continue and establish offices in the territory of the Republic of the Philippines.

ADJOURNMENT

Mr. ARENDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 36 minutes p. m.) the House adjourned until tomorrow, Wednesday, June 11, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

775. A letter from the Secretary of Agriculture, transmitting a draft of a proposed bill for the relief of Mr. Thomas D. Sherrard; to the Committee on the Judiciary.

776. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1948 in the amount of $120,000 for the Federal Security Agency (H. Doc. No. 315); to the Committee on Appropriations and ordered to be printed.

777. A letter from the Attorney General, transmitting a copy of his final report to the President on Government patent practices and policies; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 235. Resolution waiving points of order against H. R. 3756, a bill making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes; without amendment (Rept. No. 552). Referred to the House Calendar.

Mr. WELCH: Committee on Public Lands. H. R. 3372. A bill authorizing certain agreements with respect to rights in helium-bearing gas lands in the Navajo Indian Reservation, N. Mex., and for other purposes; without amendment (Rept. No. 553). Referred to the Committee of the Whole House on the State of the Union.

Mr. BISHOP: Joint Committee on the Disposition of Executive Papers. House Report No. 554. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. KUNKEL: Committee on Banking and Currency. H. R. 3612. A bill to amend the Sugar Control Extension Act of 1947 so as to terminate the authority to allocate or ration refined sugar among users for home consumption without amendment (Rept. No. 556). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. FELLOWS: Committee on the Judiciary. S. 50. An act for the relief of Joseph Ochrimowski; without amendment (Rept. No. 555). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOBBS:

H. R. 3778. A bill to amend section 30 of the Revised Statutes of the United States (U. S. C., title 2, sec. 25); to the Committee on the Judiciary.

By Mr. JUDD:

H. R. 3779. A bill providing for the incorporation of the United American Veterans and Auxiliary; to the Committee on the Judiciary.

By Mr. DIRKSEN:

H. R. 3780. A bill to amend section 5 of Home Owners' Loan Act of 1933, and title 26, chapter 4, section 14, of the Code of Laws for the District of Columbia, and for other purposes; to the Committee on Banking and Currency.

By Mr. HORAN:

H. R. 3781. A bill to authorize certain administrative expenses in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. VAN ZANDT:

H. R. 3782. A bill to provide for the payment of retroactive death pension to widows and children of veterans after 7 years continued and unexplained absence; to the Committee on Veterans' Affairs.

By Mr. KENNEDY:

H. R. 3783. A bill to correct an inequity existing in the case of holders of adjusted-service certificates who did not accept payment in bonds under the Adjusted Compensation Payment Act, 1936; to the Committee on Ways and Means.

By Mr. CHAPMAN:

H. R 3784. A bill to authorize the Public Health Service to admit to its hospitals persons committed by State courts who are beneficiaries of the Service or narcotic addicts; to the Committee on Interstate and Foreign Commerce.

By Mr. KNUTSON:

H. R. 3785. A bill to authorize the State of Minnesota to condemn lands owned by the United States in the county of Cass, State of Minnesota, for fish propagation, and for other purposes; to the Committee on Public Lands.

By Mr. CELLER:

H. R. 3786. A bill to empower the Supreme Court of the United States to promulgate a code of ethics for attorneys at law practicing before the district courts of the United States; to the Committee on the Judiciary.

By Mrs. DOUGLAS:

H. Res. 236. Resolution making H. R. 2523 a special order of business; to the Committee on Rules.

By Mr. PLOESER:

H. Res. 237. Resolution to provide additional funds for the expenses of the investigation and study authorized by House Resolution 18; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JUDD:

H. R. 3787. A bill for the relief of Mrs. Maria Smorczewska; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R 3788. A bill for the relief of Mrs. Mary Rurney; to the Committee on the Judiciary.

By Mr. REED of New York:

H. R. 3789. A bill for the relief of Dr. Esther Chang; to the Committee on the Judiciary.

By Mr. SOMERS:

H. R. 3790. A bill for the relief of the estates of Arthur F. Saladino, Joseph Spivack, and Irving Weinberg; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

617. By Mr. BRADLEY: Petition of 73 voters of the Eighteenth Congressional District of California, urging that communism in this country be stopped and stamped out completely and that all Communists and communistic sympathizers be treated as traitors; to the Committee on Un-American Activities.

618. By Mr. HARDIE SCOTT: Petition of the Ukrainian American Citizens' Association, Inc., of Philadelphia, Pa., urging passage of H. R. 2910, a bill to authorize the United States during an emergency period to undertake its fair share in the resettlement of displaced persons in Germany, Austria, and Italy, including relatives of citizens or members of our armed forces, by permitting their admission into the United States in a number equivalent to a part of the total quota numbers unused during the war years; to the Committee on the Judiciary.

619. By the SPEAKER: Petition of the city of Paso Robles, Calif., petitioning consideration of their resolution with reference to endorsement of S. 866 and H. R. 2523; to the Committee on Banking and Currency.

620 Also, petition of Homer M. Mohr St. Petersburg, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

621 Also, petition of Grant Teeters, Lakeland, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

622. Also, petition of Mrs. Albina Bibeau, St. Petersburg, Fla., and others petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

SENATE

WEDNESDAY, JUNE 11, 1947

(Legislative day of Monday, April 21, 1947)

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

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

Our Father in Heaven, as we unite in prayer for Thy blessings upon the Members of this body, we know that Thou art lovingly concerned about the way we live and how we wear ourselves out, taking less care of ourselves than we do of our cars. Bless Thy servants, the Senators, with good health and good sense to preserve it. Bless the members of their families. May they commit them all to Thy care, that no leaden anxiety shall keep any man from doing his best work. We feel that we have to do so many things that we would rather not do, as we plead that we have no time to do some things we know very well we should do.

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Help us to make wise choices and proper use of our time.

We wait upon Thee for the continual answer to our prayers.

In the name of Christ, Thy Son. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, June 10, 1947, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 49) against adoption of Reorganization Plan No. 2 of May 1, 1947, in which it requested the concurrence of the Senate.

EXECUTIVE COMMUNICATIONS, ETC.

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

THOMAS D. SHERRARD

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation for the relief of Thomas D. Sherrard (with an accompanying paper); to the Committee on the Judiciary.

REPORT CONCERNING CONVERSION OF TWO COST-PLUS-A-FIXED-FEE CONTRACTS AND DISPOSAL OF A SHIPYARD

A letter from the Comptroller General of the United States, transmitting a report concerning the conversion of two cost-plus-a-fixed-fee contracts between the United States Maritime Commission and the California Shipbuilding Corp. to a fixed-price basis and the subsequent amendment of one of the fixed-price contracts to cover disposal of shipyard facilities and inventory to the contractor (with accompanying papers); to the Committee on Expenditures in the Executive Departments.

PETITION

The PRESIDENT pro tempore laid before the Senate a petition of the members of the Stuart (Fla.) Townsend Club, No. 1, praying for the enactment of the so-called Townsend plan to provide old-age assistance, which was referred to the Committee on Finance.

OLD-AGE ASSISTANCE—FLORIDA LEGISLATURE MEMORIAL

Mr. PEPPER. Mr. President, on behalf of my colleague the junior Senator from Florida [Mr. HOLLAND] and myself, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD Senate Memorial No. 2 of the Legislature of the State of Florida, memorializing Congress to enact a uniform system of old-age assistance and aid to widows and dependent children.

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

"Senate Memorial 2

"Resolution to memorialize Congress to enact a uniform system of old-age pensions and aid to widows and aid to dependent children

"Whereas security of the aged, widows, and dependent children has become a major problem before the American people, and, therefore, justice and the public welfare demand that ample provision be made for the protection of their health and to provide for their support; and

"Whereas the most feasible plan to solve the social and economic problem is the enactment by Congress of a uniform Federal Government program to provide an equitable distribution among our citizens of age 60 or more and among the widows and dependent children a sum sufficient to support and maintain them with respect and decency and in keeping with our American standard of living: Now, therefore, be it

"*Resolved*, That the members of the Senate and the House of Representatives of the State of Florida do respectfully memorialize and petition the Congress of the United States to immediately enact a national pension system for old age, aid to needy widows, and aid to dependent children, and create a fund for the maintenance thereof, the proceeds of which shall be distributed equitably for all citizens over 60 years of age, all needy widows, and all dependent children without regard to the sum paid or contributed by a State or other political subdivision; and be it further

"*Resolved*, That copies of this memorial be immediately transmitted by the secretary of state to the Senate and House of Representatives of the United States, and to each Senator and Representative in Congress from the State of Florida."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. REVERCOMB, from the Committee on Public Works:

S. 451. A bill to authorize the Federal Works Administrator through the Commissioner of Public Buildings to provide space to accommodate the needs of the District Court of the United States for the District of Columbia, and for other purposes; without amendment (Rept. No. 260).

By Mr. ECTON, from the Committee on Public Lands:

S. 403. A bill authorizing the issuance of a patent in fee to Gideon Peon; with an amendment (Rept. No. 261).

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. BALL:

S. 1413. A bill to authorize the State of Minnesota to condemn lands owned by the United States in the county of Cass, State of Minnesota, for fish propagation, and for other purposes; to the Committee on Public Lands.

By Mr. REVERCOMB (by request):

S. 1414. A bill to provide for the establishment of a veterans' hospital for Negro veterans at the birthplace of Booker T. Washington; to the Committee on Labor and Public Welfare.

By Mr. MCGRATH (for himself and Mr. GREEN):

S. 1415. A bill to incorporate the Jewish War Veterans of the United States of America; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado:

S. 1416. A bill to amend section 203 of the Federal Employees Pay Act of 1945; to the Committee on Civil Service.

By Mr. BALDWIN:

S. 1417. A bill for the relief of the city of Bridgeport, Conn.; to the Committee on the Judiciary.

By Mr. BALDWIN (for himself, Mr. MCMAHON, Mr. SALTONSTALL, Mr. LODGE, Mr. GREEN, and Mr. MCGRATH):

S. 1418. A bill granting the consent and approval of Congress to an interstate compact relating to control and reduction of pollution in the waters of the New England States; to the Committee on Public Works.

By Mr. BUTLER:

S. 1419. A bill to enable the Legislature of the Territory of Hawaii to authorize the city and county of Honolulu, a municipal corporation, to issue sewer bonds; and

S. 1420. A bill to authorize the issuance of certain public-improvement bonds by the Territory of Hawaii; to the Committee on Public Lands.

By Mr. WHITE (by request):

S. 1421. A bill to provide for the appointment of one additional Assistant Secretary of Commerce, and for other purposes; and

S. 1422. A bill to continue the authority of the Maritime Commission to operate tankers until July 1, 1948; to the Committee on Interstate and Foreign Commerce.

By Mr GREEN:

S. 1423. A bill to enable States and their agencies and political subdivisions to plan for the construction of public works; to the Committee on Public Works.

By Mr. KILGORE:

S. 1424. A bill to enable persons who served in positions in the National Youth Administration to acquire a classified civil service status; to the Committee on Civil Service.

By Mr. HATCH.

S. 1425. A bill conferring jurisdiction upon the United States District Court for the District of New Mexico to hear, determine, and render judgment upon the claim of Adolphus M. Holman; to the Committee on the Judiciary.

By Mr. LANGER:

S. 1426. A bill to authorize certain administrative expenses in the Post Office Department, and for other purposes; to the Committee on Civil Service.

S. 1427. A bill to amend section 28 of the act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," approved February 25, 1920, as amended; to the Committee on Public Lands.

S. 1428. A bill to amend sections 9 and 40 of the United States Employees' Compensation Act, as amended; to the Committee on Labor and Public Welfare.

By Mr. PEPPER:

S. 1429. A bill to amend Public Law 88, Seventy-ninth Congress, approved June 23, 1945; to the Committee on Banking and Currency.

S. 1430. A bill to provide that the name of Fred S. Knisley be added to the emergency officers' retired list of the Army of the United States; to the Committee on Finance.

By Mr. MORSE:

S. J. Res. 126. Joint resolution to provide for a suitable and adequate system of timber access roads to and in the national forests; to the Committee on Public Lands.

By Mr. LANGER:

S. J. Res. 127. Joint resolution to establish a joint congressional committee to investigate the loyalty of Government employees; to the Committee on Civil Service.

PRINTING OF PROCEEDINGS AT UNVEILING OF STATUE OF WILLIAM E. BORAH

Mr. DWORSHAK submitted the following concurrent resolution (S. Con. Res. 18), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That there be printed, with illustrations, and bound in such form and style as may be directed by the Joint Committee on Printing, 5,900 copies of the proceedings held in connection

with the unveiling of the statue of former Senator William E. Borah in Statuary Hall, Capitol Building, Washington, D. C., on June 6, 1947, together with such other matter as may be relevant thereto, of which 1,250 copies shall be for the use of the Senate, 3,750 copies for the use of the House of Representatives, and 900 copies shall be for the use and distribution of the Senators and Representatives in Congress from the State of Idaho.

The Joint Committee on Printing is hereby authorized to have the copy prepared for the Public Printer and shall procure suitable illustrations to be published with these proceedings.

INVESTIGATION OF COMPLAINTS OF CIVIL-SERVICE EMPLOYEES

Mr. BALDWIN (by request) submitted the following resolution (S. Res. 124), which was referred to the Committee on Civil Service:

Resolved, That the Senate Committee on Civil Service, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study and investigation with respect to (1) possible methods of settling differences between civil-service employees and their superiors concerning efficiency ratings, dismissals, reductions, and suspensions and (2) the desirability of establishing a board, or other body, to hear appeals concerning such matters and other subjects of complaint by civil-service employees, and to settle and adjust such matters and complaints. The study and investigation shall include the operations and results of the present system of review of efficiency ratings.

SEC. 2. The committee shall report to the Senate at the earliest practicable date the results of such study and investigation together with such recommendations as to necessary legislation as it may deem desirable.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 49) against adoption of Reorganization Plan No. 2 of May 1, 1947, was referred to the Committee on Labor and Public Welfare.

INVESTIGATIONS BY THE SENATE SMALL BUSINESS COMMITTEE

Mr. WHERRY. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Pittsburgh Press of June 4, 1947 entitled "Keep Up the Steel Probe."

