation to smear and brand those who oppose this loan as being opponents of international cooperation.

I do not propose to deal in such generalities. Later in my remarks I intend to discuss some of the international and ideological aspects of this proposed agreement. For the present, let it suffice to say that I emphatically disagree that this proposed loan is a step toward winning the peace. Instead of cementing friendships, I am convinced it will lead to misunderstandings and alienations among the nations that are directly and indirectly involved. For our own people, it will mean disillusionments and reaction that will do great harm to the cause of world peace.

Because of the complex issues involved in this proposition, a new and fantastic line of argument has been developed by some of the proponents of this loan. Some who cannot justify the specific terms have casually brushed aside all the unpleasant facts with the bland assertion that it is the general policy that counts, not the details.

I submit, Mr. President, that such is an extremely bad and dangerous doctrine to introduce into the legislative process. If that were true, then Congress might just as well save time and pass judgment on all bills merely on the basis of their titles instead of the specific provisions which they contain. As a practical matter, Senators all know well that a considerable difference often exists between the title or objective of a bill and the language or actual effects thereof. It is wholly unrealistic and unsatisfactory to legislate on the basis of generalities only.

From my own personal observations, I am always wary of those who favor or oppose measures on the basis of general principles or broad objectives. I fear that too often those words are used to cloak a lack of knowledge or a lack of good arguments concerning the measure. I want to emphasize that it is the duty of Congress to examine with great care not only the purported objectives of all legislation, but also the actual terms and methods whereby the objectives are sought to be attained.

That is why I cannot coast along with those who have linked this measure with

good foreign policy without factually establishing the good in it.

The economic interests of the United States in this matter have been very much distorted. We stand to gain very little on our end of the proposed bargain. We incur, however, substantial risks and concessions for considerations which are intangible, indefinite, and improbable of realization.

In the first place, the agreement is full of loopholes insofar as Britain's responsibilities are concerned. In exchange for our positive commitments, we receive evasions and hedgings with various buried provisos and exemptions. There are ambiguities concerning the real intent of certain sections. Illustrative of this is the following quotation from a letter to the editor which was published originally in the London Times and republished in the New English Weekly for December 20, 1945—at the time when the British Parliament was considering the agreement. Writes a British colonel:

> To the Americans the proposals mean, it seems, the diminution and eventually the abolition of reciprocal and selective trading, of which imperial preference is only one part. To the British the proposals are put forth as allowing the continuance and even extension of reciprocal and selective trading. The eventual break-down of such an agreement is inevitable.

The British press, and members of Parliament who urged the loan, frankly stated that the loan had been tailored to pass the Congress. The British News Review—a prominent weekly publication, which claims no political affiliations—reported in its December 20, 1945, issue:

> Chief Negotiator Lord Keynes told the Yanks bluntly that Britain was entitled to an interest-free grant for the part the country had played in winning the war for America. * * * He was told Mr. Truman agreed, but he dared not try to put anything like that across Congress. * * * In return, there was a sort of gentlemen's understanding that America would help Britain to pull down the world's tariff walls, and would consider lowering its own tariff obstacles to British products.

Then, continuing, and note this:

> Moreover, Keynes avoided giving the Americans a pledge that Dominion preferences would be removed. He merely promised that Britain would consider bargaining on this matter.

Obviously, the British press is not infallible; nor does it represent the viewpoint necessarily of the Government or the representatives who negotiated this agreement. But this scandalous interpretation raises the question: Is there any possible basis of terminology—any escape clauses—under which this interpretation might be justified?

The answer is "Yes." Let me call the Senate's attention to some of the phraseology and provisos by which the apparent objectives could be nullified or distorted. As far as I could find in the hearings on this joint resolution, the administration spokesman did not discuss these points before the Banking and Currency Committee.

Sections 7, 8, and 10 of the financial agreement, in the provisions relating to sterling area and other exchange arrangements, all contain the loophole clause "unless in exceptional cases a later date is agreed upon after consultation." A similar clause reading "unless in exceptional cases after consultation they agree otherwise" is contained in section 8 (ii) (b).

In effect, this is a tremendous delegation of congressional powers. Proponents may argue that it is necessary to take care of unforeseen contingencies. But it does not alter the fact that clauses like this can be used subsequently to change fundamentally congressional policy after the Congress has ratified this agreement. Furthermore, the likelihood that such evasions might occur is enhanced by the apparent fact that the America negotiators were motivated to some extent in the terms of this agreement by what they thought Congress would insist upon as a minimum.

Look at some of the other language of the agreement. In section 6: Instead of making a clear-cut agreement with the words "The United Kingdom agrees to—" or similar words, the agreement uses the very weak language "It is understood the United Kingdom will * * *." Similarly, in section 10, instead of saying positively "The United Kingdom will make arrangements" the language of the document reads, "The United Kingdom intends to make." Contrast that with the language "The United States will extend a line of credit of $3,750,000,000," and so forth.

Section 5, which relates to the waiver of interest payments, also contains some "sleeper provisions." On the face of it, it appears that interest will not be waived unless imports are less than the 1936–38 average. This is how Lord Keynes, the chief British negotiator, explained this provision in the House of Lords during the British debates on December 17 and 18, 1945:

> We pay no interest for 6 years. After that we pay no interest in any year in which our exports have not been restored to a level which may be estimated at about 60 percent in excess of prewar. I repeat that. We pay no interest in any year in which our exports have not been restored to a level which may be estimated at about 60 percent in excess of what they were prewar * * * in volume.

This is the explanation of the 60-percent increase referred to in this quotation: In prewar years Britain paid for almost half of her imports by rendering shipping and financial services, including insurance, and with the income received from very substantial foreign investments. Lord Keynes apparently realized that services and investments will never again pay for such a large proportion of the British trade, and that Britain under the loan will be in the very fortunate position of expanding her exports 60 percent over prewar levels—or else not be obligated to pay interest on this loan.

What does it mean so far as the United States is concerned? It means that we are partially underwriting, not for a transition period, but for 50 years—the term of the loan—a new British economy which will be based to a much larger extent on exports rather than shipping and financial services. In other words, under this loan we are straddling two great propositions presented by the United Kingdom economy. We are straddling a short-term proposition and a long-term proposition. The implications of each of these deserve careful consideration—and I intend to consider them later in my remarks.

Lord Keynes went on to say this about the provisions for interest-waiver:

> Moreover, the installments of capital payments are so arranged that we obtain the maximum benefit of this provision (waiver of interest) in the early years. For at the start, the minimum payment to which we have committed ourselves (i. e. repayment of principal) is no more than £13,000,000.

The repayment schedule is so arranged that almost two-thirds of the required payments in the early years consists of interest, which part could be waived. There is some justification for this, I concede, because the interest is computed annually on the basis of the amount of the loan then outstanding. However, it also has the effect of placing large amounts of interest in jeopardy of collection at a time when the waiver provisions are in effect, and large amounts of capital in jeopardy at future times when there is greater probability of default. In other words, we stand to lose at both ends.

Mention should also be made of the long interest-free period and the provision tucked away in the last sentence of paragraph (b) under section 5.

Under the latter provision, if a waiver of interest is requested during the years 1951 to 1955, the computation is based not on the income for that year but on the average of all the years from 1950. The net effect is a carry-over provision that liberalizes the waiver provisions in subsequent years if income in the early 1950's does not reach the specified level.

It should also be noted that with the interest-free provisions until 1951 the effective rate of interest for the entire period is considerably below the nominal 2 percent provided in the agreement. Secretary Vinson pointed out in the hearings that, depending on when the money is actually drawn, the effective rate of interest, taking into account the interest-free period, could be as low as 1.63 percent. And this depends on full future interest payments. If the interest is waived, especially in the early years of the loan, the effective interest rate would actually be substantially below 1.63 percent.

In this connection, it is interesting to note the two different placements of emphasis that are made by the American and British proponents of this loan. In the hearings before the Banking and Currency Committee it was emphasized that the 5-year period of grace was largely due to the probability that the British would draw on the credit only gradually over a 3- or 5-year period. In the British Parliament the emphasis was placed on the considerable period of time, during which time all the money would be available without interest.

Lord Keynes summed up the situation with these words in Parliament:

> The balm and sweet simplicity of no percent is not admitted, but we are not asked to pay interest except under conditions when

we can reasonably well afford to do so, and the capital installments are so spread that our minimum obligation in the early years is actually less than it would be with a loan free of interest repayable in equal installments.

So much for the waiver of interest provisions. Other provisions in the agreement are equally full of deceptions. Section 9 (b) for example, opens the door wide for discriminating import arrangements by including the proviso:

This shall not apply in cases in which there may be special necessity for the country imposing such restrictions to assist * * * a country whose economy has been disrupted by war.

I ask any Senator, what participating country has not had its economy disrupted by this global war?

Consider also section 8 (iii). It is popularly assumed that with this loan we obtain a world trade free from exchange and import restrictions—at least insofar as the British Empire is concerned. I have already suggested numerous loopholes whereby British compliance might be delayed and postponed. And now, we come to the particular subsection that adds the coup de grâce. This subsection provides that the agreements are not binding after December 31, 1951. The excuse, included with the subsection, is that the termination is in anticipation of more comprehensive arrangements by multilateral agreement.

As a practical matter, I am convinced this loan will have very little effect in expanding the channels of multilateral trading. There are many barriers to be surmounted with other countries, even if Britain and the United States were committed 100 percent to the policy by the agreement—which obviously is not the case. I think it is also evident that the loan will have a very limited effect insofar as Britain alone is concerned.

Those who believe that this agreement is the Open Sesame for all world trade will not find encouragement in the British press. This observation, for example, appeared in the New English Weekly for March 7, 1946:

The unblocking of sterling should start in January 1947, well in advance of the timetable prescribed by the Washington financial agreement. The unblocking will not proceed as the American negotiators at Washington imagined it would proceed. They envisaged a wholesale conversion of overseas sterling into dollars and the gradual redemption of the remainder of Britain's overseas indebtedness.

I continue to quote from this British weekly:

That is not the way it will be worked. Conversion into dollars will be limited to the amount of dollars available. If the United States does not provide dollars in abundance, then the conversion of overseas sterling into dollars will be on a very limited scale.

Statements like this imply several things. First, that the British pattern of action is set, regardless of what we do on this loan. Second, that Americans are over-optimistic concerning the trade benefits that can accrue. Third, that the effects will not be expansive, but merely directly proportional to the number of dollars we are willing to pump into the world economic stream.

Those who favor this loan have devised numerous arguments with reference to the $13,000,000,000 of blocked sterling that Britain owes. Unless we give this loan, they argue, these balances will exclude American products from the whole sterling area. The inference is that this agreement would make this sterling readily convertible to any other currency. The plain fact is that such conversion and repayment are wholly impossible on Britain's part, except as settlements are made scaling the amounts downward and refunding agreements are made for repayments over a long period of years. In fact, the loan agreement itself recognizes such an intention on Britain's part; and also states that the dollars of the loan will not be used to discharge these obligations. What is not added is that Britain would probably make refunding agreements in any event, for she simply could not live if she used all her exports to satisfy blocked sterling and received no food and raw materials in return.

It is true that under certain conditions, 1 year after the effective date of the agreement (conditioned again with the loophole clause "unless in special cases a later date is agreed upon after consultation"), sterling balances released, or otherwise available, would under the agreement be available for current transactions in any currency area. But here again, the limiting factor would be Britain's ability to make such payments. Until Britain reaches a trade status that permits a substantial repayment, this will have little bearing on increasing multilateral trade; until that time, it means nothing more than our dollars taking a circuitous path.

It has frequently been argued that this loan is an "or else" proposition: we must make the loan or face dire consequences in a world trade war. This argument has been hammered and hammered by those supporting this agreement. In my opinion it is one of the weakest arguments that can be made in its behalf.