I read two sentences from the editorial:

The Senate steel investigation started out to show the problems of small manufacturers in getting scarce steel sizes.

* * * * *

This work has been done by the Steel Subcommittee of the Senate Small Business Committee, headed by Senator EDWARD MARTIN, of Pennsylvania.

Mr. President, I also wish to pay a high compliment to the work of the subcommittee, and what they have done.

I should also like to have printed in the RECORD a quotation from the business and finance department of the magazine Time for June 9, 1947, which calls attention to the fine work the Small Business Committee has been doing.

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

[From the Pittsburgh Press of June 4, 1947]

KEEP UP THE STEEL PROBE

The Senate steel investigation started out to show the problems of small manufacturers in getting scarce steel sizes.

It did that, and more.

It turned up evidence of forgery, fraud, and burglary. It showed extensive "daisy chains" of fly-by-night steel brokers, deluding and defrauding their customers—and sometimes each other.

It showed that much of the gray market is due to heavy bidding by South American buyers—principally in behalf of Argentina, where a 5-year plan and an armament program are being undertaken simultaneously.

This work has been done by the Steel Subcommittee of the Senate Small Business Committee, headed by Senator EDWARD MARTIN, of Pennsylvania.

Much of it has been far afield from the problem of small business, but it has a tremendous bearing on the troubles small business is having. We'd like to know more—for instance, about the steel that goes into export while United States factories are forced to close down for lack of material.

The investigation already has cost more than originally was intended. The Small Business Committee has only $50,000 to spend on all of its investigations—the steel shortage being only one.

Under the circumstances, the committee will have to ask for more money or shorten its steel hearings at a time when sensational charges and countercharges still are pending.

That would be a mistake for several reasons. The hearings thus far have helped small business. There is evidence that the supply of steel is easing. They have exposed rackets in a manner that will warn businessmen against shady deals in which they can lose their money and get no steel.

It would be unfair not only to small business, but also to the large basic steel producers, to end the investigation without giving them a chance to answer the charges hurled at their industry.

Exposing rackets, rascality, and bad practices can result in savings to all business and in maintaining industrial employment. The Senate would invest its money wisely by continuing the investigation.

[From Time magazine of June 9, 1947]

STEEL—THE DAISY CHAIN

The steel shortage has cut deep into the production of big corporations. For many a small manufacturer it has been a worse misfortune; some have been forced to shut up shop completely. To head off this blight to business, the Senate's Small Business Committee is trying to find out why small buyers can get no steel. What it found out in hearings last week was that little businessmen can buy steel—if they are willing to pay fabulous prices for it.

One small businessman named David Hillstrom, proprietor of the Corry-Jamestown Manufacturing Corp., of Corry, Pa., testified that in the last year he has paid $206,000 above the mill price for sheet steel. And he paid $18,000 more for steel he never got. He is now paying from $250 to $280 a ton for sheet steel (mill price: $50 a ton) to keep his plant going.

Arthur Boehn, of Cleveland's Boehn Pressure Steel Corp., said that his company had paid up to 14 cents a pound (mill price: around 3 cents). Last week he gave up in disgust, laid off his 100 employees, shut his plant.

MARKET IN GRAY

Solely responsible for this state of affairs was the gray market daisy chain of steel brokers. The committee was not able to pin down the exact workings of the gray market. But the plain assumption was that steel flowed into it from brokers able to buy from mills, by virtue of prewar dealings, or from manufacturing companies with excess supplies. Instead of canceling their mill orders, as they usually would, these companies took delivery and turned the steel over to brokers at a fat profit. As each party in this daisy chain got his cut, the price was run up and steel was kept out of the normal channels which supply small businesses. The fantastic workings of the chain were described by two would-be steel buyers, L. C. Durham and E. A. Kerschbaumer.

Durham, a Chicago fabricator and steel broker, joined the daisy chain through a broker named McAleer, who phoned him long distance. If Durham could be in New York that night, said McAleer, he could buy 100,000 tons of steel. Too eager to pack, Durham grabbed a spare shirt, flew to New York, and hurried to the rendezvous in a suite in Manhattan's Hampshire House.

MARINE RESCUE

The suite was in the name of Kerschbaumer, a Pittsburgh supplier, who had been lured there himself by a promise of 300,000 tons of steel. Also present were middlemen, lawyers, and "company representatives" who assured the buyers that they would have confirmation of the orders from the mills in the morning.

But confirmation did not come the next day, nor for 6 weeks thereafter. Durham, who expected to go home daily, washed his linen in the bathtub. Kerschbaumer, who claimed he had a $40,000,000 letter of credit to back up his bid, said he also agreed to pay the supposed mill representatives a bonus of $18,000,000—at around $62 a ton—for distribution among mill executives. Still he could not close the deal.

One Brooklyn exporter named James Boyle got so mad at the delay, said Kerschbaumer, that he burst in with two very apparently gangster types with guns, demanded 50,000 tons of steel or else. Durham, a husky ex-marine, happened to walk in just then and relieved them of their guns.

DEAD END

Finally, a man named Herbert Karp showed up with what seemed to be confirmation of a 248,000-ton order to be filled by the Firth-Sterling Steel & Carbide Co., of McKeesport, Pa. The buyers, including Kerschbaumer, who had spent $63,000 in entertainment and bonuses, then made their deals for the steel and went home. But no steel was delivered.

Last week the committee found out why; the letter was a phony. And it reached the dead end of the daisy chain when Boyle and Karp appeared. Boyle, a onetime Hollywood scripter, vehemently denied that any of his party had pulled any guns, though he did admit that one of his companions was carrying a revolver—a small one—in his pocket. Karp pleaded even greater innocence on the subject of the phony confirmation. It was handed to him in a Pittsburgh hotel lobby, he said, by a stranger. He had no idea how it happened to bear the signature, apparently not genuine, of an official of the Firth-Sterling Co.

"I learned that it's the easiest thing in the world to pick up the telephone and buy more steel than the whole industry can manufacture in a year," he said plaintively. "Only you never do get delivery."

ST. LAWRENCE SEAWAY—EDITORIAL COMMENT

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an editorial from the Cleveland (Ohio) Plain Dealer entitled "Sectional Short-Sightedness," and

an editorial from the Dispatch-Herald of Erie, Pa., entitled "The St. Lawrence Seaway Is Needed."

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

[From the Cleveland Plain Dealer of June 7, 1947]

SECTIONAL SHORT-SIGHTEDNESS

Opposition to the St. Lawrence seaway and power project, which is again the subject of Senate hearings, has been based all along for the most part on mistaken selfish interests. But none of the opposition of this nature comes with less grace than the sectional opposition of the South.

There are many northerners who have felt that the TVA development was unfair in that it poured northern tax money into a project which, they believed, would benefit the South at the expense of the North. Less sectionally minded northerners, however, have recognized that whatever benefits any part of the United States economically or socially must ultimately benefit the entire Nation.

Opponents of the TVA have come to recognize that, whatever else may be said about that project, it proved a most valuable asset during the war; for it is probable that without TVA's added power output, war industries might not have had enough electricity and the atomic bomb development would have been next to impossible.

The South and other sections which fear—without good reason, we believe—that the St. Lawrence project would harm them cannot afford to overlook the testimony given in favor of that project by Secretary of State Marshall, the wartime Army Chief of Staff.

This project would be a wartime asset, Marshall said, because it would provide a vital new line of communication between the coast and the Midwest, a line of communication safe from submarines for at least a third of its length; because it would assist the over-all industrial development of the Nation's natural resources and strengthen the United States-Canadian plans for hemisphere defense and because it would assure a tremendous source of electric power comparable to that of the Tennessee Valley Authority.

Marshall is in a position to know what he is talking about. He knows what the needs of the last war were and what those of another war probably would be.

If the opponents argue that the seaway and its power project would be vulnerable in an atomic war, the answer is that so will be every other installation of any kind for defense purposes. We don't refuse to build a battleship or an aircraft carrier because it would be something for an enemy to shoot at.

[From the Erie Dispatch-Herald of June 5, 1947]

THE ST. LAWRENCE SEAWAY IS NEEDED

Every great advancement means that some older insitution must give way in part, or even whole. The automobile doomed the buggy and the railroads doomed the canal and stagecoach.

The St. Lawrence seaway would encroach upon the business of railroads and lake shippers, and the power it would produce would not be welcomed by certain affected utilities. Yet we think these interests exaggerate their claims and indulge in unnecessary alarm.

Lake shipping could be protected easily by restricting traffic to transocean freight; electric power is vitally needed in the districts affected; the railroads would, we are certain, gain more business than they would lose.

The great need for the seaway as a means of achieving the maximum potential efficiency of the American economy in time of peace or war is obvious to all except the selfish interests.

Hearings are being held in the Senate in another effort to obtain congressional sanction of the project. Men of prominence in many fields, and representing nothing except the good of the country, are trying again to overcome the powerful lobby that has blocked the seaway.

In an era when this country needs every resource it can muster to strengthen itself against the potential onslaught of its enemies, selfish interests should be made to give way for the common good.

ADDRESS BY JAMES A. FARLEY BEFORE CANADIAN EXPORTERS' ASSOCIATION

[Mr. McGRATH asked and obtained leave to have printed in the RECORD an address entitled "World Trade and World Peace," delivered by Hon. James A. Farley before the Canadian Exporters' Association, at Toronto, Canada, on June 4, 1947, which appears in the Appendix.]

CONSERVATION FARMING—ESSAY BY MISS MURIEL MOORE

[Mr. ROBERTSON of Virginia asked and obtained leave to have printed in the RECORD an essay entitled "Conservation Farming," written by Miss Muriel Moore, a student in the New Market High School, New Market, Va., which appears in the Appendix.]

BROADCASTING OF PROCEEDINGS OF CONGRESS—ARTICLE BY JACK H. POLLOCK

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article entitled "Let's Put Congress on the Air," by Jack H. Pollock, published in Pageant magazine of July 1947, which appears in the Appendix.]

DESTRUCTION OF POTATOES—ARTICLE FROM BUSINESS WEEK

[Mr. HATCH asked and obtained leave to have printed in the RECORD an article entitled "Doing the Communists Work for Them," from Business Week, May 31, 1947, which appears in the Appendix.]

LEAVE OF ABSENCE

Mr. BALDWIN. Mr. President, I ask unanimous consent to be absent from the Senate this afternoon, and also Friday and Monday.

The PRESIDING OFFICER. Without objection, consent is granted.

COMMITTEE MEETING DURING SENATE SESSION

Mr. TAYLOR obtained the floor.

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

Mr. TAYLOR. I yield.

Mr. AIKEN. I ask unanimous consent that the subcommittee of the Committee on Labor and Public Welfare may hold committee hearings on the anti-discrimination bill during the session of the Senate today.

The PRESIDENT pro tempore. Without objection, the order is made.

Mr. AIKEN. I thank the Senator from Idaho.

Mr. TAYLOR. Mr. President, I am always happy to yield to the Senator from Vermont.

Mr. AIKEN. I might observe that I think the Senator from Idaho is very much interested in the bill on which the subcommittee is holding hearings.

AMENDMENT OF INTERSTATE COMMERCE ACT WITH RESPECT TO CERTAIN AGREEMENTS BETWEEN CARRIERS

The Senate resumed the consideration of the bill (S. 110) to amend the Interstate Commerce Act with respect to certain agreements between carriers.

Mr. TAYLOR. Mr. President, I have been reluctant to enter into the debate on the pending bill, S. 110, because I am not a lawyer and I know that the antitrust laws have been interpreted by a highly complex group of judicial decisions. But this measure is so sweeping in its scope, so destructive of the ideals upon which this Nation was founded, that I feel impelled to state my reasons for opposing it with all the resources at my command.

It would appear that this proposed legislation is yet another attempt to deprive the courts of jurisdiction over a case which is before them for decision. It is an attempt to amend the law before we know what the courts declare the law to be. It is an attempt to legislate the decision in a particular case which is now undergoing the judicial process.

Mr. President, I submit that it is, therefore, special legislation of the worst sort.

If the Congress approves such a bill as this, it is saying to the Supreme Court of the United States, in effect, "We do not care to have you decide this case. We will decide it and relieve you of responsibility. The separation of the power of the legislative from that of the judicial need not apply."

The State of Georgia and the Department of Justice both have initiated legal action in the Federal courts to curb railroad practices which they deem to be in violation of the antitrust laws passed by Congress. Yet, in advance of the Court's decision in these cases, the Senate of the United States is asked to amend the law so that the railroads will be exempt from the antitrust laws, which are binding on other forms of business enterprise.

The bill under consideration, S. 110, is a descendant of the Bulwinkle bill which was introduced in the Seventy-ninth Congress and failed to become law when opposed by the Democratic majority in the Senate. The language is changed, but the effect is the same.

In brief, S. 110 would free common carrier transportation agencies from the operations of the antitrust laws. It is an obvious and undisguised attempt to obtain special privileges and protection for a system of monopoly practices that affect the economic life of the people in every city, town, and village in the United States. It is an effort to pass legislation for the benefit of special interests that have the power to foster or retard the economic development of whole regions by the control exercised over the lifeblood of commerce—the transportation industry.

The control of the monopoly group is exercised over both transportation rates and services, as I shall show presently. The world, in its chaos today, is looking to the United States for economic leadership. And what is our answer today? Consideration of legislation to weaken the system of free competition, which we know to be the best in the world, and which we hold out to be the answer to the economic problems of the world.

It is passing strange that, with all the pressing matters concerning the future of civilization that drastically need attention, it is necessary to put these aside and consider legislation of which the railroads will be the principal beneficiaries, to the detriment of the public welfare.

In his great economic report to the Congress at the opening of this session, President Truman asked us to strengthen the antitrust laws as a bulwark against depression. Is this to be our answer?

I know those in favor of the bill will say that if the bill becomes law the Interstate Commerce Commission will look after the public interest. Despite all evidences of disregard of the public interest by the railroads in their violation of the antitrust laws presented in the hearings on the proposed legislation, the Interstate Commerce Commission has blandly insisted that the legislation is necessary, totally disregarding the public interest, in an effort to vindicate its own negligence in failing to realize and call attention to the abuses carried on in the various railroad organizations established for the purpose of fixing rates and hindering improvements in service.

THE ICC AND THE WEST

My colleagues from the West will be particularly interested to know that the Interstate Commerce Commission, which was established in 1887, 60 years ago, has never conducted a general investigation of freight rates in the far West.

The West is known in transportation terminology as mountain-Pacific rate territory. It is made up of the area lying west of a line drawn southward along the western borders of North and South Dakota, through Colorado, and then following the western boundary of Texas. Mountain-Pacific territory comprises about 40 percent of the land area of the United States.

At the present rate of progress, the Interstate Commerce Commission on its one-hundredth anniversary will have completed a general investigation of rates in the far West.

It is almost beyond belief that nearly one-half the United States is using a rate structure of the 1880's, with only the patches and makeshift changes that the Interstate Commerce Commission has from time to time seen fit to put on the old rate structure.

To the body that has been so remiss in its duty toward the West this bill would delegate the power to approve all agreements between railroads that would otherwise be in contravention of the antitrust laws.

I dare say that some of my western colleagues from the Mountain-Pacific area are not aware of the great discrepancies that exist in freight rates available to shippers in the far West when compared with those paid by shippers in the East to reach common markets approximately equidistant from the two shippers.

Let me give an example that prevailed prior to the recent general rate increases allowed by the Interstate Commerce Commission.

From Cleveland, Ohio, to Denver, Colo., the short-line rail distance is 1,329 miles; the first-class rate is $2.89 per 100 pounds.

From Portland, Orego., to Denver, Colo., the short-line rail distance is approximately the same, 1,364 miles, but the first-class rate per 100 pounds is $4.03—a difference of $1.14.

Under the ICC decision in Docket 28300, the rate from Cleveland to Denver was ordered lowered to $2.57—increasing the difference to $1.46 per 100 pounds in favor of the eastern shipper.

We in the West rejoice with our friends east of the Rocky Mountains in their good fortune in obtaining a reduction in freight rates.

I think it is fair, however, to call attention to the fact that the Interstate Commerce Commission, in 60 years of its existence, has not seen fit to discharge its duty to examine the general level of similar rates in Mountain-Pacific Territory to ascertain whether we in that territory are due a more equitable rate structure.

Can we expect the Interstate Commerce Commission to discharge additional duties when it has failed to discharge those assigned to it for over half a century?

Will it exhibit the same sluggish lassitude and disinterest in preventing concentration of power on an economic basis as it showed in preventing concentration of power on a geographic basis?

Mr. President, when the day comes upon which we look to the ICC for protection of our economy against trusts, monopolies, and cartels, then Heaven protect us.

There is another question that occurs to me.

Why is this bill so important that it must be placed on the calendar ahead of the vital subject of housing?

Why has the majority so long delayed consideration of the excellent housing bill of the senior Senator from Ohio [Mr. TAFT], which has long since been reported by the Banking and Currency Committee?

Rents are to be raised, veterans are still tramping the streets looking for homes, they are still doubled up with their in-laws.

Yet we forget the heroes who saved us yesterday.

We have no time to consider the Taft-Ellender-Wagner housing bill. We have no time to consider the veterans' emergency housing bill (S. 701).

No; we are too busy watering down the antitrust laws.

Truly, Senate bill 110 is class legislation for the benefit of a few, forced in ahead of measures that are of vital concern to most of the people of the United States.

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

Mr. TAYLOR. I am happy to yield to the Senator from North Dakota.

Mr. LANGER. I want to suggest that in the list of things that have not been considered are old-age pensions. I call the Senator's attention to the fact that, last year, when we raised our own salaries, old-age pensions were raised $5 a month only. At that time it was promised that the matter would be considered and studied. Up to the present time, nothing has been done, even though Senators are now again talking of adjourning in a few weeks and going home. I want to compliment the distinguished Senator from Idaho on the very fine talk he is making.

Mr. TAYLOR. I thank the Senator from North Dakota for mentioning the subject of old-age pensions. I am vitally interested in it, and certainly I am prepared at any time to join with anyone who will seek to give our senior citizens a more just share of the fabulous production of this great country.

THE LINCOLN CASE

What are the antitrust charges made by the United States Government against the railroads, their associations, and bankers?

The suit is one filed in the United States district court, at Lincoln, Nebr., charging violation of the Sherman Act by the railroads, by J. P. Morgan & Co., and by Kuhn, Loeb & Co.

The indictment against them charges the fixing of discriminatory freight rates and the retarding of improvements in railroad services, equipment, and facilities.

The case is known as the United States of America against the Association of American Railroads, and others, and is known as the Lincoln case or the Western Railroad case.

Most of the large railroads west of the Mississippi River are defendants.

Generally, it is charged that the western railroads entered into the so-called western agreement under which no improvement in railroad services and facilities or reduction in rates could be made except after notification to all other railroads participating in the agreement.

If there was a protest, it was referred to the western Commissioner, who was the czar of the plan, for a proposed solution by him.

If the czar's proposal was not accepted, the coercive power of a committee of directors with headquarters in Wall Street, the Mount Olympus of the railroad business, was invoked.

The membership of the committee of directors was a cross-section of powerful economic and financial interests in the country.

Pressure by this group was effective in most cases to bring into line the recalcitrant western railroad managements which occasionally had the effrontery to assert managerial discretion to improve service or lower rates in order to obtain new business.

Simply and briefly stated, the plan was one to eliminate competition between the railroads in the West by forestalling any changes not satisfactory to the members of the conspiracy.

In short, an enterprising railroad was prevented from disturbing the status quo by the veto power of interests who maintain their dominant position by perpetuation of the existing status of the railroad industry.

Reductions in rates and improvements in service by an enterprising competitor serve the public interest but conflict with interests of monopolists who fear competition based upon better services for lower rates.

It is sufficient to say at this point that final power over all matters relating to railroad rates and services in the United States is vested in the Association of American Railroads with headquarters in the Transportation Building here in Washington.

Mr. President, there stands the citadel of power which has decreed that the West shall enter the competitive race under a handicap.

The acts charged to the defendants are matters that are of vital concern to the businessman and the farmer in the West, because the acts relate to the everyday matters of transportation on which the success or failure of economic enterprises so often depends.

I offer for your consideration some of the acts performed by the railroads on which the case is brought.

As most of the evidence in the Government's case is from the railroads' own records, there is no doubt of its authenticity.

One matter handled by the Western Commissioner related to potatoes. In this I was particularly interested because Idaho potatoes are justly famous for quality and flavor.

I grant that North Dakota raises some very fine potatoes also.

Mr. MURRAY. If the Senator will yield, I should like to inquire what his opinion is with reference to Montana potatoes?

Mr. TAYLOR. Montana potatoes are very fine. Inasmuch as the Senator from Maine is not on the floor, I do not have to mention Maine potatoes. We will just forget them.

Mr. MURRAY. Of course, the Senator will recognize that Montana was the first State to start the "big potato" habit in the United States. We introduced it in the Northern Pacific dining cars. The Northern Pacific began calling their line the "great big potato route." Montana is entitled to credit for having started in the United States this vogue of fine western potatoes.

Mr. TAYLOR. Mr. President, I want to apologize. The senior Senator from Maine is on the floor, but, whenever I start talking about potatoes, I always look in the direction of the desk where the junior Senator from Maine sits, because we have been together on several propositions having to do with protecting the interests of potato growers. But I want to say that the Maine potatoes are very fine. I might say that, last year, we had our annual "to-do" about potatoes, here in Washington—a dinner, featuring competition between Maine potatoes and Idaho potatoes. The dinner was held in the family dining room of the Senate. I sat across the table from the wife of the Governor of Maine. On each plate there were two potatoes, a Maine potato and an Idaho potato. The Maine potato was round. The Idaho potato was just as big around, but longer. It is a bigger potato. Everybody was cutting the potatoes open. It was all very beautiful. I cut open the Maine potato; it was beautiful, indeed. I cut open the Idaho potato; the center of it was about the color of one of the cigars I smoke.

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

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

Mr. WHITE. I am glad to hear the Senator's defense of Idaho potatoes; they certainly need it. Maine does not require such defense. Maine's potatoes speak for themselves, and the waiting markets gather them in.

Mr. TAYLOR. The producers of Maine potatoes are able to sell their potatoes, that is true, but I think it will be found that many high-tone restaurants advertise Idaho potatoes as a drawing card.

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

Mr. TAYLOR. I yield.

Mr. LANGER. I call attention to the fact that when either Idaho or Maine want potato seed they buy the seed in North Dakota.

Mr. TAYLOR. Mr. President, in 1946 the State of Idaho produced 42,000,000 bushels of potatoes, of which 32,000,000 were shipped by rail outside the State. In other words, we like our potatoes so well that we consumed 10,000,000 bushels of them ourselves.

Furnishing heater service to prevent the freezing of potatoes during the winter months is extremely important in order that potatoes may reach the markets unimpaired in quality.

One railroad, the Chicago & North Western, proposed to discontinue charging shippers for heater service in order to meet the competition of trucks.

In a letter to the committee of directors from the western Commissioner's files, the czar stated:

> Proposed cancellation of heater charges on potato shipments.

That was the heading of the letter.

> The practice of furnishing heater service for perishable commodities during winter months is one of long standing in western territory, charges being assessed to cover this additional service. However, in order to meet competition offered by trucks in bringing potatoes to the Chicago market and furnishing such heater service at no expense to the shipper, one of the lines proposed to discontinue any charge for providing this service. The other roads invoked the services of the Commissioner in an endeavor to have such action held in abeyance, stating that similar cancellation of heater charges would, of necessity, have to be made by competing lines, with resultant decrease in net revenues. This matter is now receiving consideration. However, further meetings of all interested roads are being held in an effort to arrive at some equitable practice to be put in effect for next season. In the event the matter is not satisfactorily adjusted in that manner, I shall, within a short time, furnish my conclusions as provided under the Commissioner plan.

Later, in a letter, dated October 2, 1933, to the committee of directors, the western Commissioner, the czar, stated that the proposal had been killed in accordance with his recommendation.

These are his regal words:

> Proposal of C. & N. W. Railway Co. to eliminate charges for heater service on potato shipments.
>
> With my letter of September 1, I enclosed copy of my Circular C-6-1 of August 23, 1933, on the above subject, embodying my conclusions in this case and recommending against the proposal. Advice was subsequently received from Mr. F. W. Sargent, president of the C. & N. W. Railway Co., that my conclusions were accepted and that they would be governed accordingly.

In other words, Mr. President, here a railroad wanted to lower the charge, that is, not charge extra for the heater service in shipping potatoes, but the big czar said "Nothing doing. You will charge just the same," and the railroad meekly fell in line.

Thus speaks his majesty.

Certainly, such a procedure as this is not in accord with the best interests of the farmers in the West. At the very least it raises a question of a violation of the antitrust laws which should be decided by the courts.

Everyone knows the importance of the livestock industry to the West. The great variety of packing-house products made from western livestock has a vast distribution to all parts of the Nation.

We find an instance of the western Commissioner taking a hand to block the efforts of an enterprising railroad to lower rates on packing-house products.

The western Commissioner was appealed to when the Chicago Great Western announced its intention to assert independent action and publish reduced rates on packing-house products.

After hearings the czar concluded that the reductions should not be made effective.

This conclusion was unacceptable to the Great Western, so the czar promptly reported that railroad's insubordination to the committee of directors in their temple in the clouds on Wall Street.

A resolution was immediately adopted by the committee calling upon the Great Western to reconsider and recede from its proposed action.

Shortly thereafter President Joyce, head of this recalcitrant railroad, was called to the carpet in New York to discuss with a group of the committee of directors his declination of the Commissioner's decision.

Later, in his annual summary the western Commissioner reported:

> As a result of the conference with the subcommittee of the committee of directors, the Chicago Great Western Railroad Co. indicated a willingness to abide by my conclusions under the Commissioner agreement, and the proposal was withdrawn.

When the czar had failed, the gods prevailed.

The unholy idea of competition was exorcized from the tabernacle, and the railroad president, hat in hand, went down the elevator, a chastised man.

Naughty fellow—proposing to lower rates on livestock.

Let the farmers, the growers, and the stockmen pay higher rates, let the housewife pay higher prices, or let the neighborhood butcher absorb the difference, but do not try to lower those sacred railroad rates.

DISCRIMINATORY RATES

There are hundreds of examples of how such enormous powers in the hands of a private railroad supergovernment would work to the disadvantage of the West and the South.

We from the west here were heartened recently by the action of the United States Supreme Court in its decision in the case of New York against the United States.

That decision delivered a body blow at the freight-rate structure which has inhibited the development of what eastern bankers like to think of as colonial areas.

Under the discriminatory freight rate set-up, which has existed for many years, manufacturing in the West has been discouraged while manufacturing in the Northeast has been encouraged.

The railroad boys sat down together many years ago and decided that the industrial hub of our country should be just where it was in the 1800's, and that developing territories such as Idaho and Georgia should be mere colonial outposts, useful for raw materials which would be shipped to eastern factories for processing, and useful as markets for those raw materials after they were manufactured.

Freight rates have been so arranged as to permit the East to take the raw materials out of the South and the West cheaply and, at the same time, to block any attempt on our part to ship finished products to the East.

This decision of the Supreme Court seems to make clear that the Interstate Commerce Commission has the authority to lower freight rates.

By this decision the ICC is empowered to do what the State of Georgia and what the Justice Department have been trying to do through their suits against the railroads.

It may break up this discriminatory rate system.

But if S. 110 becomes the law of the land these suits and decisions will be swept aside.

The railroad private government will again have power to coerce carriers to make rates subject only to the always gentle and always considerate ICC.

Mr. President, let me give another example of the way in which this freight rate discrimination works. Our Idaho wool growers must ship their product all the way to the Boston wool market to sell it. Not only must they pay freight to a point far distant from Idaho, but they must pay freight on the dirt which the wool contains.

There are no wool-cleaning plants in Idaho, because of the freight rate structure and other factors. Therefore, wool is sold "in the grease" as they say in the trade. That means that Idaho woolgrowers pay freight charges to transport as much dirt as they do wool. Idaho wool, uncleaned, runs about 53 percent to 61 percent foreign materials. If we had a processing plant and marketing facilities in Idaho that freight rate could be saved.

Likewise the freight in shipping finished materials—suits, blankets, and clothes of all kinds could be saved. We buy back much of our own wool in the form of finished products—products manufactured in the East. It is the lopsided freight rate structure which makes this sort of hi-jacking possible.