In the first place, I have confidence that America can more than hold its own in any trade war, if one develops. In the second place, foreign trade, or any trade, should be highly competitive. It is when we get into cartels and agreements to restrict or shut off competition that we have most of our troubles. If multilateral trading is good—and most everyone agrees that it is, in principle—Britain will join in negotiations to that end when she is able and willing—just as other countries of the world will. No monetary consideration on our part should be necessary for doing something that is mutually advantageous.

For those who argue "Yes, but Britain and other countries cannot do it now unless we assist them" the answer is very simple. It is not to our own best interests to expand now. We want to retain our nylons, automobiles, lumber, machine tools, railroad equipment, and the host of other consumer and capital goods.

Mr. President, it is a great mistake to assume that our industrial plant is in shape to compete for trade in future years. We are very greatly in need of the very same products which the British will be needing, if we are to bring our plant up to a point of efficiency and to translate the technological advances due to war research into our actual practice and operation in order that we may support the high-wage economy and at the same time by lowering per-unit costs be in a position to compete in the world markets. But if we permit Britain or other countries to bid against our industrialists and others who need this equipment, we shall merely be retarding our reconversion, delaying the time when we can bring our industrial plant to a peacetime efficiency commensurate with our research and our know-how. We want to retain these materials, Mr. President, until our own accumulated backlog is satisfied.

We have even gone to the extent of rigid export licensing to control the outflow. It is sheer nonsense to say we are helping ourselves in this respect by the loan, when we are simply creating more inflationary pressures that must be controlled.

Neither is there any validity in the statements that we must participate now in world trade because permanent channels are being set up that will continue to persist. The fact is that present trade—including much of our internal domestic trade—is not based on costs or quality, but merely on the existence of a supply. Future normal trade, both at home and abroad, will be shaped to a large extent by cost and quality.

When we are in a position and have goods on hand to export, we shall have no difficulty in world markets for lack of dollar exchange. The recent report of the Export-Import Bank contains a detailed statement showing that gold and dollar assets of foreign countries increased from $14,972,000,000 in December 1938 to $21,042,000,000 on June 30, 1945. Although the gold and dollar assets of the United Kingdom have shrunk from $3,129,000,000 to $1,840,000,000 during that period, other countries have much more than offset that decline. Hence, our foreign trade has ample basis for expansion, insofar as these assets are conducive to trade and assist in the mechanics of exchange.

The Department of Commerce made a detailed study of Foreign Trade in a Postwar Economy which was published in November 1944. This was before the end of the war, and many months before the British loan was under consideration. The report was highly optimistic of the future foreign-trade opportunities of this country. It took notice of the increased gold and dollar balances of foreign countries, pointing out that while the whole amount could not be used for purchases, "it is entirely possible that extraordinary imports from the United States will be financed out of these accumulations at the rate of one to two billion dollars a year for several years."

The report envisaged an enlarged Export-Import Bank, direct investments of corporate funds in foreign enterprises, and loans through an International Bank. Nothing, of course, was said about the proposed British loan. Then this estimate was made:

It has been estimated that postwar exports of $7,000,000,000 would be possible on the

basis of new foreign investment of about $1,000,000,000 a year. Exports of $10,000,000,000 would be possible if, in addition to increased imports from tariff reduction estimated at a possible $1,000,000,000, the rate of foreign investment was stepped up to $3,300,000,000 a year.

Exports of this magnitude are about three times the 1937–39 level of exports.

Now, the facts are that the Export-Import Bank alone has already received funds for loans of approximately $3,300,000,000, and another $1,250,000,000 is anticipated. The very obvious conclusion to be drawn is that on the basis of the Department of Commerce's own figures we can expect a very substantial future foreign trade—without the British loan.

In the final analysis, the volume of our foreign trade will ultimately depend on our willingness to accept imports. As has been pointed out frequently, international loans are merely deferred imports. Or, if not repaid, they represent exports that are given away. A loan may create a temporary prosperity to the exporter who has a surplus, but such prosperity is wholly superficial if payment in goods is not received in return. If we are loaning only to export, we might as well give the money directly to the exporters and then give the commodities away to our own people who need or desire them. From an economic standpoint, the result is the same.

In any event, the real decisions that govern the flow of international trade are the specific decisions with respect to tariffs, exchange conditions, trade controls, commodity agreements, and so forth—not the high-sounding general policies and platitudes. We have heard much, for example, about our future trade policies unhampered by any restrictions. In the next breath these same spokesmen recognize the necessity of quotas, export subsidies, and a host of other trade restrictions on numerous commodities, such as sugar, wheat, cotton, petroleum, and other commodities. I do not intend to convey the impression that these trends are necessarily wrong. I do want to suggest that these specific decisions, and other specific decisions, commodity by commodity, are the factors that will govern the level of our foreign trade—not the hopes and aspirations expressed in general policies.

Thus far in my remarks I have been discussing one major point: The probable effect of this agreement on the economic trade of this country. Let me summarize briefly some of the arguments.

I believe we stand to gain very little from this agreement. We bind ourselves to an expensive bargain that is full of loopholes and escape clauses. We propose to expand our foreign trade when we are not ready to do so—when it will merely increase inflationary pressures already alarming.

We will not be closing the door to future trade if we do not make the loan. American traders will be able to hold their own in future competition, especially if we do not hamper them in translating the research of war and techniques developed during the war into actual production processes by permitting the exportation of their machine tools and other capital goods to countries, including Great Britain, which are now seeking them. Future trade will depend more on specific decisions than on present general policies. Whether we grant the loan or not, British trade policies will be developed largely independent of our plans or desires. In short, the loan would have only a limited transitory effect on our trade—and some of the transitory effects would be bad. There would be an inflationary effect now; deflation later. After these effects are dissipated, our future foreign trade would depend on exactly the same factors that would exist without the granting of the loan.

The second major consideration evolves about the relationship of this loan to the economic status of the United Kingdom. To discuss this situation properly, a distinction must be made between the short-term and long-term problems of the United Kingdom.

Britain's short-term problems evolve about the immediate necessity of building up exports so that a balance of trade can be achieved and so that sufficient food and raw materials can be imported. The long-term problems evolve about Britain's natural desire to hold the Empire together and to be a dominant power in world trade.

In my estimation, the short-term problems have been very much over-estimated and the long-term problems have been very much underestimated. There may be some justification to give assistance to Britain to meet her short-term problems. But there is absolutely no justification to underwrite the British Empire nor a dominant place in world trade for the United Kingdom. As previously suggested, this financial agreement straddles both propositions.

First, let us examine the short-term problems of Britain. The facts are that the United Kingdom exports declined during the war to less than one-third of prewar volume. This was due, we are told, to Britain's concentration on war production rather than exports. No one can gainsay that. But it is also true that a large decline in exports was due ipso facto to the war closure of British markets in Germany and enemy-controlled territories. About 29 percent of British exports went to these countries before the war. In other words, it was not entirely a voluntarily decision to forget about exports. In any event, United States lend-lease bridged the gap for British consumers and supplied the urgent deficiencies.

The British bitterly complained about the cessation of lend-lease at the war's end. They felt they had a vested right in its continuance until their economic affairs were in order. During the subsequent negotiations for a loan they painted a bleak picture of the recuperative prospects of the United Kingdom. The American negotiators took them at their word. Even during the recent hearings when later data were available, the Treasury Department submitted for the record a glamorized chart purporting to show the huge net outpayments the United Kingdom would have in its foreign trade through 1950. The chart indicates net out-payments of almost $2,000,000,000 in 1946. Yet, Messrs. Vinson and Clayton admitted during the hearings that this was based on a gross understatement of British exports which were the basis of the loan discussions. Mr. Atlee's revised estimates of a few weeks ago were almost half a billion dollars more for 1946 exports. For 1947, the Treasury's chart estimates a net outpayment of about £350,000,000 or about $1,400,000,000.

Mr. President, contrast this with the current analysis made by a British economist, C. Morgan-Webb, in the New English Weekly for March 7, 1946. I read:

It is clear now that the British negotiators who went to Washington shortly after VJ-day, were unduly pessimistic as to Britain's powers of recovery. Since the statistics on which they relied were compiled, economic recovery has been rapid. The rate of demobilization has exceeded expectations. Overseas military expenditure has declined equally rapidly. Postwar austerity has caused substantial reductions in imports from the United States. And exports are making an astonishing recovery.

Reducing these generalizations to figures, visible imports have been brought down to £90,000,000 a month. To these must be added invisible imports comprising the costs of military and other overseas services. Military expenditures overseas for 1946 are estimated at £300,000,000, declining from £35,000,000 a month in January to £15,000,000 a month in December. Other overseas expenditures will average £10,000,000 a month throughout the year.

For January the imports, visible and invisible, were, as far as can be estimated, as follows:

Goods	£90,000,000
Cost of overseas military services	35,000,000
Cost of other overseas services	10,000,000
Total	135,000,000

Exports for January were £57,000,000. This makes the adverse balance of trade £78,000,000 for the month. Overseas indebtedness was increased by this amount.

Continued austerity and the gradual reduction of overseas military expenditure will reduce imports from £135,000,000 to £115,000,000 by the end of the year. What will be the value of exports to set against an import value of £115,000,000 in January 1947?

The only basis for an export estimate a year ahead is the rise in exports from £30,000,000 in November 1945 to £57,000,000 in January 1946. This remarkable increase, at a rate of almost £13,000,000 a month, was achieved when most of the export industries were still in the stage of change-over, and were greatly hampered by shortages in manpower, raw materials, and shipping.

A much more moderate increase of £5,000,000 per month will suffice to create an equilibrium balance of trade and to equate exports with imports at a level of £117,000,000 a month by January 1947. This task for the export industries should be easy. There is a free, overseas, ready-money, sterling purchasing power of £2,000,000,000 available to buy British exports. For the export of American goods, dollar loans have to be made to create overseas dollar purchasing power. But overseas sterling purchasing power exists in abundance, far beyond the full capacity of British export industries. For at least 3 years the only limit to British exports will be the capacity to produce them.

As far as can be foreseen, the economic strain on Britain's international activities will cease by January 1947.

While this analysis has no official status, it is based on official figures, and I think it clearly shows that the short-term British problem is not as severe as is commonly supposed. With the entire world hungry for goods—any goods—quality and price are secondary considerations—the United Kingdom, or any country, is in a position to export all she can produce and spare.

The short-term phase of international trade will come to an end when the current backlog of demand is dissipated. When supplies begin to catch up with accumulated demands a new relationship will prevail. As far as the British Empire is concerned, I believe it is inevitable that certain long-term trends will again begin to operate.

It is no secret that the British Empire is no longer the mutually-profitable economic system it once was. From an economic standpoint, it has been slowly cracking and falling apart ever since World War I. Its original economic strength lay in the fact that the manufacturing and trading activities of the mother country were nicely complementary to the raw materials supplied by the far-flung components of the Empire. However, with the expansion of industrial techniques, the various dependencies of the Empire have gradually assumed part of the role formerly played by the United Kingdom. They have undertaken to do manufacturing from their own raw materials. Insofar as over-all efficiency is concerned it can be lower than that of the United Kingdom and still compete successfully—because it saves the transportation costs involved in the long hauls to and from the United Kingdom.

Let me illustrate with specific facts. First, consider India. Prior to World War I India relied largely on Great Britain to supply its manufacturing wants. Twenty-five years later, Indian imports of Lancashire cotton goods, for example, dropped to less than one-tenth of the previous level. India developed its own industries, including a steel works, the largest single industrial enterprise, and by 1939 had 10,500 factories. Almost 400 spinning and weaving establishments spun 1,250,000,000 pounds of cotton yarn and 4,000,000,000 yards of woven goods, and the Tata Steel Works produced over 1,000,000 tons of steel and almost 2,000,000 tons of pig iron and ferro-alloys.

The net result of this industrial development was a lessening of economic ties between India and the Empire. Only about one-third of British Indian foreign trade was with the United Kingdom in 1938, and Britain was buying more goods from India than she sold her.