The simple and sensible thing would be to process or clean the wool in Idaho, weave it into cloth in Idaho, and even make suits and blankets in Idaho. It would be a great saving not only to the people of Idaho, the producers, processors, and laborers of Idaho, and would redound to their benefit, but it would also be a saving to all the people of the United States. They would ultimately save these freight rates. But the railroad freight rates on finished goods moving east prohibit this.

S. 110 is a bill that will allow this situation and such schemes as the western Commissioner plan to continue in operation unchecked by liability, to antitrust prosecution, restricting competition in the field of transportation to the detriment of the West.

PRACTICES UNDER WESTERN AGREEMENT

There is documentary evidence available as to the misdeeds of the western Commissioner and committee of directors under the western Commissioner plan on which I could talk for a week, and on which I should probably talk at least that long.

I shall, however, be content merely to list in abbreviated form a few more of the so-called accomplishments under the western agreement.

These are from hearings on H. R. 2536 in the Seventy-ninth Congress; let me read to the Senate this roll of infamy:

In 1934 reductions in rates on less-than-carload agricultural implements moving from Council Bluffs, Iowa, and Nebraska stations to points in Kansas were prevented.

In 1934 elimination of the absorption by St. Louis lines of the expense of trucking shipments from the rails of one line to the rails of another in St. Louis was accomplished. The railroads wanted to make these reductions, but the clearing house, with the czar presiding, said "No."

In 1934 a shortening of running time by 24 hours on California perishables into New York was prevented.

In 1934 reduced excursion fares of 1 cent per mile from Montana points to Chicago and return were prevented.

In 1934 a reduced fare of $57.40 from El Paso to the Twin Cities by way of St. Louis, Memphis, or Vicksburg was prevented.

In 1934 the construction of a spur track to serve an industry already served by one track was prevented through pressure applied by Committeeman Arthur Curtiss James, of 40 Wall Street, New York.

In 1935 a reduced $6 round-trip excursion-coach fare between St. Louis and Chicago was prevented.

Placing of motion pictures on passenger trains was prevented in 1936, and, in addition, it was agreed that no road would put facilities for recreation on any passenger train without giving 8 months' advance notice to all other western lines.

In 1937 reductions in rates on bananas, New Orleans to Shreveport, from 63 to 40 cents, were prevented, according to the Commissioner's letter of January 3, 1938.

In 1937 the Commissioner prevented the Wabash from establishing a weekend round-trip excursion fare of $3.65, Decatur to Chicago and return.

In 1938 the efforts of the Rock Island to substitute tourist cars for standard sleepers between Memphis and Los Angeles failed when the Missouri Pacific took the position that the proposal would break down the passenger-fare structure and make it necessary for other lines to put on tourist cars.

Efforts in 1939 to extend return time limit on round-trip excursion tickets generally to 6 months were unsuccessful.

In 1940 the efforts of the Missouri-Kansas-Texas of Texas to reduce rates on crude oil between the Shreveport group points and Texas points were unsuccessful when the Commissioner, or czar, disapproved.

In 1940 the efforts of the Illinois Central failed to establish the convenience of credit cards good for railroad tickets, pullman tickets, dining and buffet service, all-expense tours, and baggage charges.

In 1941 the Missouri Pacific, by agreement of March 28, 1941, agreed to a slowdown in delivery of carloads of goods at Wichita coming from St. Louis and points east and northeast thereof.

Even transportation involving the sports life of the country was not free from interference by the western conspirators. Football excursions felt the touch of the conspiracy. On November 9, 1935, the Commissioner was involved in the making of an agreement among Texas lines that no intrastate football excursion fares in Texas would be established without the Commissioner's study thereof to determine whether they were in line with his previous opinion on the subject dated August 3, 1935.

This agreement was the result of the action of the M.-K.-T. of Texas in establishing a football excursion fare of $3.15 instead of $4.20 between Austin and Dallas, Tex., in connection with a game at Dallas on October 12, 1935.

Attention is called to an interesting case, Union Pacific Railroad Company against Spano, decided by the Supreme Court of Colorado in 1936, in which a Colorado receiver of grapefruit was able to recover damages from a railroad for slowing up a delivery to him.

Delivery of the shipment, which arrived in Denver about 10:40 a. m. on a given date, could have been made within from 15 minutes to 2 hours, as the consignee demanded, but was forbidden by the railroad during business hours of that day. Delivery was purposely and willfully held up until the following day. In consequence, the market value declined. The fruit dealer sued and won a judgment for damages.

The verdict was challenged by the railroad on the ground that it was forced to take this high-handed action because of an agreement previously entered into by all Denver delivering railroads. That agreement provided that freight of the character involved arriving after 7 a. m. should not be delivered before 5:30 p. m. of the same day. That, of course, means that delivery is delayed until the next day.

The Supreme Court of Colorado, however, upheld the receiver of the grapefruit at Denver.

Apparently the western railroads by their agreements are violating State laws in addition to the Federal antitrust laws.

But let us consider for a moment the effrontery involved in that case.

Imagine a railroad coming into court and admitting, nay asserting, that its arbitrary, inconsiderate, arrogant, and tyrannical action in withholding delivery of fruit for a full day was a part of a prearranged, ordained, and codified canon of railroad ethics.

Mr. President, is this the industry to which we are now asked to give special privileges and special exemptions from the antitrust laws?

Are we to tell them, "Go and sin some more"?

Are we to take away the public's last shred of protection and turn shippers, merchants, farmers, and passengers over to the railroads?

With the experience of effective action of the nature I have recounted under the western Commissioner plan as a background, the Association of American Railroads was formed.

In 1933 preliminary discussions among banking and investment groups led to formation of a steering committee to represent stockholding and investment interests in creating a national organization for the central control of railroad affairs including, of course, freight rates.

THE ASSOCIATION OF AMERICAN RAILROADS

On September 21, 1934, the plan was approved by a joint meeting of the member lines of the American Railway Association and the Association of Railway Executives.

A steering committee which represented the financial interests stood ready to exert its influence and the influence of its associates among directors and substantial stockholders to compel the subordination of interests of individual railroads to the dictates of group interest.

This assured the cooperation of railroad directors.

President Williamson of the New York Central expected that the activities of the Association would produce some unhappiness, but, as he observed to President Atterbury of the Pennsylvania, all must expect in the common good "to be pinched in places where it will hurt."

The smaller roads were somewhat dubious of the mutual benefits to flow from the pinching.

At least two small roads, the Bangor & Aroostook and the Wheeling & Lake Erie, sought to join with specific provisions reserving the right to resist association decisions affecting their respective roads.

Even this limited retention of individual initiative was rejected by the association, and Vice President Cleveland of the Association of American Railroads sought to reassure the doubtful by telling them that as far as possible his policy should be "a cooperative one through leadership rather than through coercion."

But he did not disavow the power to coerce.

He merely promised to refrain from using it so long as the smaller roads behaved.

Ultimately, of course, the very power that produced their fears compelled the small roads to join.

This was an "or else" proposition.

The Association of American Railroads was superimposed on the machinery established in the West, the East, and the South for handling the fixing of freight rates by the railroads.

That is, the Association of American Railroads is the supreme appellate authority to which appeals are made when the regional rate machinery is unable to keep the railroads in line.

The Association of American Railroads, since its organization in 1934, has been very active in preventing rate reductions.

On several occasions, according to its own records, the association has either hastened the effective date of rate increases or persuaded rail carriers to raise rates.

The association is very proud of this.

Concerning one of the general increases in freight rates granted by the Interstate Commerce Commission, the Association of American Railroads boasted that—

largely through cooperative efforts of this department—

That is, the traffic department of the Association of American Railroads—

the effective dates of the advances were set forward at least 15 days earlier than was anticipated.

This means that the people of the United States were saddled with this general rate increase 15 days earlier than would otherwise have been the case had it not been for the Association of American Railroads.

In regard to increased rates on specific items the Association of American Railroads has reported, for instance, that it had secured an increase in the rates on rice by means of cooperation between the common-carrier barge lines operating on the inland waterways and competing rail lines.

Likewise, it has claimed credit for "securing an advance in the cotton rates in both southwestern and southeastern territories."

The records of the Association of American Railroads show many, many other instances in which the association's activities have increased the cost of transportation.

I have picked at random a few of the instances.

Let me read to you from another roll of infamy.

This time the misdeeds are those of the Association of American Railroads:

It persuaded the Chicago lines from increasing their absorption at the Union Stock Yards covering services for livestock. If established at Chicago this policy would have been extended to all markets in Western Territory. It would have saved livestock shippers an estimated $1,000,000 per annum.

It persuaded the southwestern and the western trunk lines to increase their rates and minimum weights on furniture to avoid a reduction in the rates and minimum weights on furniture originating in Eastern and Southern Territories.

The southern and southwestern lines undertook to reduce their rates on paper and pulpboard into the northern markets. This probably would have resulted in a reduction in the rates on the entire paper group and paperboard group from the North. This controversy was finally adjusted by increasing by 10 percent the level of rates which had been proposed by the southern and southwestern carriers.

Largely through cooperative efforts of the Association of American Railroads' traffic department the rates on imported vegetable oils from Gulf and South Atlantic ports have been increased from 3 to 6 cents per 100 pounds, making it unnecessary for what otherwise would have required a reduction from North Atlantic ports.

Largely through cooperative efforts of this department the effective date of the advances were set forward at least 15 days earlier than was anticipated.

It also prevented many reductions in the rates on soda products and created an understanding as between the lines in the Eastern and Southwestern Territories to keep rates up.

It persuaded the Comptroller General to change his rulings to the effect that land-grant deductions should be made in reduced rates on animal food products in the drought-relief territory. Thus, the Government's appropriation for drought relief was cut into for the benefits of the railroads. No humane feelings stay the avariciousness of the carriers.

It persuaded the southern lines not to make a reduction in their citrus-fruit rates which, if made, would have caused a similar reduction in rates from producing points in Texas and California; and the AAR action thus cost well over $1,000,000 per annum.

It has been instrumental in having a policy adopted by the individual railroads not to make joint rates with trucking companies, the result of which has cost shippers and consumers a considerable sum of money.

It persuaded the eastern lines to refrain from rescinding their wharfage charges on coal, which would have represented a considerable saving to shippers.

The AAR traffic department assisted in avoiding suspension of increased rates by the Interstate Commerce Commission and in obtaining modification of other orders or requirements of the Commission that might have resulted in reductions in rates.

It has participated in conferences with shipper groups and obtained, as a result thereof, higher rates, with the retention of traffic.

The result of these activities by the Association of American Railroads is an increase in revenue of millions of dollars to the railroads, taken from the pockets of those who pay the cost of transportation.

Mr. President, the traffic department of the Association of American Railroads boasted in 1938 that it had increased the railroads' revenue at least $3,000,000 a year for a period of several years through lobbying activities which produced increased rates. No doubt it

improved its performance as time went on.

Yet, under this legislation, Mr. President, the Association of American Railroads would be eligible to receive approval from the Interstate Commerce Commission that would throw a mantle of protection from the antitrust laws around the association, and depredations of the American public would go unchecked. The Commission seems to indicate it would give such permission, by approving this proposed legislation in principle.

Mr. President, most of the past success of the Association of American Railroads has consisted of lobbying the ICC.

If monopoly control were turned over to the ICC, the association would be able to play all games on its home grounds.

PRESENT FREEDOM FROM REGULATION

It seems to me that a fundamental assumption of this bill is that the Interstate Commerce Commission is in fact presently empowered to pass upon every detail of rate making and every detail in the physical operation of a railroad, as well. If that assumption were a valid one, perhaps the measure would not be quite so objectionable.

Senate bill 110 is designed to take the railroads out of the jurisdiction of the antitrust laws, that is, the Sherman Act and the Clayton Act, with their amendments.

The supporters of the measure have stated on many occasions that the Interstate Commerce Commission can provide all of the policing necessary to assure that the railroads should not be operated as one gigantic monopoly. They have said that the antitrust laws are not necessary to protect the public interest, insofar as the railroads are concerned. That is an interesting argument; however, it is refuted by the Interstate Commerce Commission itself, in its annual report for the year 1938, from which I quote as follows:

> There is gross exaggeration in the idea that every act of the railroads is subject to regulation. The railroads have a large degree of initiative in the making of their rates and have freely made a multitude of reductions to meet competition. We have no power to control their passenger service and exercise very little control over their freight service. They select and pay their officers without supervision or hindrance. Nor do we undertake to tell them what equipment and supplies they may buy, how they shall operate their shops or maintain their tracks, what rail, ballast, and ties they shall use; what stations or other buildings they shall erect, what construction contracts they shall let, or how they shall manage their affairs in many other ways. The pattern of their regulation is in no way unique, but is substantially the same as is now applied generally throughout the country by the States or the Federal Government to other public-utility companies.

Mr. Wendell Berge, who distinguished himself in a long and brilliant career in antitrust work in the Department of Justice, has assembled an imposing array of court interpretations of the Interstate Commerce Commission Act which documents this contention that the ICC does not attempt minute regulation of every act and every rate of the railroads. It is his interpretation, and that of the ICC itself, that the Commission is empowered only to set ceilings and floors in the field of railroad rates. Within those limits the railroads may set their own rates. In other words, they may compete.

If the entire job of policing the railroads against the monopolistic practices were to be turned over to the ICC, as this bill proposes, we should then also have legislation authorizing the Commission to pass upon every rate, every purchase, and every proposed improvement in service by the individual railroads or by their joint rate-making bureaus. That, of course, would involve a tremendous staff; and if the Congress were to decide upon such a course, it would have to realize that an appropriation of many millions of dollars would be necessary to enable the ICC to carry out such regulation.

The Interstate Commerce Commission has estimated that at present it passes on no more than approximately 2 percent of the rates charged by American railroads.

We have seen that it is not presently set up on such a scale as to be able to police the individual rates of all railroads. We have seen that it is probably not desirable that it should be. That being the case, how much less desirable is it to allow a private rate-making bureau, such as the system headed by the Association of American Railroads, to perform that function.

This bill would make it possible for the Association of American Railroads to function as a kind of supergovernment, in that it would have complete control of the economic life of this Nation, through its final powers to fix rates for transportation of commodities to all sections of the country.

The power to fix railroad rates in our economy is the power to make or break business. The West and the South have been continually retarded in industrial development by the discriminatory freight rates which have been imposed upon those sections under the present system.

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

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

Mr. RUSSELL. I wish to commend the Senator from Idaho for the very able address he has been making. I also wish to express my profound regret that there has not been a larger attendance in the Senate during the course of the Senator's remarks. The Senator from Idaho has shown conclusively by the factual statements he has made how this bill will militate against the people of the great section of the West from which he comes. He has pointed out how the practices which this bill will make legitimate will increase the handicaps under which the farmers of the West are laboring, and how it probably will strike a death blow at small industry throughout the West.

I regret that so many Senators see fit to close their eyes and shut their ears to the facts. At the time when this important statement is being made by the Senator from Idaho in regard to the vital effect which this bill will have on the West, there are in attendance only about a dozen Senators. The junior Senator from Rhode Island [Mr. McGRATH], the junior Senator from Florida [Mr. HOLLAND], the junior Senator from Alabama [Mr. SPARKMAN], the junior Senator from South Carolina [Mr. JOHNSTON], the Senator from Georgia [Mr. GEORGE], and the Senator from Montana [Mr. MURRAY] are the only Senators present on this side of the aisle. On the other side of the Chamber the eminent majority leader the Senator from Maine [Mr. WHITE], the Senator from Nebraska [Mr. WHERRY], the Senator from Ohio [Mr. TAFT], the Senator from Oklahoma [Mr. MOORE], the Senator from Vermont [Mr. AIKEN], the Senator from Kansas [Mr. REED], and the Senator from New Jersey [Mr. HAWKES] are present.

I regret that a quorum is not present, so that western Senators in particular could have had a better understanding of the devastating effect of the bill upon the great West. I am sure that had they heard and analyzed the remarks which have been made by the Senator from Idaho they would have undertaken to defeat the bill, and prevent their people being held longer in bondage by these illegal acts and conspiracies.

Mr. VANDENBERG. Mr. President, will the Senator include the Senator from Michigan in his list of those present?

Mr. RUSSELL. The Senator from Michigan, the President pro tempore, was presiding, and since he was occupying the President's dais at the time, naturally I did not call his name.

Mr. BARKLEY. Did the Senator put me in the category of those present?

Mr. RUSSELL. I include the senior Senator from Kentucky.

Mr. WHITE. I hope the Senator from Georgia will admit that the quality of representation is high, even if the numbers are not great.

Mr. RUSSELL. The last thing I would do would be to disregard the quality of the representation, but the geographic areas represented by those in attendance at the moment are largely those within Official Territory, which naturally are supporting the pending bill, and I was expressing my regret that other Senators who have such a vital stake in the legislation, particularly those from the Western States, had not heard the remarks of the Senator from Idaho, who has shown that the pending bill is most injurious to the people of the West.

Mr. TAYLOR. I thank the Senator from Georgia for his complimentary remarks and informal roll call. In self-defense, I wish to point out that I am not the only Senator whose remarks on the pending measure have not been listened to.

If the power to fix rates were made absolute, and not subject to challenge, even in the courts, those who controlled the railroads would be the economic dictators of this country. No new industry could start in business anywhere without a nod from this supergovernment in the form of favorable freight rates. No existing business could continue to operate without permission from this super, private government in the form of continued favorable freight rates. The rail-

roads could decide which sections of the country would have a raw material economy and which sections would have a manufacturing economy.

It has often been contended that legislation such as this is necessary to allow the establishment and continuance of joint through rates. As a matter of fact, there is nothing in the present antitrust laws to prohibit the establishment of joint through rates, and the Justice Department has never taken the position that the establishment of such rates was in any way illegal, if they are freely entered into by the participating railroads.

The language of the bill, especially with the committee amendments, seems to be such as to offer a great many safeguards. But the basic fact remains that the bill is one to legalize a monopoly.

In some cases it charges the Interstate Commerce Commission with the job of policing very minute details of railroad management action to see that they are not against the public interest, although admittedly monopolistic. However, there is no assurance that the Interstate Commerce Commission will be given the huge staff necessary to engage in such minute policing. On the contrary, the action of the majority in this Congress has been aimed almost exclusively at reducing appropriations, regardless of need, or the requirements for carrying out laws on the statute books.

There is no reason to believe that the attitude of Senators on the other side of the aisle would be less parsimonious with the Interstate Commerce Commission after it had been given this tremendous job of enforcement. Such a policy seems completely out of line with our ideas of free American enterprise, even if it could be accomplished. It takes from management responsibility to obey the antitrust law. It sets up the ICC as the policeman on the corner who must have his eye on the railroad company manager every moment.

Mr. Berge points up the difficulties of administering any such arrangement very well in his statement on the bill. He says:

> The point simply is, that the language of this act purports to preserve independent action only after the determination has been arrived at through procedures set up in the agreement.
>
> After a proposed rate change has run the whole gamut of the procedures that may be approved by the Commission, then, under the strict terms of the bill, a dissenting carrier may disregard it if he doesn't like the result. The bill does not state that a dissenting carrier does not need to go along through the various phases of the private appellate procedure, or that he can act independently prior to or during the procedural processes.
>
> Moreover, regardless of the inclusion in the agreements of a provision for independent action, approval of an integrated structure of associations, such as now exist, with inherent power, through collective economic pressure, to control a dissident carrier, would, as a practical matter, dissolve a stipulation of independent action into a pious hope.

It seems to me that the limiting language contained in the bill is in the nature of rather attractive window-dressing. The basic idea of the measure is to exempt the railroads from the antitrust laws, and to free them from the requirements imposed by the antitrust laws.

Once monopoly has been legalized, it will be futile to impose minor limitations upon it. In the main, such limitations will be so minute as to be unenforceable under the program here set forth.

It will be noted that the language of the bill is such that the Interstate Commerce Commission, at least in the field of rates, needs only to approve a basic agreement between carriers setting up the rules and procedure for establishing rates. Thereupon any action by the carriers taken pursuant to that master agreement need not be submitted to the Interstate Commerce Commission. Therein we find complete freedom to set freight rates and passenger rates in all areas of the country, on any basis they choose. Therein lies the machinery for completing the rule of the industrial life of this Nation by the men who come to dominate the private rate-making agencies, which would be legalized and exempted from prosecution under the antitrust laws.

There is still another sweeping exemption from the antitrust laws tucked away in an inconspicuous part of the bill. I refer to paragraph 9 of the bill, which reads:

> No agreement approved by the Commission under this section, and no conference or joint or concerted action pursuant to and in conformity with such agreement as the same may be conditioned by the Commission, shall be deemed to be a contract, combination, conspiracy, or monopoly in restraint of trade or commerce within the meaning of the antitrust laws.

The able Senator from New Hampshire [Mr. TOBEY] has summed up the effect of this paragraph very well.

He has pointed out that not only would the railroads or other carriers be freed of the restrictions of the antitrust laws in taking action pursuant to such an agreement, but bankers, financiers, and manufacturers could likewise participate in the immunity.

Any action which could possibly be construed as falling within the scope of a basic carrier agreement would be legalized, and the antitrust laws would be made a mockery.

WARTIME OVERCHARGES

The blackest mark of all against the Association of American Railroads and its subordinate organizations is the one that I speak of now—the gouging of millions of dollars in exorbitant rates, fares, and other charges from the Federal Government during World War II. This was done at a time when it was easy for the railroads to take advantage of a country whose attention was riveted on fighting for its life.

The conduct of the railroads during the war will also serve as a guide for what might be expected of them if they are allowed to obtain immunity from the antitrust laws under Senate bill 110. I say this because, during the war, a small measure of relief from the antitrust laws was granted the railroads in the making of rates on Government traffic. Making of these rates was by a group known as the Traffic Executive Chairmen's Committee, operating under the auspices of the Association of American Railroads.

The high rates paid by the United States Government became a general topic for discussion in transportation circles. In order to ascertain the reasonableness of freight rates paid by the War Department on wartime traffic, the Director of the Bureau of the Budget, the late Harold D. Smith, appointed a committee of three to investigate and report to him.

The committee was composed of three impartial transportation experts, two of whom are Washington lawyers, Charles E. Bell and E. B. Ussery, and W. B. Hammer, a member of the staff of the Interstate Commerce Commission.

The committee issued its report, commonly known as the Bell-Hammer-Ussery Report, under the date of October 20, 1945.

As one would expect, the committee found that immediately after Pearl Harbor there commenced an unprecedented production of the materials and tools required by the armed forces—the Army, the Navy, and the collateral branches of those services, including the Air Forces and the Marine Corps, as well as the Maritime Commission, the War Shipping Administration, and other war agencies.

As the war progressed, this production increased by tremendous leaps and bounds.

Modern instruments and accessories of war were invented, and the production of those already in existence was accelerated.

New plants and facilities were constructed on a huge scale, very largely in areas where none had previously existed, as well as in other areas. Existing plants engaged in commercial production were converted to war production, and at a greatly increased tempo.

Transportation became of transcendent importance, not only for raw materials moving in tremendous volume, but for semiprocessed materials moving to finishing plants all over the country and for finished products from those plants and from primary origins in the various areas to transit or storage points and other destinations throughout the United States, and to the various ports of the country for transshipment overseas.

With the growth of the Army and other armed forces, of military and naval installations, and the shipbuilding plants of the country, huge quantities of construction materials, ordnance, ammunition, subsistence of all kinds, uniforms and other clothing, shoes, raw materials, and finished products of every description had to be transported.

Literally hundreds of thousands of individual items were transported in greater or less volume.

A large proportion of this traffic moved from and to points between which previously there had been little or no commercial movement and, therefore, rates adapted to the movement of a great volume of tonnage between such points had never been established by the carriers.

The report showed that in 1943 about 88,300,000 tons of traffic moved for the War Department at total charges paid

by the Finance Office of the War Department of approximately $1,200,000,000. About 92 percent of this traffic moved by rail.

In 1944 some 94,000,000 tons moved, about 90 percent by rail, at a cost of almost $1,394,000,000.

For the first 8 months of 1945, nearly 71,000,000 tons were transported, 90 percent by rail, with charges of $988,000,000.

It was shown that the total movement of traffic for the War Department during the war period averaged about 100,000,000 tons annually, of which 90 percent moved by rail.

Noting that an exhaustive study would be a herculean task requiring years to complete, the committee confined its study to representative war traffic for account of the War Department.

I wish to call to your attention some of the facts and conclusions shown by this study.

They concern items known to many of us as necessary for waging a successful war against the Axis.

These examples are chosen at random and are representative of what the committee found.

On airplanes and airplane parts it is stated that—

In the opinion of the committee, the rates charged on airplanes and airplane parts, especially the parts, have been excessive.

On ammunition and explosives:

The committee is of the opinion that the Department has at all times since the beginning of the war been assessed excessive charges for the transportation of ammunition, explosives.

In regard to combat vehicles, which classification includes armored cars, Army tractor tanks, gun carriages or mounts, half tracks, and tractors with vehicle beds, the committee stated that—

In the opinion of the committee, the rates charged on combat vehicles to the Pacific coast clearly were and are excessive.

Concerning charges for the transportation of airplane aluminum landing mats, it was held that—

In the opinion of the committee, the War Department has been and is being assessed excessive rates on aluminum landing mats.

In regard to wooden pontoon bridge parts—

The committee is of the opinion that the rates assessed prior to August 15, 1944, were excessive.

On radio outfits:

The committee is of the opinion that excessive rates were assessed on all shipments moving from the Holabird Signal Depot to Pacific coast destinations prior to August 1, 1944.

Concerning shell containers it was stated:

In the opinion of the committee, the presently applicable rates applied on these containers are excessive.

Concerning soldiers' rations the committee found that excessive rates had been charged.

On wire camouflage netting or nets the report stated:

The committee finds that the Department has been assessed excessive rates on transcontinental traffic on all shipments of wire camouflage netting or nets from transcontinental origin groups to Pacific coast destinations moving both prior to and subsequent to March 30, 1945.

In its general conclusions and recommendations the committee makes this significant statement:

Based on the committee's investigations and studies and its general knowledge, it cannot escape the general conclusion and the firm conviction that the Government has paid, and is paying, many millions of dollars in excessive charges for the transportation of matériel and supplies of the War Department.

Likewise—

The Government has not only paid excessive charges in a stupendous amount before and since Pearl Harbor, but it is still paying such excess charges on presently moving traffic and will continue to pay them until appropriate action is taken to remedy this situation.

Thus, we find what the railroads will do when given only a slight amount of relief from the antitrust laws—as was given the Traffic Executive Chairman's Committee for the purpose of negotiating rates for war traffic. What can be expected if this legislation is made law, under which the railroads will be given complete immunity from the antitrust laws?

The answer is all too obvious.

Mr. President, the public interest demands the defeat of this vicious legislation.

Free competitive enterprise must not be weakened by waiving the application of the antitrust laws and the promotion of monopoly.

Various transit arrangements were necessary for the handling of war traffic similar to those needed for commercial traffic.

A transit arrangement, or transit privilege, consists of stopping carloads of a given commodity at some intermediate point or points, designated as transit points, on the route between origin and destinations, for the purpose of some manufacturing or other processing or storage by the shippers or owner of the property, and subsequent forwarding from the transit point to destination.

Under such arrangement the through rate applicable over the route of movement from origin to destination is charged on the commodity so transported, plus a charge for the additional service performed by the carriers at the transit point, and also subject to switching charges, if any, as published in tariffs on file with the Interstate Commerce Commission or State regulatory bodies.

Provision is made that the services of unloading or loading cars at the transit point shall be performed by the shipper or owner of the property, or at his expense.

Under the provisions of the Interstate Commerce Act and the State statutes, the provisions governing transit arrangements, and the charges therefor, applicable to commercial traffic, must be published in tariff form and filed with the Interstate Commerce Commission or the appropriate State regulatory body.

Concerning the handling of these transit arrangements, I believe the Senate should consider the committee's treatment of the subject.

Therefore, I ask unanimous consent that an excerpt from the report be included in the RECORD at this point in my remarks.