Australia has always maintained close trade relations with the United Kingdom. But here, too, the same trend is evident. Along with the sheep industry, which constitutes by far the most important part of the pastoral industries, Australia has been developing a woolen textile industry that is competitive with United Kingdom exports. New South Wales and Victoria have developed not only woolen textiles industries but also competitive iron and steel products. It is true that these manufactures are primarily for home consumption, but to the extent that they tend to replace woolen products and iron and steel products from the United Kingdom, they tend to break the economic ties with the home country. It is clearly evident that Australia's import needs are becoming more and more diversified, and old ties are weakening.

Similarly, the foreign trade of New Zealand, South Africa, and other empire countries has become more diversified from nonempire countries.

The striking proof of the decline of solidarity in economic matters within the Empire is evidenced, not only by some of the reactions of empire countries when the tariff preferences were established in the early 1930's but also by the recent frank statements from British leaders that Britain cannot avoid having some defections from their economic bloc.

The Ottawa agreements in 1932 established a comprehensive interempire system of tariff preferences. It is noteworthy that India denounced this treaty in 1936 and 1937, although temporarily extending its provisions. Furthermore, some parts of the colonial Empire continued the system of free trade, despite the opportunity to participate in the Empire system.

An admission of probable economic defections in the case of a show-down on the dollar pool came from Lord Keynes in the House of Lords debate last December. In one part of his remarks he said:

> It will be very satisfactory if we can maintain the voluntary wartime system into 1947. But what hope is there of the countries concerned continuing such an arrangement much longer than that? Indeed, the danger is that those countries which have a dollar or gold surplus, such as India and South Africa, would prefer to make their own arrangements.

That is an admission in the British Parliament that the dollar pool will disappear anyway, that Britain cannot hope to hold it together. Yet it is advanced as one of the arguments in support of the proposed $3,750,000,000 loan.

With the words I have just quoted, Lord Keynes was speaking with specific reference to the dollar pool of the sterling bloc. However, the situation that he observes is another evidence of the economic ties in the Empire that are being gradually broken.

Even more noticeable insofar as India is concerned, are the probabilities that India will soon break some political ties and obtain a greater measure of self-government. All factions in Parliament apparently have come around to the conclusion that, in the words of Prime Minister Attlee, "the tide of nationalism is running very fast in India." Despite many Moslem and Hindu issues which present formidable problems, the new Cripps mission will undoubtedly give greater political autonomy to India.

All of these facts clearly add up to substantiate the basic proposition, namely, that Britain's short-term problems have been overestimated and Britain's long-term problems have been underestimated. In other words, with direct relation to this proposed loan, we are embarking on a program that overshoots all immediate needs and thereby enmeshes us in long-range problems that we cannot blithely assume without risking not only this loan but also whatever loan follows this in pouring good money after bad.

The third major point that deserves consideration in connection with this proposed loan is the financial status of the United States. What is our present status? What is our natural wealth in resources? What other loans are in prospect? What other contingencies must we prepare for?

Some people have the notion that our finances and resources are inexhaustible. Let no one delude himself that there is no breaking point in the amount of debt our Government and people can bear.

Our gross public debt stands at about $280,000,000,000, or about $2,000 for every man, woman, and child in this country. Our war expenditures have been about $335,000,000,000. We went into the war with a per capita public debt only one-half of Great Britain; we have come out of the war with a per capita debt approximately the same.

Lend-lease cost us $46,000,000,000, according to official report issued a few months ago. More recently, the Department of Commerce has estimated that reporting lags and other factors will make the likely wind-up figure of lend-lease $50,000,000,000 to $52,000,000,000. All ultimate recoveries, according to the Department of Commerce, will be less than $5,000,000,000. Reverse lend-lease, which is treated as a separate transaction, is expected to total about $7,000,000,000.

Of the $52,000,000,000, the British received in excess of $30,000,000,000. Russia received $11,000,000,000. France received $1,500,000,000, and China and the American Republics, $630,000,000 and $420,000,000, respectively.

With the $650,000,000 settlement applied to a net British lend-lease account of $23,000,000,000 ($30,000,000,000 minus $7,000,000,000 reverse lend-lease) the United States is obtaining a settlement of about 2.8 cents to the dollar from Great Britain.

Mr. President, the natural resource base of any nation is the foundation upon which its standard of living is determined. What about the base of our natural wealth and our natural resources? We have developed, Mr. President, generation after generation, under the influence and the thinking of the generations that preceded, which expanded the frontier of America, and each generation began to live in the concept of the generation that preceded it. Therefore all too many people in this country are laboring under the delusion that our resources are inexhaustible. I think in adding this $3,750,000,000 to our already staggering total debt of $280,000,000,000, we, as trustees for the people of this country and for the oncoming generations, should with care, examine the resource base of America to ascertain whether we can take on not only this contemplated load, but the load of increased debt which will flow from making other loans of this type, for I say, Mr. President, if this measure is

passed, and the loan is made, and we underwrite British exports 60 percent in excess of the 1938–39 average, we will have to come forward in the long pull with more loans and more loans to maintain the uneconomic situation.

I wish every Senator before he votes for this loan would read the so-called Victory report made by the former Secretary of the Interior. The so-called Victory report of the former Secretary of the Interior, Mr. Harold L. Ickes, disclosed the extent of our mineral depletion. According to this report "the [war] drain on our national natural assets has been staggering." The report states that only 9 of our major minerals remain in our known domestic reserves in great enough quantity of usable grade to last 100 years or more; that known usable reserves of 22 essential minerals have dwindled to a 35-year supply or less; that assured domestic deposits of petroleum will last only from 14 to 20 years at our present rate of use. Manganese, vanadium, and tungsten—three particularly strategic materials—are especially short, according to the report. We have left only a 2-year supply of usable manganese ore in our proved domestic supply; a 7-year supply of vanadium; and a 4-year supply of tungsten. Among the other 19 minerals in less than 35-year supply are, according to the report, petroleum, copper, lead, zinc, nickel, bauxite, chromite, and cadmium.

The mineral resources that were dissipated during the war cannot be replaced. This loss is one of the major material losses of the war. Experts point out that we have so weakened our mineral bases that, should another war come, we would be impotent without access to many minerals in other parts of the world. Even more important is the fact that we are forcing our peacetime economy to become dependent to a much greater extent on foreign supplies.

One of the most constructive things that we can do about this unpleasant aftermath of war is to lay in adequate stock piles by imports of short materials. In so doing we not only strengthen our economic base but also give a firm basis for mutually profitable international trade. Such is a much preferable trade to that generated by foreign loans that are not repaid.

What we have already paid for this war—the millions of casualties, the billions of dollars, the depletion of our resources—is not the total bill to which we have become obligated. We know from previous experience that some of the major costs of war are those that come long after the cessation of hostilities; the tremendous costs for the care, pensions, and benefits of veterans; the social and educational problems arising out of the wartime distortions; the economic aftermaths of the false prosperity of war; the increased costs of national defense.

These are expensive undertakings for a postwar government budget. Look at the probable 1947 budget—let alone looking down to that of the year 2001, the period for which this loan runs. The 1947 budget will contain about $12,000,000,000 for national defense, $5,000,000,000 for veterans' pensions and benefits, and $5,000,000,000 for interest alone on the public debt.

In the decade prior to World War I, the annual Federal Budget averaged about $700,000,000—I stumbled over that figure; yes, I meant million—a year. After the war, the Budget never again dropped below $3,000,000,000. It rose during the depression of the 1930's to an average in excess of $8,000,000,000. In other words, the effects of World War I more than quadrupled the Budget and the subsequent economic depression, related in part to the war, more than doubled it again. A similar experience after World War II would saddle us with a Federal Budget of $60,000,000,000 or more. And remember that our entire national income from all sources in the depths of the depression in 1932 was only about $40,000,000,000, or about two-thirds of that. Remember, too, that the peak annual expenditures in World War I were about $18,000,000,000. World War II disrupted the financial and economic system to the extent of more than $100,000,000,000 in the 1945 fiscal year.

We must become reconciled to the fact that our future Federal Budget will contain vastly expanded amounts for housing, health, social security, education, public works, and the like. The budget balancers and economy experts will argue otherwise, but they have blinded their eyes to the inevitable steps that our Government must take. The underprivileged of this country are being besieged with an avalanche of foreign ideologies. Unless our democratic system of government takes a greater interest in the social and economic problems of the underprivileged—unless the underprivileged receive bread instead of crumbs—we in this country will be faced with an upsurge of fascism and communism, or both, in our own back yard. The one big lesson to be learned from European experiences in the past decades is that the political cancer associated with poverty and neglect cannot be controlled once it has begun to make headway.

These are the probable financial demands we face at home. These, as I see it, are our primary obligations. How many additional obligations can we load on our Government without reaching the breaking point? If this $4,000,000,000—or, to be specific, $3,750,000,000—were all—if it did the job—I would be glad to support it. But, as I see it, this loan is only the first transfusion of a financial nature insofar as Britain's long-term problems are concerned. It is a major precedent for similar loans to other countries—despite all official assertions to the contrary. According to many reports, we have been approached for foreign loans which total in the neighborhood of $25,000,000,000. Lord Keynes cited this figure in Parliament after he had been in close association with the negotiators of this loan.

It is a naive conception that this loan will open up the world markets for greatly expanded multilateral trade. I have already indicated my opinion that insofar as Britain is concerned, it will have a very limited effect. The primary effect, as I see it, is to give encouragement to all countries seeking loans that they can force us to buy off their intentions—or, to put it more delicately, to enable them to cooperate with us in reducing barriers to international trade. In other words, we are embarking on a program that would require us to lend billions upon billions to buy off each country in turn that has any inclinations toward imposing trade barriers. On top of all this, we run into the most formidable barrier of all in the state-controlled foreign trade of Russia and certain other countries under her domination and leadership. There is no easy answer to the problems of world multilateral trade. Neither the British loan—nor many more like it—will buy it for us.

As to the general proposition of world peace and world cooperation that is involved in this loan and any others that follow it, I suggest that this is not a sure way to success. It would be a great calamity to world peace if our country, as one of the major pillars in the United Nations, crumbled financially under the weight of excessive commitments. Those extremists who blindly support any project that is labeled "international" are doing this country and the cause they seek to serve a great disservice. They are building up a pressure of disillusion and reaction that will swing the pendulum of public opinion far back in the opposite direction from surefooted and sane international cooperation; and no man knows where it will stop.

Any future stable international relationships must be based on enlightened self-interest. We will not gain the respect nor cooperation of countries that are patronized or bought by our policies.

This proposed financial agreement is a strange combination of international philanthropy and commercial lending. It has the bad features of both and the good features of neither. It is not a sound loan. It is not a gracious gift. It does not establish a respectable debtor-creditor status. Nor does it give the plaudits, self-satisfaction, or intangible benefits to which a donor thinks he is entitled.

The agreement is a surprise-package of verbal ambiguities. It has two alternative sets of labels. The British Parliament took it under the label of a gift. In the Congress it is being peddled under the label of a loan. When the package is opened and the peoples of both countries discover that it is not what they supposed, there can be only one possible reaction: disappointment and resentment in both nations.

Already parts of the British press are employing the words "Shylock" and "skinflint" in their references to our part in this agreement. Exactly this same attitude has prevailed with respect to lend-lease, despite our unbounded generosity under this program. Lend-lease, too, was a mixture of lending and giving. It too was labeled to the American people as a lending proposition. It turned out to be 90 percent giving and 10 percent lending.

Obviously, there is nothing inherently wrong in giving. Every public-spirited person is in favor of giving to any worthy cause, national or international, as much as we can afford as individuals or as a Nation. But it is wholly indefensible to

misrepresent these or any other measures to the American people, the British people, or any other people on earth.

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

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Wisconsin yield to the Senator from Arkansas?

Mr. LA FOLLETTE. I yield.

Mr. FULBRIGHT. Does the Senator mean to suggest that it was a worthy cause to defeat Hitler and the Germans? Is it the Senator's point that that was a worthy cause for which to give money?

Mr. LA FOLLETTE. I do not understand the Senator's question, if he has been following my remarks.

Mr. FULBRIGHT. I did not understand the Senator's statement that we had given something through lend-lease for a worthy cause. Was that worthy cause the defeat of Hitler?

Mr. LA FOLLETTE. I simply wished to make it clear——

Mr. FULBRIGHT. That it was a worthy cause?

Mr. LA FOLLETTE. That there is nothing wrong in giving, if we know what we are doing. But if the British people understand this to be more in the nature of a gift, and our people understand it to be more in the nature of a loan, then I am convinced that when they both come to understand what it really means, it can result only in misunderstanding and resentment in both countries.

I then went on to say that when we started with lend-lease it was said that it was to be a lending proposition, but that it turned out to be 90 percent giving and 10 percent lending. I do not think there is anything wrong with giving, but I believe that if we are to make a gift we should say so, and not dress it up in the form of a pretended loan.

Mr. FULBRIGHT. Does the Senator think that the defeat of Hitler was a worthy cause for which to give it?

Mr. LA FOLLETTE. Of course, it was worthy to do anything that was necessary to win the war, although I will say to the Senator that I think we made a tragic mistake in our lend-lease policy in not obtaining from the countries with which we were dealing through lend-lease commitments to the policy which we proposed to adopt in the postwar period.

Mr. FULBRIGHT. What policy is that? I did not know that we had a policy.

Mr. LA FOLLETTE. I suppose the Senator has forgotten it; but we thought we had an Atlantic Charter. Of course, it later turned out to be a few scraps of paper.

In my opinion, this financial agreement, taken in conjunction with the lend-lease settlement, including the very generous disposition of American property and facilities in the British Isles, is much more a gift than it is a loan.

If it is necessary to give the United Kingdom additional assistance on top of all we have given, and I am not satisfied that it is, and certainly not in the amount proposed in the agreement, it should be done in an honest and straightforward manner, either as an out-and-out gift, or as a straight international loan from the Export-Import Bank, the Reconstruction Finance Corporation, or other established Government lending agency. There can be no mutually satisfactory mixture of the two functions.

Mr. President, I wish to say in conclusion that I think that is the most serious aspect of this whole proposal for the future: The fact that it has been considered in Britain more as a gift than a loan, that in the United States it has been sold to the American people on the basis of a loan, and that when the two nations and the people of the two nations come to understand that it is neither one nor the other, the only result can be in a worsening of the relationships between these two English-speaking countries which we should be most careful to cultivate and to safeguard.

AMENDMENT OF STATUTORY PROVISION REGARDING SERVICES PERFORMED BY JUSTICES OF THE SUPREME COURT OF THE UNITED STATES

Mr. BRIDGES. Mr. President, soon the President will be called upon to nominate a Chief Justice of the United States and an Associate Justice of the Supreme Court.

It will be my purpose in due course to offer an amendment to title 28, section 321 of the United States Code, but before doing so, I wish to discuss briefly the reasons for my proposal. To that end let me point out that the law at present reads:

> The Supreme Court of the United States shall consist of a Chief Justice of the United States and eight Associate Justices, any six of whom shall constitute a quorum.

There is no limitation upon the activities in which the Justices of the Supreme Court may engage, other than that stated in section 373, which provides that it "shall not be lawful for any judge appointed under the authority of the United States to exercise the profession or employment of counsel or attorney, or to be engaged in the practice of law." This latter section, so far as I can find, has never been construed with reference to Justices of the United States Supreme Court. Whether or not acting as prosecutor in a court in Germany can be said to constitute employment as a counsel or attorney within the meaning of this section, I do not undertake to say. Certainly any Associate Justice of the Supreme Court, so occupied, cannot be said "to be engaged in the practice of the law" as the phrasing appears in the section noted.

Speaking generally, it has been the ages-long understanding of both bench and bar that judges of any United States court, including Justices of the Supreme Court, shall not exercise the profession of, or be employed as counsel or attorney or be engaged in the practice of law lest, within the provision of the statute, he "shall be deemed guilty of a high misdemeanor." If so guilty, any such judge or any such Justice would be liable to impeachment and, upon conviction, to removal from office.

The amendment I have in mind would not operate against any present Associate Justice of the Supreme Court. It is to be doubted that Congress could pass valid legislation to impose additional conditions upon such Justices beyond those which obtained as a matter of law at the time of their entrance upon their status. There is no reason, however, why Congress may not properly legislate qualifications or conditions which will speak in the future. It seems singularly appropriate, therefore, that we take account at this time of certain circumstances and situations which should be guarded against in the future. Presently, the office of Chief Justice of the United States is vacant, due to the lamented passing of that great jurist, Harlan F. Stone. It may be noted that title 28, section 323, United States Code, provides that—

> In case of a vacancy in the office of Chief Justice, or of his inability to perform the duties and powers of his office, they shall devolve upon the Associate Justice who is first in precedence, until such disability is removed, or another Chief Justice is appointed and duly qualified. This provision shall apply to every Associate Justice who succeeds to the office of Chief Justice.

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

Mr. BRIDGES. Certainly.

Mr. TAFT. I think there is one more-or-less misapprehension among the people of the United States and even among the newspaper reporters in Washington, and that is that the customary thing in the case of the death of the Chief Justice is to fill the vacancy from the other members of the Court. I merely wish to call the attention of the Senator to the fact that for more than 100 years no Chief Justice was ever appointed from the Supreme Court itself. It became an almost unvarying precedent that the Chief Justice was appointed directly from outside life. The only two Chief Justices who ever have been appointed from the Court were Chief Justice White and Chief Justice Stone, although I think it is possible that in the early days—in 1789—there was one Chief Justice who was appointed from the Court, because at that time the judges were shifted around a great deal.

But the precedent grew up and I think the people came to consider that, on the whole, it was an unwise thing to appoint Chief Justices from the membership of the Court, because it might create in the minds of Judges on the Court ambitions which possibly might influence their opinions in the cases which came before them.

As a matter of fact, my father broke the precedent and appointed Chief Justice White, a Democrat, to be Chief Justice of the United States, from the Court. I know he did so with great regret, and I think he was very anxious that that action not establish a precedent.

But gradually, apparently, our people came to assume that the Chief Justice should be appointed from the Court.

There are a number of reasons, because of personal feelings which may develop on the Court, why it seems to me to be, on the whole, an unwise policy in general to appoint the Chief Justice from the Court. I merely wished to call the Senator's attention and the attention of the Senate to the fact that appointments of Chief Justices of the Supreme Court throughout our history,

with only two exceptions, have been made from the bar outside of the Court itself.

Mr. BRIDGES. And it might be a reason, too, that if the Associate Justices knew that there was to be a vacancy in the position of Chief Justice and if the administration which was to appoint the Chief Justice had very strong feelings and convictions regarding certain matters coming before the Court, it would not be beyond the realm of possibility that the Associate Justices might cater somewhat to the administration which was to make the appointment—which would be a bad thing for the Court.

Mr. President, it might seem to some of the Senators that after the word "inability" in the last-named section, we should insert the words "or unwillingness," to the end that any Associate Justice who is unwilling, for whatever reason, to perform the duties and powers of his office shall be passed over in establishing precedence within the application of the statute. I do not, however, press this point, for it seems to me that we may safely leave it to the good taste and the good sense of Associate Justices of the Supreme Court to dispose of the question of the willingness of one of their number to perform his duties. The matter of the correct interpretation of a Justice's "inability" to perform his duties seems to me to imply a physical or mental inability, although there is no machinery by which to test the occasion when that inability can be found to exist. I dare say that should an Associate Justice be possessed of an inability due to mental causes beyond his control, his colleagues on the bench would take note of that fact and would devise appropriate means for dealing with the situation. If the term "inability" can be said to apply to a Justice who absents himself continuously and protractedly from attendance upon sessions of the Court, such inability due to his absence is probably sufficiently treated in the existing law, in that such absentee will lose "precedence," as the term is used.

Disqualification of a Justice from service upon a particular cause frequently arises by virtue of the fact that the Justice disqualifying himself has previously had some connection with the cause at issue, or the parties thereto. The most unusual of such instances arose only a few years ago when the Court found itself devoid of a quorum principally because of the disqualification of so many Justices who had been officers in the law department of the United States over the period when the particular case was under investigation or consideration by the Department of Justice. One after another of the Justices had been Solicitor General or Attorney General while the matter had been in their official charge.

It seemed strange to many thoughtful citizens of our country that in the years between 1937 and 1944 the Chief Executive should appoint to the Supreme Court, there to construe cases arising under the laws adopted over that same period, law officers who had been the President's official legal advisers when the very laws had been proposed. Some of these Justices, former law advisers to the White House, had even been in charge of the enforcement of the very laws which, after their appointment to the Supreme Court, they might be called upon to construe. There is a certain delicacy of concept which underlies the thinking of true believers in justice which would have precluded many of them from either making such appointments or accepting them when tendered, under the circumstances.

This is not to say that a Justice should not disqualify himself in any cause of the merits of which he holds preconceived notions. All honor goes to such a Justice who so disqualifies himself. Nor would we criticize any Justice who disqualifies himself where he knows he has an open mind on a particular question yet fears that the litigants and the public might think otherwise. Not only the substance but the form must be regarded in such instances.

Happily, Congress came to the aid of the Court in its dilemma in 1944 when it provided that in the case in question, so many Justices having been disqualified that no quorum remained, the particular case could receive final disposition at the hands of a circuit court of appeals after certification thereto by the Chief Justice. Litigants who were entitled to the decision of the highest tribunal known to our form of government, found less, to be sure, but final repose is something, at least. Unless Congress had acted specially, wandering in perpetuity in a sort of legal Stygian darkness would have been the bleak and unfortunate lot of those litigants. I have not sought to explore fully the avenues suggested by my previous observations, rather I have noted them on the record as merely prefatory to the gravamen of my remarks.

The Supreme Court of the United States has exclusive jurisdiction in many instances of prime importance, as in civil actions where one of our States is a party. It has exclusive jurisdiction of actions against ambassadors and public ministers. It is the final arbiter in actions wherein the validity of a treaty or statute of the United States is involved when a lower court—even though the highest court of a particular State—decides against its validity. The constitutionality of our laws, our treaties, and their application must be its concern. The property of our citizens, their liberties, yes, their lives, are in its hands. The high stature of that final treasure-house of all our rights requires that the Court and its membership at all times shall remain unimpugned and unimpaired. Above all, decisions in such cases should be beyond any possible taint of partisanship, of politics, or of self-seeking popular appeal.

Therefore, I deem it of urgent necessity that the Congress now prescribe that a person who assumes the duties and the function of a Justice of the Supreme Court of the United States shall ever keep himself aloof from those fields of activity in which judgments are formed and actions controlled by controversies and advocacy. If a Justice of whatever rank wishes to engage in activities in which his dispassionate objectivity might suffer, let him first resign. There have been Justices who entered the market place of politics. There have been Justices who, it could be said, sought popularity in their advocacies. There have been Justices who propagandized through their utterances for particular national and international causes. It has been said that one Associate Justice who, in the statutory order of precedence, is eligible to become acting Chief Justice, has assisted in spearheading the Nation-wide drive of a so-called Political Action Committee.

No existing statute in terms prescribes such conduct. Historically, it had ever been thought that a nice understanding of the amenities would prove to be sufficient deterrent to activities outside of the duties devolving upon the membership of the Court. Certain it is that the American people expect a Justice of the Supreme Court will find himself sufficiently occupied in the performance of the duties of that great tribunal as to give it his undivided public, if not private, attention. It is said that there are now some 16 causes, involving questions of great magnitude to the litigants, in which decisive action by the Court has proved impossible due to the absence of a Justice "on important public business."