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

WARTIME TRANSIT ARRANGEMENT OVERCHARGES

Commencing in July 1941, the War Department has effectuated many transit arrangements with the carriers whereunder War Department material and supplies may be stopped at points intermediate between points of origin and the ports of the United States and accorded various forms of manufacturing or processing and/or storage, and subsequent forwarding to the ports or railheads for transshipment overseas. To a lesser extent similar arrangements have been effectuated on various specific commodities from various points of origin in the United States to various domestic destinations. For the most part such arrangements have been effectuated at points at which the War Department had established Army depots and holding points and had constructed facilities for this purpose. The facilities so provided were usually set up at locations considerably removed from centers of population and industries, in order that they might not interfere with the terminal operations of the carriers at important points. Under such arrangements War Department material and supplies may be stopped and stored at such points while in the course of transportation to the ports or other destinations, thus eliminating the necessity of holding thousands of cars at the ports awaiting vessels for overseas movement.

Many of the aforesaid transit arrangements provide for certain manufacturing of processing, or changes in the method of packaging, as well as for storage of such commodities, but in this respect they do not differ in principle from a great many transit arrangements on commercial traffic; for example, transit arrangements, (1) on grain, whereunder grain can be converted into flour and other milled or processed products; and (2) rough lumber may be converted into dressed or finished lumber or other lumber products.

Some of the transit arrangements accorded the War Department also provide for transit arrangements on the same commodity at not more than two transit points, but here again they do not differ in principle from certain commercial arrangements, for example, (1) on grain shipped from primary markets to Chicago, where it is stored and/or processed and subsequently reshipped on basis of reshipping or proportional rates to other points from which it may again be shipped to still other points where it is milled or manufactured into flour and other finished products, all with the protection of the through rates applicable on the products from the first grain reshipping point to the ultimate destinations of the products; (2) on cotton shipped from country points to compress points from whence the compressed cotton may be shipped to warehousing points, from whence it may be forwarded to points of consumption.

Instead of incorporating in published tariffs the transit arrangements accorded the War Department, the carriers elected to grant such arrangements through the medium of section 22 quotations. * * * (Sec. 22 of the Interstate Commerce Act allows the carriers to quote the Government free or reduced rates.) The most important of these, which authorize transit arrangements on specified commodities from all origins in the United States moving to the various ports and railheads for transship-

ment overseas, and which provide for certain manufacturing and processing, as well as storage at the transit points, and also authorize transit at not more than two transit points on the route of movement are the following: Section 22 quotation No. 31 series, authorizes transit arrangements on specified articles of ammunition, explosives, and so forth, at transit points specifically named in the quotation; (2) section 22 quotation No. 206 series, authorizes transit arrangements on the articles specifically named in the quotation, included within the term "subsistence stores," at transit points specifically named in the quotation; (3) section 22 quotation No. 16 series, authorizes transit arrangements on property of the War Department at transit points specifically named in the quotation, except items of ammunition, explosives, and so forth, on which transit is authorized in quotation No. 31 series, and on subsistence stores on which transit is authorized in quotation No. 206 series.

Scores of other section 22 quotations have been issued from time to time authorizing transit arrangements on specified commodities and groups of commodities from and to specifically named points, specifically named areas, or specifically named territories.

All of these section 22 transit quotations provide for the application of the through published tariff rates or the specific rates or basis of rates set forth in such quotations. All such quotations contain the following provisions:

1. That the rates therein authorized for line-haul application will not be subject to land-grant deductions;

2. That specified charges will be assessed for the transit privileges accorded at each transit point;

3. That such transit arrangements will also be subject to all other applicable charges, including diversion, reconsigning and/or switching charges, if any, as published in tariffs on file with the Interstate Commerce Commission and the respective State regulatory bodies;

4. That additional charges, based on certain distance scales, will be assessed for backhauls and out-of-line-hauls, but subject to certain exceptions where indirect routes meet the rates applicable via direct routes through the transit points.

In their various section 22 quotations, authorizing transit for the War Department and other Government agencies, the carriers have required that the rates and charges authorized in those quotations be subject to the Ex parte 148 increases on and subsequent to May 15, 1943.

Reference is made to the report and order of the Commission, dated April 6, 1943, suspending the increases as of May 15, 1943, and to the fact that in that report the Commission made mention of rates on various commodities which were below the normal level and which had been established at the request of the Government, including the War Department, and that the Commission did not require the suspension of the Ex parte 148 increases in such rates. The Commission's report, of course, was limited to rates in published tariffs on file with it. The Commission also stated in the same report the record does not enable us now to give a more precise specification of such rates, but the petitioning railroads may bring them to our attention by appropriate applications for individual and informal consideration. On April 29, 1943, the carriers furnished the Commission with a list of such purported rates and published transit arrangements thereon.

In the supplemental report of the Commission on further hearing, decided December 12, 1944, in which the Commission further suspended the application of the Ex parte 148 increases, the following statement appears:

"As hereinbefore noted, the Secretary of War at the hearing called to our attention the fact that, with respect to special rates made for the Federal Government, some railroads have apparently construed our findings as authorizing the continuance of the increases in such rates although when compared with normal rates paid by shippers generally the special rates were not below reasonable levels. We are of the view that we should except from our order suspending the authorized increases only rates which had been reduced below reasonable levels as a real concession to the Government, but not rates which, even though reduced at the request of the Government, were not below such levels. The petitioning carriers should remove the increases insofar as they apply to rates or charges which, while established for the Government, were not below reasonable or normal levels as compared with rates paid by shippers generally in the same territory."

The carriers, however, have continued on and after May 15, 1943, the Ex parte 148 increases in all rates and charges provided for in their section 22 transit quotations, including rates covered by such quotations prior to March 18, 1942, and which had been applicable prior to the ex parte increases. Moreover, as to War Department traffic covered by transit quotations issued since May 15, 1943, the carriers provided that the Ex parte 148 increases shall be applied on traffic moving before, on, and subsequent to that date.

The War Department has no record of its tonnage moving under transit arrangements, but from studies the committee has made of the commodities involved and of the section 22 quotations, it has no hesitancy in asserting that such tonnage has constituted a very great proportion of the total tonnage of that Department.

With millions of tons moving each year under these section 22 transit quotations, it is readily apparent that the Ex parte 148 increases have totaled many millions of dollars each year on such War Department traffic. The added charges of the carriers for their services at transit points have also been subjected to the Ex parte 148 increases on traffic moving on and subsequent to May 15, 1943. For example, where the previous transit charge was 3¼ cents per 100 pounds, under the Ex parte 148 increases it became 3½ cents.

In a petition filed with the Commission, the carriers estimated that the amount they have received from the Ex parte 148 increases on Government traffic accorded transit mounted to twenty to thirty million dollars annually.

Commencing in the latter part of 1943 the matter of the elimination of the Ex parte 148 increases from the rates provided for in section 22 transit quotations, has been the subject of extended correspondence and many conferences between the War Department and other Government agencies and the carriers, but the carriers have steadfastly refused to eliminate them. Summarized, their reasons are as follows:

1. That there has been an enormous saving to the Government through the granting of these transit arrangements which authorize the application of through rates from points of origin to destinations on such transited traffic instead of the full combinations of the local rates into and out of the transit points.

2. That under the language of the Commission's decision in Ex parte 148, the transit arrangements accorded the War Department and other governmental agencies are privileges which under no circumstances would have been extended commercially, and that the Ex parte 148 increases should be continued in the light of the Commission's decision.

3. That the mere holding or storing of freight at some intermediate point awaiting a time when it will be to the interest of the owner of the goods to forward it to final destination represents quite an extension of the original purpose of transit arrangements.

4. That every transit privilege granted means a very large increase in the cost of service, and that under a minimum operation the transit arrangements accorded on Government traffic involves four terminal services in place of two on the direct movement, and that in numerous quotations six terminal services are involved instead of the two contemplated under published through rates.

5. That the net income of the railroads has steadily decreased each month as compared with the previous year, beginning in June 1943, and notwithstanding the fact that gross earnings have increased the unit costs have advanced due to increases in wages and costs of supplies; that the conclusion reached by the carriers not to remove the ex parte increases is logical when consideration is given to the very large saving which the Government received on account of these transit arrangements.

The committee's comments on the foregoing reasons advanced by the carriers are as follows:

1. That the establishment of transit arrangements on Government traffic has resulted in substantial savings under the full combinations of the local rates may not be denied. However, it is absurd to measure such savings by the difference in the through rates and the full combinations of the local rates to and from the transit points. Especially is this so when there is taken into consideration the thousands of transit arrangements throughout the country on hundreds of commodities in commercial movement on which the application of the through rates has been voluntarily authorized by the carriers which are substantially less than the full combination of the local rates to and from the transit joints. Why the carriers should advance this reason as a justification for continuing the Ex parte 148 increases on Government traffic moving under transit arrangements is not clear to the committee since it is well known that the carriers have removed such increases on a tremendous volume of commercial traffic accorded transit arrangements, including storage in transit. Such an argument forces the conclusion that the carriers were, and are, unwilling to accord the Government the same treatment they have accorded the commercial shippers.

2. The War Department and other Government agencies have contended with the carriers, and correctly so, that the language used by the Commission in its Ex parte 148 decision is not such as to approve the application of the Ex parte 148 increases on all Government traffic on and after May 15, 1943. It is the contention of the War Department that the line-haul rates authorized in such quotations, without the addition of the Ex parte 148 increases, are rates which had not been reduced below reasonable or normal levels, whether such rates were incorporated in published tariffs or authorized by section 22 quotations.

The Office of Defense Transportation also made efforts to induce the carriers to remove the Ex parte 148 increases in the line-haul rates covered by transit arrangements accorded Government traffic. In a letter dated March 9, 1944, written personally by the late Joseph B. Eastman, then Director, Office of Defense Transportation, addressed to Mr. A. F. Cleveland, vice president, traffic, Association of American Railroads, he urged that the Ex parte 148 increases should be removed. He stated, among other things:

"I do not subscribe to the position of the carriers that an increase in line-haul freight rates is justified simply because storage in transit is granted."

Making mention of several other considerations which, in his opinion, justify the removal of the Ex parte 148 increases, Mr. Eastman stated:

"The Government departments affected did not object to the application of ex parte 148 increases to section 22 quotations made by the carriers prior to the original decision of the Interstate Commerce Commission in this case, and for this reason they believe that the carriers should not insist upon the retention of the increase in connection with section 22 traffic subsequent to the date when the Interstate Commerce Commission ordered these increases removed.

"Moreover * * * it is clear beyond all doubt that the establishment of a transit privilege does not in itself accomplish a reduction of the line-haul rates. The United States Supreme Court in its decision in *Central Railroad of New Jersey* v. *United States* (257 U. S. 247), 1921, said, among other things:

" 'Whether the privilege shall be granted or withheld is determined by the local carrier. If granted, the local carrier determines the conditions, and these are set forth in the local tariff. Although a joint through route with joint rates is established by concurrent action of several carriers, the transit privilege may thus be granted by a carrier without the consent of, and without consulting, connecting carriers. And the whole revenue received for the use of the privilege is retained by the local carrier.'

"It is, therefore, entirely clear that a transit privilege is a special service granted only by the carrier upon the line on which the stopoff takes place. The charge for the service is provided for in a special tariff of that carrier. This charge is distinct and apart from the line-haul rate. * * * The transit service is an auxiliary service the cost of which is borne by the carrier upon whose line the service is rendered. The charges for the transit service accrue to that carrier alone.

"If the charge for the transit service is inadequate, the carrier on whose line the service is performed can undertake to increase the charge to a compensatory level. If, on the other hand, joint line-haul rates were increased to defray the increased cost of the transit arrangement, the connecting carriers, not being called upon to bear the cost, would receive compensation for nothing and be unjustly enriched. Moreover, the charge for the service would, without any line of variance in the cost, vary with the amount of the line-haul rate.

"It follows, beyond any question, that when these storage-in-transit arrangements were established, no change whatever was made in the line-haul rates, for the transit service and the charge therefor are things apart from the line-haul rates. Transit service, as I have said, is a local, auxiliary service confined to the railroad where the stoppage takes place. The line-haul rates in question were, therefore, never reduced, upon request either of the Government or of commercial shippers. They were increased by the original Ex parte No. 148 decision and clearly they should be reduced to conform to the subsequent decision in that proceeding.

"I urge, therefore, that you convey to the carriers my views on this subject, and request them to remove the increases in rates in Ex parte No. 148, which were subsequently suspended by the order of the Commission in the reopened proceeding."

On May 2, 1944, after the death of Director Eastman, Dr. G. Lloyd Wilson, Chief Consultant—Rates, of the Office of Defense Transportation, stated at a meeting in New York of the chief traffic officers of the rail carriers and representatives of the interested Government agencies:

"We have always believed that the Commission in exempting the suspension of Ex parte No. 148 increases until June 30, 1944, the rates on various commodities which had been reduced considerably below the normal basis at the request of the Government did not intend to exempt the rates charged for transportation at the published rates, nor that such rates bear the increase simply because the commodity was accorded transit under arrangements with the Government covered by section 22 quotations. It seems to me perfectly clear that transit is nothing more than interrupted transportation which is charged for at what is known as a 'transit charge' to cover the additional service required of the railroad at the transit point.

"Surely, the Government should not be called upon to pay transportation charges for shipments stored in transit in excess of the charges which are paid by the public merely because the Government is accorded transit arrangements. I have discussed this matter with Colonel Johnson (who succeeded Mr. Eastman as director, Office of Defense Transportation) and he authorizes me to inform you that he agrees that the Ex parte No. 148 increases should not be retained in connection with those rates."

Notwithstanding the statements of director Eastman and Dr. Wilson (with which the Committee agrees), and the arguments presented by the Chief of the Traffic Control Division of the War Department and representatives of other Government agencies, the carriers declined to eliminate the Ex parte 148 increases and they have since steadfastly adhered to that position.

In its decision in *Federal Match Corporation* v. *G. N. Ry. Co. et al.* (128 I. C. C. 145), the Interstate Commerce Commission condemned the assessment of transit charges based on the length of haul. At page 418 of that decision, the Commission said:

"Charges for transit are presumably assessed to cover the extra cost to the carrier performing the transit arrangement, including the expense of clerical hire, delay to cars, policing, etc., and where no out-of-line haul is involved the general practice is to assess a flat charge."