I feel certain that action now is both timely and necessary. I knew the mind of our late Chief Justice Stone on these matters. Since he came from New Hampshire, I enjoyed his confidence and his thinking on this subject, and I now proceed that a situation which was the source of much concern to him may not again arise.

With this explanation, Mr. President, I introduce a bill and ask that it be referred to the Committee on the Judiciary for its prompt consideration and early report, in order that the Congress may act upon it before a new Chief Justice shall be qualified and a new Associate Justice be appointed.

There being no objection, the bill (S. 2135) imposing certain limitations on appointments to the Supreme Court, introduced by Mr. BRIDGES, was received, read twice by its title, and referred to the Committee on the Judiciary.

PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to submit an amendment which is very brief, and which I shall briefly explain. At the end of the joint resolution I propose to amend by inserting the following new section:

SEC. 3. No payment shall be made to the United Kingdom under the agreement or under this joint resolution until after (1) the date of a proclamation by the President, or the date specified in a concurrent resolution by the two Houses of Congress, declaring that the general level of production in the United States equals or exceeds domestic consumption, and (2) the current annual budget of the United States has reached the point where the Federal receipts exceed expenditures; and such payments shall be made only to the extent that total receipts subsequent to the date of enactment of this act up to the time when such payment is proposed to be made

exceed the total expenditures for the same period.

Mr. President, there are several matters which have caused me grave concern with respect to the pending legislation. Having served overseas for approximately 18 months, I recognize the critical situation which faces Great Britain as well as other countries in Europe. I also fully recognize the serious situation which confronts our Nation and will continue to face the United States if we continue our policy of deficit financing and overdrawing our national bank account. I feel also, Mr. President, that a very serious situation of an inflationary nature faces this country. If the expenditure of this loan to Great Britain of $3,750,000,000 is confined to the United States during the present period of a shortage of goods, the present inflationary situation may be made worse. For that reason, Mr. President, I have proposed the amendment which I have read. The amendment will not cause us to go back to the British Government and renege on any agreement which we have already made. Unlike some of the other amendments which have been proposed, which would require negotiations to be reopened, my amendment would merely serve notice on the national administration, the executive branch of the Government, that it also has obligations involving the domestic economy of this country. If it will forthwith proceed to establish a balanced budget and encourage domestic production so that we may get our supplies up to the point of meeting demands, then the funds which are proposed will be available for the purposes of this loan. If, for example, during the coming fiscal year we are in position to balance our current budget and have a surplus of $3,750,000,000, that maximum amount would be available to loan Great Britain under this agreement. If, perchance, however, we are able to balance the budget and have a surplus of only $1,000,000,000, then only $1,000,000,000 would become available for that purpose. I do not believe we can continue on a basis of not being concerned about deficit financing. At a later date I shall have something to say in regard to that subject.

The PRESIDING OFFICER. The amendment submitted by the Senator from California will be received, printed, and lie on the table.

OPTOMETRY CORPS IN THE MEDICAL DEPARTMENT OF THE UNITED STATES ARMY

Mr. BARKLEY. Mr. President, there is on the calendar a bill which was objected to a few days ago when it was called. It is Calendar No. 986, House bill 3755, to establish an Optometry Corps in the Medical Department of the United States Army. The bill was reported unanimously from the Committee on Military Affairs by the Senator from Iowa [Mr. WILSON]. Its consideration was objected to on the call of the calendar by the Senator from Louisiana [Mr. ELLENDER], who has no objection to the bill, and without interfering with the unfinished business, I ask unanimous consent for the present consideration of the bill and for its passage.

The PRESIDING OFFICER (Mr. MURDOCK in the chair). The clerk will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 3755) to establish an Optometry Corps in the Medical Department of the United States Army.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. WHERRY. I have no objection, but does the able Senator from Kentucky desire to say a word in explanation.

Mr. BARKLEY. There is a desire, rather widespread, that the profession of optometry be recognized, as many other branches of medicine are recognized in the Army, by the creation of an Optometry Corps. The House passed the bill in September, and it has been pending before the Committee on Military Affairs, which, as I stated a while ago, reported it unanimously. It seems that there is no reason for longer delaying or denying longer this recognition of the profession of optometry as part of the Medical Department of the Army of the United States.

Mr. WHERRY. As I understand, the bill was reported unanimously from the Committee on Military Affairs.

Mr. BARKLEY. Yes.

Mr. WHERRY. Is there an amendment to the bill?

Mr. BARKLEY. There are textual amendments, which do not go to the substance.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

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

The first amendment of the committee was in section 3, on page 2, line 19, after the words "graduate of", to strike out "an accredited" and to insert "a recognized"; on line 20, after the words "school or", to strike out "college" and the comma and insert "college"; on line 21, after the words "by the", to strike out "Council on Education and Professional Guidance of the American Optometric Association", and insert "Surgeon General."

The amendments were agreed to.

The next amendment was in section 4, page 3, line 2, after the word "therewith", to insert "by the Surgeon General" and a period; and on line 2, after the words just inserted, to strike out "When assigned to optometrical duty, an officer of the Optometry Corps shall perform optometrical work determined upon by the appropriate medical officer, who shall be an ophthalmologist."

The amendment was agreed to.

The next amendment was in section 5, page 4, line 2, after the words "Medical Corps", to strike out "(who shall be an ophthalmologist)."

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be offered, the question is on the engrossment of the amendments, and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

SURPLUS PROPERTY DISPOSAL

Mr. MEAD. Mr. President, I should like to take a few minutes of the Senate's time today on a matter of real importance, namely, the disposal of surplus war property. Specifically, I should like to refer to remarks made before this body on April 12 with respect to a certain transaction regarding the sale of 600 surplus Army trucks at Gimbel Bros. department store in New York City.

However, before I discuss the particular matter of the sale of trucks through Gimbel Bros. department store, I should like to make a brief general statement regarding investigations of surplus property disposal.

In essence, it was stated before this body on April 12 that graft, maladministration, and circumvention of the law characterize present surplus-property-disposal methods. Moreover, it was stated that the Senate has hesitated or side-stepped investigations for fear of disclosing the truth.

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

Mr. MEAD. I am glad to yield.

Mr. WHERRY. Was the statement to which the Senator referred made by a Senator on the floor on April 12?

Mr. MEAD. Yes; a number of Senators discussed the Gimbel Bros. store sale, and I wish to put into the RECORD the report the investigators of our committee furnished me, so as to have that information also in the RECORD.

Mr. WHERRY. Comments were made by several Senators in the colloquy that occurred on the afternoon of April 12?

Mr. MEAD. Yes; at a time when our committee was investigating the same subject.

Mr. WHERRY. As I recall, the distinguished Senator from New York made some remarks that afternoon. Is that correct?

Mr. MEAD. No. About that time our committee made a report on surplus property, but it was a report made by the Senator from Delaware [Mr. TUNNELL] and the Senator from California [Mr. KNOWLAND]. I doubt very much whether that was the same day.

Mr. WHERRY. I remember something about the Gimbel department store transaction, and if I remember correctly, it was brought to the attention of the Senate by the distinguished Senator from North Dakota [Mr. LANGER].

Mr. MEAD. The Senator is correct, and also by the junior Senator from Oregon [Mr. MORSE], and I think a number of other Senators entered into the debate.

Mr. WHERRY. This is a defense, is it?

Mr. MEAD. No; this is a statement of the facts presented to our committee by the investigators for the committee, who at that time were making an investigation of this matter. It is not a defense of the handling of surplus property, nor

is it an attack upon anyone who made an attack upon the handling of surplus property. We are merely trying to be helpful, and stating for the record the information disclosed by our investigation.

Mr. WHERRY. I thank the Senator.

Mr. MEAD. Let me make it clear that I am not standing here today as an apologist for those charged with the high duty of administering the surplus property law, nor do I intend to minimize in any way the abuses, the mismanagement, and the improper practices which unquestionably exist with respect to surplus-property disposal. I for one feel rather encouraged that so many Members of the Senate are so much interested in the problem, as was evidenced on the day when the several Senators discussed this particular case. I think it was a very wholesome and a very exemplary spectacle, and I hope the interest will continue.

I wish to emphasize, Mr. President, that no matter is receiving more careful and more thorough attention by the special committee investigating the national defense program, of which I have the honor to be the chairman, than this all-important subject of the disposal of surplus property. Tomorrow morning we will have a hearing on the subject. We have hearings on it almost weekly. We sent a committee to the foreign theaters, as well as to many depots in the United States, inquiring into and investigating this subject.

It will be recalled that on March 22, 1946, a most searching, thorough, and painstakingly prepared report was submitted to the Senate by the distinguished senior Senator from Delaware [Mr. TUNNELL] on the matter of surplus property disposal abroad. This report embodied the findings of the Subcommittee of the National Defense Committee, composed of the Senator from Delaware and the able junior Senator from California [Mr. KNOWLAND], I respectfully urge that those who have not read the subcommittee report do so in order that they may be aware of the great amount of intelligent effort and hardheaded thinking which went into its preparation. Furthermore, the contents of the report should make it apparent to anyone that the committee was severely critical of nearly every phase of surplus property disposal abroad, and made most specific recommendations for corrective action.

Our committee members advised the Senate at the time of the report's submission that the problems concerning domestic surplus property disposal were likewise being carefully examined. I can assure you that this is being done. I can assure you also that any misgivings on the part of my colleagues regarding the completeness and unprejudiced nature of this investigation are completely unjustified. Our committee, as the Senate well knows, has always made full disclosures of the facts. It has always believed that the American people are entitled to the whole truth. It has always taken the position that the chips must fall where they may. The committee has always insisted, however, that all the facts be developed and appraised before criticisms are leveled or correctives recommended. Let us remember that the problems involved in surplus property disposal are most complex and complicated. Vast sums of money are represented in the thousands of different types of surplus items. Confused thinking and muddled though honest differences of opinion exist as to the best ways of adjusting inequities, cutting red tape, and unraveling the fouled up lines of authority. It is perfectly obvious that an investigation is necessary. One is being conducted. However, our committee is refraining from finding fault until it has found the facts.

And now, Mr. President, in line with what I have just said, I should like to ask the indulgence of the Senate for a few more minutes so that I may set the record straight with respect to the sale of trucks through Gimbel Bros. department store in New York.

Mr. President, I am not defending Gimbel Bros. or anyone who has had anything to do with this sale. I am merely stating the facts for the RECORD.

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

Mr. MEAD. I yield.

Mr. WHERRY. Before the Senator begins his discussion of that matter I should like to ask him a question. Has the Senator's committee made an investigation or has the committee acquired any information relative to the sale of property under the provisions of the Trading With the Enemy Act? Has the committee made any study at all of the declassification and the classification of the component parts of, let us say, radar equipment, which is now being sold under the Surplus Property Disposal Act?

Mr. MEAD. No.

Mr. WHERRY. The Senator does not have any idea then of what is being sold to other countries?

Mr. MEAD. No. The Senator from Nebraska knows there are so many phases connected with this matter, and so many various questions associated with the disposal of property, that it is difficult for our committee to cover more than a few of them.

Mr. WHERRY. I should like to suggest to the distinguished Senator that Senate bill 1953, to amend the Trading With the Enemy Act, is in committee and under consideration there, and evidence is being taken upon it. We all desire, of course, to have surplus property sold, and as quickly as possible, to get it into the hands of those who need it, but I wish to suggest to the Senator, whose committee has done such magnificent work, that his committee make an investigation of this subject. I now make the request, if the Senator's committee has not already received such a request, that a study be made of what we call the declassification of component parts which, if thrown together, might become classified parts which it would be very dangerous to dispose of, in connection with defense of the country. I respectfully submit to the distinguished chairman of the Mead Committee that his committee make an investigation of the subject, so that in a reasonable time the Senate may receive information on the subject.

Mr. MEAD. Mr. President, I will take that matter up with the full committee at its next sitting, and discuss it completely and thoroughly with the members of the committee.

Mr. President, as I stated a moment ago, I am always happy to learn of the intense interest in the Senate in the matter of the disposal of surplus property. I was pleased the other day when so many Senators evinced their interest, and I was very happy that it was possible for us to obtain the facts in connection with the sale which was discussed on the floor of the Senate, and to report on it at this time. I say, without in any way being critical of my colleagues or critical of those who had to do with this particular surplus property matter, that I merely state the facts for the RECORD. I say again that we are delving into this subject constantly and daily. Tomorrow, for instance, Mr. John Snyder will come before our committee. The committee will meet in open session in the caucus room of the Senate Office Building.

Mr. President, I notice from the CONGRESSIONAL RECORD of April 12 that charges were made to the effect that the transaction involving the sale of trucks by Gimbel Bros. was shady, that the law was flouted, that veterans were denied their rights, that dark, mysterious forces of evil were at work. I do not need to elaborate on these statements. I shall merely try to give the facts as I understand them. And, in this connection, I wish to point out that the special committee investigating war activities, of which I happen to be the chairman, has looked into this matter most carefully and has checked all the various complaints and allegations which have been made, and if we receive any other suggestions or leads we will continue the investigation to its ultimate end.

The history of the sale of the trucks dates back to the latter part of 1945. At that time 728 2½-ton trucks, manufactured by Studebaker under procurement for the Army for military lend-lease to Russia, were declared surplus by the Army to the Cincinnati regional office of the War Assets Administration. The trucks were disassembled and crated for overseas shipment, having chassis and cabs, but no bodies. That point, Mr. President, must be remembered, because it makes quite a difference. No one man could assemble these trucks and do it profitably. An assembly line is necessary in order that the work may be done practically and profitably.

Mr. WHERRY. Mr. President, will the Senator restate what he just said? I did not quite catch the statement respecting 728 trucks—I believe he said—which were declared surplus by the Army, which had been provided as lend-lease to Russia.

Mr. MEAD. The history of the sale of the trucks dates back to the latter part of 1945. At that time 728 2½-ton trucks——

Mr. WHERRY. Seven hundred and twenty-eight?

Mr. MEAD. Yes. At that time 728 2½-ton trucks, manufactured by Studebaker under procurement for the Army for military lend-lease to Russia, were

declared surplus by the Army to the Cincinnati regional office of the War Assets Administration. The condition of the trucks must be borne in mind. The trucks had not been assembled and were crated for overseas shipment, having chassis and cabs, but no bodies. After being declared surplus, the trucks were offered for sale by the Cincinnati Regional Office of the War Assets Administration. Around the first of the year, 1946, approximately 4,900 copies of sales catalogs announcing the sale were sent to all priority and preference groups including all veterans in West Virginia, Ohio, Indiana, and Kentucky who had expressed an interest in such trucks. All truck dealers in the region who had asked to be notified were also advised of the sale. Moreover, regional offices of the War Assets Administration and all State highway departments in the United States were similarly advised of the sale. The record of these catalogs and notices was shown to our committee investigators. However, no newspaper advertisements appeared. That is one thing that was not done in connection with this sale.

From January 21 to February 1, 1946, the 728 trucks were offered for sale at a fixed OPA price of $1,954 each to the various claimant groups. Federal agencies were invited to buy on January 21 but they bought none. States and cities could buy on January 22 and 23, and the State of Minnesota bought 2. From January 24 through February 1, inclusive, veterans were able to buy and they bought 40. The remaining trucks were offered for sale to dealers from February 4 through February 20 at the same fixed price of $1,954, this being the wholesale price established under OPA regulations.

However, let me add at this point that during this period between February 4 and February 20 the veterans could still buy the trucks on the same basis as the dealers, even though the veterans' preference period expired on February 1. In any event, 86 trucks were bought by dealers by February 19, leaving a total of 600 trucks remaining unsold, which were still available to any qualified buyer.

Continuing, Mr. President, on February 20 the remaining 600 trucks were sold to 8 dealers who placed orders. These were allocated so that 4 dealers got 76 trucks each, and the other 4 got 74 trucks each.

In passing, Mr. President, let me point out that the task of assembling these trucks and putting them in running order is beyond the capacity of any individual garage or service station. Moreover, it cannot be done on an economical basis unless a large number of trucks are handled at the same time. That was the information which was given to us.

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

The PRESIDING OFFICER (Mr. KNOWLAND in the chair). Does the Senator from New York yield to the Senator from Nebraska?

Mr. MEAD. I yield.

Mr. WHERRY. Where did the Senator get that information? I happen to have been in the car business myself. The Senator is giving the factual report of an investigator.

Mr. MEAD. That is correct.

Mr. WHERRY. Who told him that?

Mr. MEAD. Committee investigators have been to places where crated trucks are located and the places where they are assembled. Considering the price at which the crated truck is sold, the cost of assembling it as an individual job rather than as an assembly-line job would make the ultimate price substantially higher than if the assembling were done on an assembly-line basis. Our investigators were further informed that the average man would not have the tools or the equipment to make the assembly required in this particular instance.

Mr. WHERRY. Did the committee investigator do that?

Mr. MEAD. Our committee investigators have witnessed the assembly of trucks of this character. Members of our committee have witnessed the assembly of such trucks.

Mr. WHERRY. Of the 600 at the particular factory?

Mr. MEAD. I would not say that we witnessed these 600 trucks. We have witnessed similar trucks. There is a distinct difference between a military truck and a commercial truck. Sometimes military trucks are more heavily geared and powered, and perhaps even armored.

Mr. WHERRY. I am not disputing that. I understood that this was a factual report of the committee's own investigator. What I would like to know is, Did the committee's own investigator investigate the situation at Indianapolis?

Mr. MEAD. Our investigator investigated the entire record of the sale of the trucks located at Indianapolis.

Mr. WHERRY. Of what?

Mr. MEAD. Covering every detail, except where an identical detail was covered by a previous investigation.

Mr. WHERRY. Then he took the information from someone else who obtained it in connection with some other transaction.

Mr. MEAD. We have witnessed the assembly of similar trucks. The information which came to us was that it would require special tools and a special assembly line. It is actually a factory job. One could not take a military truck in this condition to the average garage and have it assembled. That is the point which I wish to make plain. However, the facts which we state as facts are the dates, the information with respect to advertising, and the prices and costs which were turned over to us, and which I shall be very glad to have my distinguished colleague from Nebraska examine.

Mr. WHERRY. I am not questioning the statement of the Senator at all; but I understood that this was a factual report. The part of the report which the Senator is now giving was not a part of the investigation of the committee investigators. The Senator is merely stating facts which were gathered in similar circumstances.

Mr. MEAD. Yes; and facts which experience leads us to believe are in keeping with the proper assembly of trucks of this nature.

There were eight dealers in all. The trucks were so allocated that 4 dealers got 76 trucks each and the other 4 got 74 trucks each. The dealers then sold them to Arthur Price Associates, Empire State Building, New York City. The trucks were bought by the New York concern at the OPA selling price level of $2,053.16. Then, together with various allowances, including mark-up, handling, transportation, and assembling charges, the total amounted to $3,039.08, which is the consumer ceiling price for New York.

Arthur Price Associates negotiated with Gimbel Bros. Department Store, a large and reputable retail outlet, to advertise and sell the trucks for the account of Arthur Price Associates.

I have no knowledge of Arthur Price Associates, nor am I making any defense of Arthur Price Associates, Gimbel Bros., or anyone else. I am merely stating what our investigators disclosed. If anyone desires any further information on this particular question, we shall be glad to obtain further detail on that phase of the matter.

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

Mr. MEAD. I yield.

Mr. McMAHON. Does the Senator know how long Arthur Price Associates have been in that business?

Mr. MEAD. No; I know nothing whatsoever about them.

Mr. McMAHON. Is it not true that the New York Surplus Property Office is in the Empire State Building?

Mr. MEAD. I do not know that, either.

Mr. McMAHON. Of course, that is a very large building, 86 stories high. The mere fact that Arthur Price Associates had an office there does not indicate any complicity with the New York Surplus Property Office, and I am not trying to infer such complicity. However, it seems to me that Arthur Price Associates might well be investigated, to find out how they were able to get eight independent dealers together. It seems to me to be a very convenient situation. I think we should have more light on the question.

Mr. MEAD. We have a statement from Arthur Price Associates, which I shall be very glad to place in the RECORD. However, we know nothing about the concern.

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

Mr. MEAD. I yield.

Mr. WHERRY. Should we not know something about them?

Mr. MEAD. I personally know nothing about them. We know of their activities in connection with this sale.

Mr. WHERRY. In the colloquy in which I engaged on April 12 the point was made that the unusual thing was that a number of dealers each got 74 or 76 trucks. I should like to ask how long the dealers owned the trucks. Does the RECORD show that? Did they buy them one day and sell them to Arthur Price Associates the next day?

Mr. MEAD. They sold them shortly after they purchased them.

Mr. WHERRY. Did Arthur Price Associates use those dealers, merely because they had priorities, to buy the trucks for

Gimbel Bros.? Is there anything in the report on that subject?

Mr. MEAD. No; and that does not seem to be the case. The trucks had been offered to the priority claimants. It was then a matter of getting rid of them. After the priority claimants had their opportunity anyone and everyone was then eligible to buy.

Mr. WHERRY. The dealers had the right to buy because they had priorities. But what I wish to know is why those dealers each received an equal number of trucks, and immediately afterward Arthur Price Associates had them. If there was any collusion I should like to know if the committee found out about it. I believe that the question raised by the distinguished Senator from Connecticut [Mr. McMAHON] is very pertinent. It seems to me that someone had knowledge as to where the trucks could be bought. Someone got together the dealers who had priority rights to buy the 600 trucks.

Mr. MEAD. They had no priority rights.

Mr. WHERRY. How did they get them?

Mr. MEAD. Anybody could buy them.

Mr. WHERRY. The dealers must have had priority rights to buy those trucks.

Mr. MEAD. No.

Mr. WHERRY. If they did not, why did those eight men buy them and deliver them to Arthur Price Associates? If they did not have priorities to buy them, how did they get them?

Mr. MEAD. They were in the business of buying and selling trucks.

Mr. WHERRY. In the business of Arthur Price Associates?

Mr. MEAD. No.

Mr. WHERRY. How did Arthur Price Associates get them?

Mr. MEAD. Arthur Price Associates are in the business of selling them. It would be more profitable, and probably the sale would be more quickly accomplished, if 4, 8, or 10 men living in different sections of the country bought them and put them up for sale where they could be bought by one man. At that time anyone was eligible to buy the trucks. If they were resold by one man, the advertising could be in one man's control, and probably the sale could be made more expeditiously.

We know nothing about any arrangements between Arthur Price Associates and the six or eight buyers. We would have gone into that question more deeply if the buyers had been shown to have preferences; but there were no preferences.

Mr. WHERRY. I think that is a point which ought to be further investigated. The Senator asked for suggestions. I make the suggestion that Arthur Price Associates need investigation.

Mr. MEAD. The Senator's suggestion is that Arthur Price Associates be investigated because of what? Because of some preference they enjoyed?

Mr. WHERRY. Mr. President, from what was said about this matter on the floor of the Senate on April 12—and a statement was made at that time by the Senator from North Dakota [Mr. LANGER], who, as long as he is in the Chamber at this time, will be able to repeat it now—it seems to me that it must be Arthur Price Associates who need investigating.

Mr. LANGER. More than that, Mr. President.

Mr. McMAHON. Mr. President, if the Senator will yield, let me say that it is probably the associates who need investigation.

Mr. WHERRY. Very well; the associates of Arthur Price.

Mr. MEAD. We shall be very glad to investigate the associates of Arthur Price, if that is the desire of my colleagues.

Mr. WHERRY. It is.