In *Mixed Care Dealers Asso.* v. *D. L. & W. R. R. Co., et al.* (33 I. C. C. 133 at p. 140), the Commission said:

"It is clear that charges for transit service at the same point which vary from $3 to $13.23 per car cannot be successfully defended."

Yet, under the guise of transit arrangements the carriers have imposed a penalty in the amount of 6 percent of the line-haul rates on the traffic accorded transit, and these penalties vary with the measure of the line-haul rates.

The Traffic Control Division made a survey of transit utilization at 44 War Department transit points on July 11, 1945. The average weight of the cars shipped from such points was 57,316 pounds. The charge for the transit service performed at the transit points is constant and assuming that the charge is 3½ cents per 100 pounds the total transit charge on 57,316 pounds would be $20.06. Assuming that the through line-haul rate via the transit point from a given origin to a given destination is 75 cents per 100 pounds and that the rate from another point of origin to the same destination is $1.50 per 100 pounds, a 6-percent increase in the rate of 75 cents on that weight amounts to $25.79 but from the point where the rate is $1.50 the increase amounts to $51.58, both amounts being over and above the charge of $20.06 for the additional service performed by the carrier at the transit point.

To use a concrete illustration, the War Department shipped a car of lead-covered cable from Philadelphia in September 1944, which was stored in transit at Ogden, Utah, and reshipped in May 1945 to San Francisco for export. The weight of the shipment was 43,850 pounds. A 3½-cent transit charge was in effect at Ogden covering the added service performed by the carrier at that point, and amounted to $15.35. The applicable rate from Philadelphia to San Francisco was $1.27, but the application of the Ex parte 148 increase of 6 percent, because the shipment was stopped in transit, resulted in a rate of $1.35; thus, an increase in the transit cost of $35.08. Had the shipment moved from Chicago, from which point the published line-haul rate is 88 cents, the line-haul rate assessed under the transit quotation would have been 93 cents, or 5 cents per 100 pounds greater than the published through rate. The application of the 6 percent increase would have resulted in an increase in the transit cost on this car of $21.92. The combined transit cost on the shipment from Philadelphia amounted to $50.43, while had it moved from Chicago the transit cost would have been $37.27, notwithstanding that the actual service performed by the carrier at Ogden would be the same on both cars.

3. The contention of the carriers that transit privileges accorded the Government are such "which under no circumstances would have been extended commercially" can best be answered in the language of Director Eastman's letter of March 9, 1944, to Vice President Cleveland, of the Association of American Railroads, viz:

"I do not believe, however, that the statement is sound that these transit arrangements would, under no circumstances, have been extended to commercial shippers, in view of the large volume of traffic involved. The same need has not arisen in connection with commercial traffic."

4. Referring to the carriers' claims that every privilege so granted means a very large increase in the cost of service, and that under a minimum operation it involves four terminals instead of two, and in numerous quotations six terminals instead of the two contemplated under the published through rates, it should be noted:

First. The carriers have ignored or failed to give consideration to the facts called to their attention by the Chief of the Traffic Control Division of the War Department, viz:

"(a) That the holding and reconsigning points of the War Department were set up at locations considerably removed from the centers of population and industry for the purpose of not interfering with terminal operations at any important point, and that this had been a deciding factor in avoiding confusion and overburdening of facilities, both at the ports and industrial centers; and that the effective use of these holding and reconsigning points resulted in keeping matériel out of port areas until such times as vessels were ready to take it forward.

"(b) That the holding of matériel at inland points has also been responsible for keeping to a minimum the detention time of cars at the ports, thus enabling a greater utilization of railroad equipment; also resulting in considerable extra revenue for the carriers since it has enabled a quicker turn-around of equipment and the utilization of such equipment on a greater number of hauls during a given period of time.

"(c) That in consideration of the heavier loading of railroad equipment by the War Department, averaging 60,000 pounds per car, a transit charge averaging $21 per car is considered more than ample to cover the additional cost of the additional transit service.

"(d) That all War Department holding and reconsigning points have extensive traffic facilities, averaging 34 miles per installation, were built and are maintained at the expense of the United States Government; that each installation is provided with its own switching power and thus the carriers' obligations with respect to delivery of cars and the switching out of cars for line-haul movement is not as great as it is in cases of most commercial facilities where transit privileges are granted."

Second. On a direct movement from origin to destination two terminal services are required, one at the point of origin and the other at destination. Where transit is performed at only one trainsit point en route,

two additional terminal services are required, whether on commercial or War Department traffic. In both cases, the added charge for the transit service is designed to take care of the cost of that service. As heretofore appears, the transit charge on a car weighing 57,316 pounds is $20.06. Where War Department traffic is accorded transit at two transit points, instead of one, this charge of $20.06 is also paid for the transit service at the second point. Manifestly, there is no justification for adding an additional penalty reflecting an amount equivalent to 6 percent of the line-haul rate. Under this method the added transit charge varies dependent upon the measure of the line-haul rate contrary to findings of the Interstate Commerce Commission in the cases hereinbefore cited.

5. The matter of the net income of the carriers, or their revenues on all traffic transported, has no place in the consideration of the revenues they derive from the line-haul rates on traffic accorded transit arrangements, whether for commercial or Government traffic. In the first place, if their revenues on their entire traffic are insufficient their recourse is in obtaining increases in their rates and charges on all traffic. To single out any specific character of traffic upon which to place a general increase would be to burden that traffic with charges which would not be placed on other traffic. Such a policy cannot be too strongly condemned, especially where, as here, the carriers, under the cloak of transit arrangements, have continued the Ex parte 148 increases in line-haul rates on Government traffic accorded transit privileges, while they have removed such increases in the line-haul rates, and in the transit charges, on commercial traffic. Moreover, by specific provisions in their section 22 transit quotations that the line-haul rates will not be subject to land-grant deductions they have deprived the Government of those deductions from published tariff rates where such deductions would otherwise be mandatory under the statutes.

If the added charges for the services performed at the transit points are not compensatory the remedy is to increase the measure of those particular charges, not only on Government traffic but on commercial traffic.

Findings: The committee finds that the addition of the Ex parte 148 increases provided for in the carriers' section 22 transit quotations on traffic of the War Department transported thereunder on and after May 15, 1943, were, and are not, justified except on commodities on which the Ex parte 148 increases are applicable to line-haul rates which, under the decision of the Interstate Commerce Commission in the Ex parte 148 proceeding, were established below normal, or reasonable, levels. The committee further finds that except on the commodities last herein mentioned the charges on War Department traffic accorded transit arrangements, moving since on and subsequent to May 1943, have been and are excessive to the extent of the Ex parte 148 increases. (Bell-Hammer-Ussery Report, pp. 100-115.)

TRUSTS AND DEPRESSIONS

Mr. TAYLOR. Mr. President, the importance of this bill transcends the subject matter of transportation.

It transcends the question of regional development—of rail rates which will make it possible for the West and the South to take their rightful places in the Nation's economy.

The bill affects every person in the United States.

If it passes, Mr. President, we shall have taken another step toward a great depression.

Will we repeat the mistake of the twenties?

The bust of 1929-32 had its roots in the policies we adopted, the actions we took, from 1921 on. They were the policies which the great leader of Republican thought, Warren G. Harding, bracketed under the term "normalcy."

During the twenties the proportion of business controlled by the 200 largest nonfinancial corporations—as measured by corporate income—rose from 33 to 43 percent.

Basing the point systems to hold up prices were perfected for cement, steel, and other products.

The decline of competition contributed to a disproportionate increase in corporate profits.

It was also partly responsible for the fact that when demand shrunk after 1929, industry trimmed its sails by reducing its output rather than reducing its prices—thus shifting the major burden of adjustment to the discharged workers.

The depression resulted from a lack of purchasing below and a muscle-bound concentration of power and wealth above.

Are we now moving toward another 1929?

We have already voted to abolish rent controls and are preparing to leave the building cycle free to soar and smash.

We have done nothing to provide housing for the middle- and low-income families.

We have reduced income taxes on the higher brackets but have done little to increase the purchasing power of consumers in the low-income groups.

On the contrary, in the House Ways and Means Committee the majority is beginning to talk about sales taxes as a way out.

Sales taxes destroy buying power.

They cut into the income of the consumer.

We have just voted to destroy the Wagner Act, which enabled labor to organize and through collective bargaining to maintain wage scales. If anyone doubts that the object of the Taft-Hartley bill is to hold wages down or reduce workers' pay I refer him to the frank statement of the senior Senator from Ohio [Mr. TAFT] to the effect that the President's veto of the Case bill last year resulted in higher wages. Now that unions have been crippled, wages will go down. Farmers will lose their best customers.

Lack of mass purchasing power will result in slackened sales which will lead to excess inventories which will lead to more discharges, and the cycle will have come full round.

Today we contemplate another blow at economic stability.

We consider a bill to legalize monopoly, to increase economic concentration.

Where will it all end?

I will tell the Senate where it will all end: It will end in a crash.

The Harding doctrine of boom and bust is still gospel in the Republican National Committee.

The elephant never forgets and never learns.

President Truman, in his economic report, gave some thought to the threat of a depression, and one of his recommendations was that we take action to strengthen the antitrust laws.

To date, I have seen no legislation on the floor of the Senate designed to accomplish this salutary end. Instead, I see a return performance of a weary, battered, and sorry old bill to exempt a giant industry from the historic antitrust laws.

I see a proposal to legalize cartels with the blessing of the ICC, a Government agency whose chief testified last year before the Senate Committee on Interstate Commerce that he regarded the railroads as his agency's "clients."

Mr. President, let us save our people from another panic.

Let us preserve their purchasing power and stop the trend toward concentration of wealth at the top.

Let us reject this proposal to legalize monopoly.

Mr. RUSSELL. Mr. President, I do not desire to complain continuously about the lack of attendance in the Senate Chamber, but observing only the distinguished Senator from Kansas [Mr. REED] and the distinguished Senator from Oklahoma [Mr. MOORE] on the other side of the Chamber, and only two or three Senators on this side, I think we should have a quorum present. We have had none up to this time. I wish to acknowledge also the presence of the Senator from Oregon [Mr. MORSE]. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. O'CONOR in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Murray
Baldwin	Hawkes	Myers
Ball	Hayden	O'Conor
Barkley	Hill	O'Mahoney
Brewster	Hoey	Pepper
Bricker	Holland	Reed
Bridges	Ives	Revercomb
Buck	Jenner	Robertson, Va.
Bushfield	Johnson, Colo.	Robertson, Wyo.
Butler	Johnston, S. C.	Russell
Byrd	Kem	Saltonstall
Cain	Kilgore	Smith
Capper	Knowland	Sparkman
Chavez	Langer	Stewart
Connally	Lodge	Taft
Cooper	McCarran	Taylor
Cordon	McClellan	Thomas, Okla.
Donnell	McFarland	Tobey
Downey	McGrath	Tydings
Dworshak	McKellar	Umstead
Ecton	McMahon	Vandenberg
Ellender	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	White
Fulbright	Maybank	Wiley
George	Millikin	Williams
Green	Moore	Wilson
Gurney	Morse	Young

Mr. WHERRY. I announce that the Senator from Indiana [Mr. CAPEHART], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate.

The Senator from Wisconsin [Mr. MCCARTHY] is necessarily absent.

Mr. HILL. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent on public business.

The Senator from Illinois [Mr. LUCAS] and the Senator from Louisiana [Mr. OVERTON] are absent by leave of the Senate.

The Senator from Texas [Mr. O'DANIEL] is absent because of a death in his family.

The Senator from Utah [Mr. THOMAS] is absent by leave of the Senate, having been appointed a delegate to the International Labor Conference at Geneva, Switzerland.

The Senator from New York [Mr. WAGNER] is necessarily absent.

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

Mr. HILL. Mr. President, let me ask the Senator from Kansas if he knows whether it is the desire of the Senator from New Jersey to address the Senate at this time.

Mr. REED. It is entirely agreeable to have the Senator from Alabama proceed at this time, Mr. President.

Mr. HILL. Very well; I shall do so.

Mr. President, more than half a century ago the Congress of the United States enacted the Sherman Antitrust Act to stop the growing power of monopolistic forces which threatened to control our national economy. The Congress thereby preserved for the people of the United States the American system of free competitive enterprise. The Sherman Antitrust Act has been truly called the charter of economic freedom for the American people. Although the forces of greed and financial and economic power have, through the years, sought to weaken or to destroy it, the Sherman Act has withstood all attacks, and today it stands unshaken as the great bulwark of economic freedom of the people of this country.

Mr. President, today we have before us proposed legislation which is designed to repeal the Sherman Act as applied to a major industry, one which I might aptly and truly call the basic industry of the United States, the transportation industry. There have been many previous efforts by the rulers of that monopoly-ridden industry to exempt their rate-fixing activities from the antitrust laws. The Bulwinkle-Reed bill, the measure now before the Senate, is an all-out effort to remove the activities of these private corporations operating public transportation services and the activities of their bankers from the prohibitions of the antitrust laws. This bill is adroitly drawn, but the undeniable fact is that it effectively provides the means of removing from the application and effect of the antitrust laws a major segment of our economy, to wit, the transportation industry; and because that is the basic industry which controls the life or death of all other industries, legalized monopoly control and domination of that industry will, as surely as night follows day, bring about the destruction of our entire competitive economy.

Mr. President, as I said yesterday, this measure might well be designated as a bill to destroy the American free enterprise system. At this point I wish to read a statement made by Mr. Arne C. Wiprud, special assistant to the Attorney General, and Chief of the Transportation Section of the Antitrust Division of the Department of Labor, not in speaking for any selfish interest, not in speaking for any interest which had any ax to grind, but in speaking as an assistant attorney general and as a spokesman for the Department of Justice, the agency of our Government which, more than any other governmental agency, is charged with the duty of protecting the rights, the interests, and the welfare of the people. He made the following statement before the committee, in summarizing what this bill would do if it were enacted into law:

An analysis of the provisions of S. 110, made in the light of the facts of record and the reports of this committee, compels the conclusion that through its passage the legislative policy of competitive enterprise in public transportation would be supplanted by a Nation-wide cartel-monopoly, under the domination of the Association of American Railroads and the traditional railroad bankers. This is so because that bill would:

1. Effectively repeal the antitrust laws as applied to public transportation.

2. Legalize the continuation and expansion of control over every phase of a carrier's operations by the Association of American Railroads and the traditional railroad bankers.