Mr. MEAD. Because on the surface there does not seem to be anything wrong with the accumulation of the trucks by the dealers who bought them. The price was right, the priority holders were given their opportunity, and then the trucks were sold at the OPA price. If we found that someone was buying them beyond his preference or priority right, or if we found that someone was selling them for more than the OPA price, that would be different. Our principal trouble is that in surplus-property sales, the surplus property usually sells for little or nothing; but in this case the full OPA price was obtained.

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

Mr. MEAD. I yield.

Mr. LANGER. As the Senator well knows, for more than 2 years, the distinguished junior Senator from Nebraska [Mr. WHERRY] and I, time and time and time again upon the floor of the Senate, have read letters showing that farmers could not obtain a single truck. We have received countless letters from veterans who have made applications to purchase trucks. Those letters have come in, not merely during 1 month or during 1 year, but for 2 years, and those letters are in the RECORD.

Now, Mr. President, we find one outfit, Arthur Price Associates, getting, not 1 truck, but 600 trucks. We are not only interested in investigating Mr. Arthur Price and his associates, but we want to know why the law was violated.

I call the attention of the distinguished junior Senator from New York to section 17 of the War Surplus Property Act. I shall read it to him; I do not know whether he is familiar with it. Let me ask whether he is.

Mr. MEAD. Mr. President, it will be perfectly all right for the Senator to read it without any side remarks, because perhaps I am familiar with it.

Mr. LANGER. This was very carefully gone into by Senator Chandler, of Kentucky, when he was a Member of the Senate. It is that old, for Senator Chandler has been out of the Senate for a year. It was also carefully gone into at that time by the Senator from Colorado [Mr. JOHNSON]. They were on the conference committee. The amendment which I offered at that time—section 17—was adopted unanimously by the Senate. It reads as follows:

> The Board shall devise ways and means, and prescribe regulations in cooperation with the War Food Administrator, providing for the sale of surplus property in such quantities in rural localities—

Not in New York City, Mr. President, but in rural localities. That is the law, you see—

> and in such manner as will assure farmers and farmers' cooperative associations equal opportunity with others to purchase surplus property.

I ask the distinguished Senator to name me one farmers' cooperative to whom these 600 trucks were offered. Was it the Grange? Was it the Farmers Union? Was it the Farm Bureau? Did those in charge of the disposal of the trucks go to the Farm Bureau of New York State or the Farm Bureau of Nebraska or the Farm Bureau of Ohio or the Farm Bureau of North Dakota and say, "We have here 600 trucks which the farmers have been begging for and begging for and begging for"?

Mr. President, there is not one word of evidence of that, and I am satisfied that that was not done by the War Assets Administration. That is what we object to. Neither the War Assets Administration nor any of its four predecessors have taken such steps. Let me say that in 15 months there have been four different outfits handling war surplus property. It is impossible for one of us to put his finger on a single one of them when we go over there and try to find out who is to blame and why the farmers in Minnesota, North Dakota, South Dakota, and other States did not get the trucks. Many of those farmers could not haul their wheat to market last year, and much of it rotted on the ground. They could not get the trucks or the tires they needed.

We want to know how many of these outfits, other than Mr. Symington, who is the only man who has tried to carry out the provisions of the law, have ignored this section and why the 600 trucks, which should have gone to the farmers' cooperative associations or to groups of farmers or to individual farmers, did not reach them. That is the investigation we want.

Mr. MEAD. Mr. President, in order to keep the record straight, I should like to know whether the Senator contends that the farmers or the farmers' cooperatives have a priority similar to the priority granted to veterans. Is that the Senator's contention?

Mr. LANGER. The contention simply is that farmers have a greater right to get these trucks than does a ladies' clothing store in the city of New York.

Mr. MEAD. Is that a fixed preference provided by law?

Mr. LANGER. Yes.

Mr. MEAD. If the farmers have a fixed preference under the law and if the War Assets Administration violated that preference, then it will be up to us to bring it to task.

Mr. LANGER. What would the Senator think of this language:

> The Board shall devise ways and means and prescribe regulations—

That was put into the original law.

Mr. MEAD. For what purpose?

Mr. LANGER. I read further:

> in cooperation with the War Food Administrator providing for the sale of surplus property in such quantities in rural localities.

Just this week a veteran telephoned me from North Dakota. He wanted to buy a Diesel D tractor. Does the Senator from New York know where he had to go to get one? He had to go from North Dakota to St. Louis, Mo. I made three telephone calls to the War Assets Administration at Chicago, and I paid for them myself; and I made two more telephone calls to Ed Sweeney, at the Jefferson Hotel in St. Louis; and then I made one telephone call to Granite City, which is somewhere in Illinois. They wanted that veteran to get on a train or an airplane in North Dakota and go all the way to St. Louis, Mo., where they had 23 tractors—with hundreds of bidders and hundreds of veterans ready to buy them. How could a veteran from North Dakota go all the way down there and spend all the money required for transportation, when as a matter of fact the law provides that they shall put some of the farm machinery in North Dakota, and some of it in Minnesota, and some of it in South Dakota, and some of it in Nebraska, and some of it in other States, where our veterans will not have to go 800, or 900, or 1,000 miles in order to look at it. That is the purpose of the amendment which I have read.

Yet we picked up the newspaper and read the advertisement which I have had placed in the RECORD—a full-page advertisement which appeared in the New York Times—stating that 600 trucks were for sale at Gimbel's store in New York City.

Mr. MEAD. Mr. President, is it the contention of the Senator from North Dakota that the farmers could have purchased those trucks under the priorities which were granted by the War Assets Administration, and then could have assembled them for practical use in their farming areas? If the farmers could have purchased those trucks and were denied the right to purchase them, and if the farmers could have assembled the trucks and could have put them to good use, that is something into which we should look, because no one favors more than I do getting the trucks out to the lumber camps and to the food-producing areas and the coal-mining areas, to be used to produce the critically needed supplies.

But if there is a list of 20 priority claimants and if, according to the record, the agency followed that list, then it is necessary that something else be shown, in order to justify examining them and investigating them.

I may say to the distinguished Senator that I have before me the list of priorities claimants, according to the record and the law, under which the trucks were offered for sale. Then, after they were offered for sale and no one expressed an interest in them, they were sold to the general public.

Mr. LANGER. Mr. President, allow me to answer the able Senator with a question which I wish to propound to him. If the Senator had been the head of the War Assets Administration, and had before him section 17 and wanted to give the farmers of the United States a square deal, and he observed the fact that Montana, North Dakota and South Dakota farmers have received practically none of this machinery because of the location of war camps at points farther south, would he not obey the law and devise ways and means for selling the surplus materials in the way which the law requires that they shall be sold?

Mr. MEAD. If there was an opportunity in the language of the law to do so, I would devise regulations which would give to the farmers and to men in the lumber camps an early and preferential opportunity to buy trucks if they needed them.

Mr. LANGER. That is the answer which I expected the able and distinguished Senator to give. I wish that the Senator's committee would investigate why those things have not been done. Why cannot a veteran buy a truck in North Dakota instead of being required to go all over the country to find one?

Mr. MEAD. I will say to my distinguished colleague from North Dakota that I am very happy over the aroused sentiment in the Senate in regard to this matter. I will invite him and other Senators to come before the committee so that we can go into this matter to the end that no veteran, farm cooperative, or lumber producer shall be denied the opportunity to buy surplus property.

Mr. LANGER. Further, will the Senator have General Gregory present when the distinguished Senator from Nebraska [Mr. WHERRY] and I are present?

Mr. MEAD. Yes.

Mr. LANGER. As I have said before, four or five different outfits have handled this matter. I should like to be advised as to what ways and means have been resorted to in distributing surplus war property in the northwestern section of the United States. I should like to know what has been done by the authorities in charge of this matter in carrying out the provisions of section 17 of the law.

Mr. MEAD. I shall be very glad, in concert with my able colleague and all other Members of the Senate, to arrange for a public hearing at which time we will have present the officials of the War Assets Administration, and the representatives of any other governmental agency involved in the matter including Mr. Snyder, in order that they may hear these complaints which I agree are, in most part, justified. I do not deny them. I said at the beginning of my remarks that I felt rather reassured at the expression of the interest on the part of my colleagues in connection with the subject of the disposal of surplus property. I only want them to know that we have made an investigation. I have before me a copy of a conversation which took place between one of the attorneys of our committee and men representing Arthur Price Associates. The investigation has not been concluded. We are actually now involved in the investigation, and when it is concluded I shall be very glad to give the results of the investigation to the Senate.

I wish to say, however, that insofar as Gimbel's are concerned, it is my opinion that they were merely the last medium in the process of selling these trucks for Arthur Price Associates, who had previously bought them from truck dealers who, in the first instance, had purchased them from the War Assets Administration. So, Mr. President, we hope to have a report on Arthur Price Associates, and we will submit it to the Senator. I believe that before we have completed our work in this connection we will have a report on the question of why preferential status is not granted to farmers in accordance with section 17 which the Senator has read.

Mr. LANGER. May we have 2 or 3 days' notice so that we can have present, for example, the head of the Farmers Union?

Mr. MEAD. We will arrange a hearing and give a week's notice to Members of the Senate so that all those who are interested may be present before the committee.

Mr. LANGER. I should like also to have present the men who have charge of the farm agricultural program.

Mr. MEAD. Does the Senator refer to the agricultural adjustment program?

Mr. LANGER. Yes.

Mr. MEAD. I shall be very glad to see that they are present.

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

Mr. MEAD. I yield.

Mr. WHERRY. Mr. President, at the hearing to which the Senator from New York has referred, I should like to have the committee go further into the question of notices. As I understood the report of the investigation, the notices which were sent out were given to the priority holders in a sort of book form or in the form of a memorandum. Am I correct? No notice was carried in the newspapers. The point I wish to make is this: The farmers of my section of the country were not notified. I received a letter, and then I received a telegram from the Fremont Creamery which had discontinued five truck lines because of being unable to buy trucks anywhere in the United States. I assert, with all due respect for those who have been working on the matter, that if notices had been mailed to the rural areas, or if newspaper publicity had been given, the trucks about which we have been talking would have been placed in the rural areas. As I understand, the notices were sent out only to priority holders. Am I correct?

Mr. MEAD. They were sent to those who had expressed an interest in the matter.

Mr. WHERRY. Yes; but notices were not sent to farmers in the areas to which I have referred, nor to farm cooperatives.

Mr. MEAD. The Senator is correct. No advertisements were published. Therefore, all people who had no preference status may not have been in position to have known that surplus property was being made available.

Mr. LANGER. I should like to know why the War Assets Administration should not have assembled those trucks.

Mr. MEAD. I do not know whether the Administration has sufficient personnel to do it.

Mr. LANGER. The War Assets Administration can secure the necessary personnel, can it not?

My God! We have a million men in the Army.

Mr. MEAD. Of course, the War Assets Administration is subject to the

limitations of its appropriation, and I doubt very much whether it is organized so as to assemble trucks and do other technical work of that kind. However, those are matters which we can go into, and it may be that as a result of a widespread investigation, and with a great deal of assistance from Members of the Senate who have advanced ideas which they did not perhaps have before this problem became acute, we will be in position to improve and perfect the law. But our committee is very critical.

Mr. LANGER. Section 17 is a part of the original law, and was debated on the floor of the Senate.

Mr. MEAD. I understand that to be true. It is my belief that under that law the War Assets Administration had sufficient authority to establish a preference position for the farmers of America. But I am not contending now that they have not made mistakes in administration. I am merely revealing the record of one sale. Insofar as the activities of Arthur Price Associates are concerned, we may cover that matter in a subsequent report to the Senate. I am not contending that the War Assets Administration is broad enough in its preferences. I feel that it could go further and do a better job than it has already done.

Mr. WHERRY. With respect to notices, I hope that the chairman of the committee will look into that matter. The situation to which reference has been made is not the first in which notices have not been broadcast sufficiently to enable persons in need of materials to buy them.

Mr. MEAD. I am sure that we shall satisfy both of my able colleagues when we have finished with the surplus property investigation.

Mr. President, the price of these trucks, as advertised in full-page advertisements by Gimbel's, was $2,900 each, which was well under the consumer's ceiling price. Of the $2,900, $269.60 represents the charges approved by the Office of Price Administration for assembling, transportation, and handling, leaving a net of $2,630.40. I understand that Gimbel's received from each sale $263.04 a truck. Gimbel's paid out more than $10,000 for advertising and sales costs, as well as $12 a truck for servicing upon delivery to the customer.

Of the remaining $2,367.36, Price Associates also had to expend considerable funds for setting up assembly machinery, and had other expenses in connection with putting a truck in good running order in the hands of the buyer. There were also storage charges, general interest charges, insurance charges, the dealer handling charges, and other expenses in connection with the assembly and sale of the trucks.

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

Mr. MEAD. I yield.

Mr. LANGER. I call the attention of the Senator to the fact that they made a thousand dollars profit on each truck, so the little incidentals he mentions would not hurt very much. They sold them for $2,900 apiece, roughly, and bought them for $1,900.

Mr. MEAD. They bought them for $1,900, but of course the expenses would have to be counted in order to justify the OPA ceiling price. I merely am calling attention to the fact that this is a sale in which they did not sell for 10 cents on the dollar. The Government got the OPA price, and the ultimate buyer paid the OPA price, because that was scrutinized all along the line with reference to charges, insurance, and so forth. I am not defending the price, but from the standpoint of the Government, this is one sale from which it actually realized some money.

Mr. LANGER. Of course, Gimbel Bros. made a profit of roughly half a million dollars, which we maintain the farmers should have gotten.

Mr. MEAD. I would have preferred that every truck not taken by veterans and States and municipalities went to a farmer, and in that regard I think we are in agreement.

It is my understanding that a number of department stores in other cities have sold some of these trucks on a basis similar to that which I have outlined. It appears from the facts that in every respect the transaction was in conformity with Government regulations. We went into the existing regulations and the existing prices, and we found that preference dates were set up, that OPA prices were followed, and that there were Government regulations supporting every move that was made.

In particular, the veteran was given an opportunity to purchase these trucks, and there was no violation of the veteran's-priority regulation. We looked into that very thoroughly, because there is a veteran's priority well established, and that matter was brought forcibly to our attention by my colleagues in the Senate, including my distinguished colleague from North Dakota.

In closing, Mr. President, let me emphasize that the Special Committee Investigating the National Defense Program believes that one of the foremost considerations, if indeed not the primary consideration, is the disposal of surplus Government property with speed to the people of the United States, particularly to those who are in need of this material, to those who can make an economic contribution by the use of the material.

It is very obvious that offering to special groups, such as are provided by the priorities under the Surplus Property Act, for which I voted, as did a majority of my colleagues, slows down the process of sales, and we have to give the War Assets Administration some consideration for that delay, because if they did not give the priority groups some consideration in advertising the sale of these properties, we would be the first to complain. Moreover, priority groups must have reasonable notice and a reasonable opportunity to claim the goods under their priorities. We are interested in seeing that they receive such notice and such opportunity.

From my examination of the facts in this case, I am satisfied that adequate time was afforded to all priority claimants by the War Assets Administration. I am satisfied that notice was given to priority claimants, although, as I said before, advertising in the press was not resorted to, and I think that is a more efficient method than to notify priority claimants by personal letter or by sending them catalogs.

Mr. LANGER. I frankly do not see how the veterans were given proper notice.

Mr. MEAD. The veterans who wrote in were given proper notice, but I still say that by advertising in the different areas all veterans there would be given proper notice.

Mr. LANGER. All the War Assets Administration had to do was send a few telegrams, one to the Senator's own State. At the very time those trucks were sold by Gimbel Bros., there were 13,900 veterans in New York who could not get one of the trucks. All the War Assets Administration had to do was to get a list of the various people in each State, or merely the head men, and send them a telegram saying, "How many priorities have you for veterans?"

Mr. MEAD. As I understand, under the regulations a veteran has to obtain a certificate formerly from the Smaller War Plants Corporation, now from the War Assets Administration. Once he gets the certificate, then, with that certificate, he notifies the War Assets Administration that he is in the market for a truck, or whatever it is. Then the War Assets Administration must notify him when a truck is available for sale.

Mr. LANGER. If the distinguished Senator will read the record I put in on the 12th of April, he will find that 13,900 of the Senator's own veterans in New York had such certificates, and had the priorities.

Mr. MEAD. But the 13,000 were not listed as interested in purchasing 2½-ton trucks in the Cincinnati area, within which the trucks were located. According to the record, they were interested in the purchase of many items in the New York area.

Mr. LANGER. Why should they not have been notified?

Mr. MEAD. According to the facts given us by the War Assets Administration, they notified every veteran in their region who had indicated an interest in a 2½-ton truck. I think they could have gone further by advertising the sale in the newspapers, so that other veterans might have had an opportunity to secure certificates and to present them, making themselves eligible for the purchase of trucks.

I am of the opinion that greater care should be exercised by the War Assets Administration in bringing this information to the attention of the veterans' organizations. I am of the opinion that perhaps the securing of a certificate could be simplified now that a veteran can go direct to the War Assets Administration and there become eligible for the purchase of a truck.

Mr. LANGER. I wish to say for the War Assets Administration, to be fair with them, that when I telephoned about the veteran from North Dakota they were most kind. They investigated thoroughly and said they would get that veteran the D-4 if they could possibly

do so. I might add that one of them telephoned me at 10 o'clock at night, called me at my hotel, and said, "I think we have this arranged." I think the blame is right here in Washington, at headquarters of the War Assets Administration, in not sending out the proper notices, as the distinguished Senator has said.

Mr. MEAD. That is correct. I am of the opinion that the procedure should be liberalized, but, as I stated in the beginning, we took the regulations laid down by the War Assets Administration, and then we examined this sale to see if existing regulations had been violated.

I am not a defender of existing regulations. I think, as the Senator does, that there is plenty of room for liberalization and improvement. But under existing regulations, which have been formulated by the War Assets Administration, and sale prices, and the preferential priorities which have been set aside, the War Assets Administration has not violated the regulations in the matter of this sale. I feel that it is unfortunate that advertising of a newspaper and radio character was not resorted to, so that this sale would have been brought to the attention of a great many farmers and veterans and others who would have been interested in it. I am a great believer in advertising, and in this instance the right kind of advertising was not resorted to.

I say to my colleague from North Dakota that I am critical, as he is, of many of the procedures which have been followed in the disposition of surplus property.

Mr. LANGER. I repeat, some of these men, like those in Chicago, have been most kind. Mr. Ed Sweeny, of the Jefferson Hotel, stayed up until 10 o'clock to call me, and Mr. Wright called me on Sunday, which shows there are good men in some places who are anxious to get the property into the hands of veterans.

Mr. MEAD. In the conduct of our investigation I have found a great many men of ingenuity, enterprise, and energy who I think would do a better job than they are doing under existing conditions if the regulations would permit.

Mr. President, as I have said, under existing regulations I have little complaint of the manner in which the disposition of these trucks was accomplished. I do find fault with the manner in which they were advertised, and I suggest that a more liberal procedure could be resorted to, particularly as it pertains to the farmers, the veterans, and others who are in critical need of this type of material. There have been in the past, and there undoubtedly will be in the future, transactions of the War Assets Administration which the Special Defense Committee will be required to criticize, and we will criticize them.

I would be the last one to urge that facts be suppressed. However, in the debate in the Senate on April 12 on this matter it was not a question of suppressing facts. The only facts presented in the debate were the newspaper advertisement and the statement that the farmers and other deserving purchasers were not properly dealt with.

Mr. President, our committee is in the midst of an investigation of this entire transaction and all of the activities of the War Assets Administration. But I want to say that under the existing regulations as they are printed and available to every Member of the Senate, the priority claimants were given their opportunities to buy. Notice, although it might have been more widespread, was sent to the priority claimants. The purchasers who bought the trucks and turned them over to Arthur Price Associates bought them under the law and under the regulations, and they were sold by a department store under the regulations and for the ceiling price fixed by OPA regulations.

Mr. President, this is one transaction in which the Treasury was reimbursed to the limit permitted by OPA. I am only sorry that we cannot report more sales by the War Assets Administration that bring into the Federal Treasury a substantial sum of money.

As I said in the beginning, however, our committee is most anxious to have the help and the support and the cooperation of Members of the Senate, and of the Senate as a whole. We are delighted with the interest which is evinced in the disposition of surplus property. We want Senators to know that they have a committee investigating this subject, and that the committee is alert and interested and concerned with the veterans and the farmers, with municipalities and with all the others that were intended to be given consideration under the law as passed by the Congress.

I conclude by saying that under present regulations the priority claimants were given opportunity to purchase these trucks, and under present regulations the dates and the periods of time were set aside, and under present regulations they were open to sale to the public, and under present regulations they were sold at the proper price.

It is also my desire to say for the record that I hope the Senate will review the law, and that Senators will make certain that veterans and others who are entitled to preference—and this applies to the farmers of the country—will be given the liberal treatment which they merit and which we desire them to enjoy.

RECESS

Mr. LANGER. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 53 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 1, 1946, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 30, 1946

The House met at 12 o'clock noon, pursuant to House Concurrent Resolution 145, and was called to order by the Speaker.

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

Most loving and patient Father, we are assembled today with thanks and praise for Thy merciful providence. We would place ourselves at Thy footstool and ask that Thy kingdom may come and Thy will be done in all our hearts. As Thou hast entrusted us to be Thy bearers of truth and justice, we would beseech Thee to be the inspiration of all our conceptions of duty and the guide of all our deliberations.

In the urgent needs of these times, teach us that we cannot dispense with the heart and soul of things and survive. Bless our land that it may fulfill its splendid Christian mission, and warn us against the heresy that material possessions determine the greatness and permanence of nations.

For our families, united or separated, we ask the Father's tenderest care; give great wisdom, discernment, and discretion to our Speaker, the leaders, and all other Members of this Congress. Be with our President these arduous days; be gracious unto him and preserve him in health and strength. Hear us and bless us for the sake of Jesus Christ our Lord. Amen.

The Journal of the proceedings of Thursday, April 18, 1946, was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On April 19, 1946:

H. R. 5644. An act to facilitate voting by members of the armed forces and certain others absent from the place of their residence, and to amend Public Law 712, Seventy-seventh Congress, as amended; and

H. J. Res. 342. Joint resolution making additional appropriations for the fiscal year 1946 to pay increased compensation authorized by law to officers and employees of sundry Federal and other agencies.

On April 20, 1946:

H. R. 841. An act for the relief of Lander H. Willis;

H. R. 988. An act for the relief of Bernice B. Cooper, junior clerk-typist, Weatherford, Tex., rural rehabilitation office, Farm Security Administration, Department of Agriculture;

H. R. 1073. An act for the relief of Mrs. Gertrude Verbarg;

H. R. 1235. An act for the relief of John Bell;

H. R. 1262. An act for the relief of W. E. Noah;

H. R. 1269. An act for the relief of Virge McClure;

H. R. 1350. An act to record the lawful admission to the United States for permanent residence of Nora R. Neville;

H. R. 1356. An act for the relief of Elias Baumgarten;

H. R. 1399. An act for the relief of Mrs. Lucy Palmisano and the legal guardian of Anthony Palmisano, Jr.;

H. R. 1616. An act to grant an honorable discharge from the military service of the United States to William Rosenberg;

H. R. 1721. An act for the relief of Eli L. Scott;

H. R. 1732. An act for the relief of Mrs. Marie A. Shedd, Mrs. Maude C. Denney, and Mrs. Mabel Glenn Gray;

H. R. 1759. An act for the relief of Mildred Neiffer;

H. R. 1838. An act to confer jurisdiction upon the Court of Claims to hear, determine,