Insulated from the courts, and without fear of hindrance from other agencies of the Government, they would be free to create combinations of carriers, Nation-wide, with power not only to fix rates, but also to determine what part of the rate each carrier shall receive, at what time its trains shall arrive and depart, over what routes they may operate, what equipment shall be built and how it shall be used, and what should be done collectively to promote—

These particular words are taken from the Interstate Commerce Act—

"adequacy, economy, and efficiency of operation or service."

Mr. Wiprud continued as follows:

In view of the vast powers thus conferred upon the transportation cartel, and the extent of the pressures it would be able to exert upon otherwise independent carriers, it is clear that no carrier could afford to remain long outside the cartel.

3. Undo the public benefits which have resulted, or may be expected to result from antitrust suits involving the Pullman monopoly, the western agreement, the traditional banking houses of J. P. Morgan & Co., and Kuhn, Loeb & Co., equipment manufacturers, safety and signal monopolies, and rate-fixing combinations dominated by the Association of American Railroads, all of which have been and are adverse to the interests of carriers and large sections of the country.

This legislation cannot be considered apart from its effect upon other businesses and the national economy. As transportation is the basic industry which controls the life or death of many other industries, it is clear that those who control the transportation cartel could dominate the national economy.

Further, and equally important, this legislation would set the pattern for similar legislation in other basic industries, particularly if they are regulated industries, such as insurance, utilities, communications, securities, and banking. If we pass this bill, how can be consistently withhold like grant of power to the Federal Communications Commission, the Securities and Exchange Commission, the Federal Power Commission, and other regulatory bodies? Thus this legislation points the road to complete cartelization of all industry in our country, completely reversing our system of private enterprise.

Here it should be stated that there is nothing about the transportation industry that requires different legislative treatment in relation to the antitrust laws than any other private industry, except in the making of joint transportation rates.

All have recognized, Mr. President, including the Supreme Court of the United States, that there is a legitimate area of collaboration in the making of joint transportation rates to facilitate commerce. But that is a far cry from what is sought in this bill, which, in the final analysis, is a desperate bid for continued domination of transportation companies by the banking houses of Morgan and Kuhn, Loeb. They have been brought to book, for their misrule of the railroad industry, in antitrust suits in the Federal court at Lincoln, Nebr., and in the Supreme Court. Only this bill, or similar legislation, can save them.

Mr. President, appearing before the Senate Committee on Interstate Commerce on the pending bill was Mr. Wendell Berge, who, at the time of his appearance, was Assistant Attorney General in charge of the Antitrust Division of the Department of Justice. Mr. Berge is one of the great students of the question of monopoly, cartelization, and antitrust laws, in the United States. Perhaps there is no man in the entire country who, from his study, from his first-hand knowledge, from his experience as head of the Antitrust Division of the Department of Justice, can or does speak with greater authority on the question of cartelization, of monopoly, of antitrust laws, than does Mr. Berge.

In testifying before the committee, Mr. Berge, like Mr. Wiprud, was not representing any railroad or any selfish interests, or any interests which had an ax to grind. He was there as the servant of the people of the United States. He was there, Mr. President, representing you and me and all the people of the United States. He was our spokesman. He was there charged with the duty of being the protector of the rights and the interests and the welfare of the people of the United States.

This is the way he summed up the pending bill. I read from page 65 of the hearings before the Senate committee on Senate bill 110. First he said:

1. Through the device of a hierarchy of associations, headed at the top by the Association of American Railroads, the transportation monopoly, in combination with monopolies in other basic industries such as the steel, cement, and oil combines, has so fixed transportation prices as to maintain the industrial status quo and to prevent new interprises from competing with the industrial monopolies.

2. The arbitrary rail-rate structure established by the illicit monopoly has prevented southern and western regions from developing competitive industries.

3. This bill would legalize the present unlawful domination and control over the Nation's competitive economy possessed by the Association of American Railroads and its industrial allies.

4. The bill would legalize and perpetuate the coercive powers of the Association of American Railroads and its subsidiary organizations, which compels adherence by in-

dividual railroad members to the prices fixed by the action of those associations and compels individual roads to do the bidding of the powerful railroads which dominate the Association of American Railroads and which combine with the powerful industrial monopolies.

Mr. Berge proceeded:

5. Competition between the various forms of transportation, the railroads, the trucks, the freight forwarders, the barge lines, and the pipe lines, has been effectively curtailed through joint action between the organizations in each of those modes of transportation, which have conspired to raise the level of rates in each form of transportation to the highest level.

6. The proposed legislation would facilitate the strengthening of the combinations in each mode of transportation and would encourage the further curtailment of competition between them.

7. The power of the transportation monopoly is so great and the control exercised by the dominant members over all of the railroads in the United States is so tremendous that they have been able to flout with impunity the orders issued by the Interstate Commerce Commission, and even to prevent individual railroads from entering into joint rail-truck arrangements in accordance with the laws enacted by Congress.

8. Individual carriers have been prevented from initiating or modifying rates or from protesting against rates proposed by other carriers, in accordance with the Interstate Commerce Act, without subjecting themselves to veto powers within the hierarchy of associations.

9. Technological improvements have been impeded, air conditioning in passenger trains has been prevented, fast freight and passenger service which some railroads wanted to furnish have been prohibited by railroad associations, and improvements in service and facilities have been curtailed.

Senate bill 110, according to Mr. Berge, "would make possible the immunization of agreements and practices such as I have outlined and which are now under attack in court proceedings instituted by the Department of Justice and the State of Georgia, and might render futile any judgment obtained in those cases to enjoin those agreements and practices. The Department's opposition is predicated, however, on more fundamental ground than the mere desire to save the jurisdiction of the courts in pending antitrust cases, although this itself is an important consideration."

Mr. Berge continues:

This bill raises most serious and fundamental questions of policy which this committee and the Congress must determine. The bill would establish a precedent which would encourage other industries, already chafing under the limitations imposed by the antitrust laws upon the concentration of economic power in private groups, to seek similar immunities.

Other groups, Mr. President, have already announced their intention to follow the example of the transportation industry in asking the Congress to exempt them from the interstate commerce laws, and it takes no prophet to foretell that, if the pending bill should become law, Congress would be literally besieged by industries of all kinds seeking to enter the door through which Congress would have permitted the railroads to pass out from under the antitrust laws. Other industries, innumerable, will be seeking congressional action to remove them from the operation of the antitrust laws. I do not doubt that if transportation, the basic industry, were removed from the operation of the antitrust laws, many other industries, which are to such a great extent dependent upon the transportation industry, will be able to present good cases, strong cases, supporting their desire to be removed from the operation of the antitrust laws.

The pending bill does exactly what the general counsel of the Association of American Railroads said in 1935 he thought should be done. When that association was being organized and the form it should take was being considered, including the machinery it should have and the procedure and practices under that machinery, Judge Fletcher, counsel for the Association of American Railroads, in a letter dated November 26, 1935, addressed to Mr. Stacy D. Lloyd, and appearing at page 1350 of the hearings before the Senate Committee on Interstate Commerce on H. R. 2536, commonly known as the Bulwinkle bill, said:

In the fifth place, in my opinion, the railroads should be exempted entirely from the operation of the antitrust laws and existing statutes should be amended so as to eliminate standards of competition and the so-called existing channels of trade and commerce. As I see it, no regulated industry should be subjected to the sanctions of antimonopoly statutes. Neither does it seem to me that railroads should be forced to compete, in an era when their rates and, to a large extent, their service are under the control of regulating bodies. In my opinion, the importance and value of competition in transportation have been tremendously overestimated in the public mind.

Mr. President, that was in 1935, when the lawyer for the Association of American Railroads was bringing the association into being, helping to determine the charter, the form, and the plan for the association. He declared there should be no competition required among railroads.

The Association of American Railroads was set up. Under it there has been practically no competition. If the pending bill should become law, it would do exactly what Mr. Wiprud and Mr. Berge testified it would do, namely, establish the transportation industry as a cartelized monopoly, without competition, a monopoly destructive of the American free-enterprise system.

Mr. President, many persons seem to think, as has been intimated during the debate a number of times, that today the railroads are under the authority, regulation, supervision, and control of the Interstate Commerce Commission with respect to practically everything they do. That is a very mistaken, a very incorrect understanding of the true situation. There are two kinds of railroad activities; first, those which are subject to the control of the Interstate Commerce Commission, and, second, those which are left to the competitive free-enterprise system, within the managerial discretion of the several railroads. It is the vast field covering competitive free enterprise and the many acts which do not come under the jurisdiction of the Interstate Commerce Commission, but which are left to the discretion of the several railroads, which the pending bill would remove from the operation of the antitrust laws and permit to be controlled by a private government of the railroads themselves. That is exactly what the pending bill would permit. It would ratify and approve, it would make lawful, a private government of the railroads of the United States, set up immediately for the purpose of destroying competition between railroads.

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

Mr. HILL. I yield to my friend from Texas.

Mr. CONNALLY. Is it the idea of the Senator from Alabama that the pending bill would result in something similar to the National Industrial Recovery Administration, under which railroads could write their own code of so-called fair practices?

Mr. HILL. There can be absolutely no question about that. Their code would be far more inclusive, far broader, than the old NIRA codes. Railroads could, as I said, and as the Senator from Texas has suggested, set up their own private government, completely outside the jurisdiction of the Government of the people of the United States. All other industries, certainly so far as monopoly and competition are concerned, come under the antitrust laws, and are under the control of the Government of the United States. Under the pending bill, the Government of the United States would lose its jurisdiction over unfair practices by railroads. The railroads would be free to establish a government of the railroads, for the railroads, and by the railroads.

As I have said, many things the railroads are permitted to do are not subject to the power, authority, and regulation of the Interstate Commerce Commission. In its fifty-second annual report, a very recent report, the Interstate Commerce Commission said:

There is gross exaggeration in the idea that every act of the railroads is subject to regulation. The railroads have a large degree of initiative in the making of their rates, and have freely made a multitude of reductions to meet competition.

The aim of the pending bill is to remove all competition. In the event of the passage of the bill, never again could the Interstate Commerce Commission say that the railroads "have freely made a multitude of reductions to meet competition," because the expressed purpose of the bill is to destroy any and all forms of competition among railroads. The Interstate Commerce Commission, in its fifty-second annual report, further said:

We have no power to control their passenger service—

I shall comment on that more extensively a little later, Mr. President—

and exercise very little control over their freight service. They select and pay their officers without supervision or hindrance. Nor do we undertake to tell them what equipment and supplies they may buy, how they shall operate their shops or maintain their tracks, what rails, ballast, and ties they shall use, what stations or other buildings they shall erect, what construction contracts they shall let, or how they shall manage their affairs in many other ways. The pattern of

their regulation is in no way unique but is substantially the same as is now applied generally throughout the country by States or the Federal Government to other public-utility companies.

So, Mr. President, as I have suggested, any idea that the Interstate Commerce Commission has anything like full or plenary power over the activities of the railroads is a very wrong, a very erroneous idea.

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

Mr. HILL. I yield.

Mr. CONNALLY. The Senator referred to the fact that the Interstate Commerce Commission has no control over the purchases of supplies by the railroads and activities of that kind. Is not one of the things that have stood out in the history of railroads the fact that they frequently have their own subsidiary corporations from which they buy supplies, and that such subsidiary corporations are usually very profitable and successful?

Mr. HILL. The Senator is absolutely correct; and as I proceed a little further in my speech I shall quote from the very strong minority views written by the distinguished Senator from South Carolina [Mr. JOHNSTON] and the distinguished Senator from New Hampshire [Mr. TOBEY], which show that the passage of the pending bill would take all these subsidiaries out from under the antitrust laws. I am coming to that point later, I will say to my good friend from Texas. I am glad he raised the question.

As we know, Mr. President, one of the greatest authorities this country or the world has ever had on the question of monopoly, cartelization, the question of protection of free enterprise, was the late Mr. Justice Brandeis. He made a deep study of this subject. He spent many years while he was in the private practice of the law engaged in the trial of cases involving the question of monopolies. He wrote books and treatises and articles on the subject. He was recognized as the great authority on the subject of monopolies. I read from a statement by Mr. Justice Brandeis contained in his book Business—A Profession, pages 295 to 299, published in 1933, as follows:

> No one has recognized more fully than members of the Interstate Commerce Commission the limitation of accomplishment through railroad regulation. No one recognizes better than they the continuing need of competition—

That is the key word in this whole thing, Mr. President, "competition," because competition is the very heart of the American free-enterprise system. Whenever competition is eliminated from our economic and industrial life we no longer have the American free-enterprise system.

> No one recognizes better than they—

The Interstate Commerce Commission—

> the continuing need of competition to secure satisfactory service. * * * To abandon competition in transportation, and rely upon regulation as a safeguard against the evils of monopoly would be like surrendering liberty and regulating despotism.

In all history is there a record of anyone who has been able to regulate despotism? Despotism per se, despotism within its very self, has such power, such full and plenary power, that nothing can regulate it. The only thing that can be done with despotism is to strike it down, to prevent it from ever coming into being, to make an end of it.

Mr. MURRAY. Mr. President—

The PRESIDING OFFICER (Mr. MCGRATH in the chair). Does the Senator from Alabama yield to the Senator from Montana?

Mr. HILL. I yield.

Mr. MURRAY. And yet the growth of monopoly and centralization of business in this country has proceeded to such an extreme that it will now be very difficult to decentralize business. Studies of the subject have been made by Congress and it is thought that collectivism has gone so far in this country that we are only a few theoretical steps behind the degree of collectivism which prevailed in Germany and Italy before the war. Following is a statement which I took from the March 1938 issue of the Fortune magazine:

> Thus collectivism in industry begets collectivism in government. And if this is not collectivism as practiced in the so-called collectivist states, it is only a couple of theoretical steps removed from it. Carried to its extreme, it means the downfall of the economy upon which American business has been reared; the perversion of the democratic order; the destruction of the right to risk and profit; and—all too easily—the loss of those civil liberties that are at present based upon the principle of the limitation of governmental power.

So it seems to me that we have neglected the problem of concentration of business and monopoly, and that is the reason the pending bill is before us today. The railroads have become convinced that they can escape from our monopoly laws because other industries have been able to do so in far too great a degree.

Mr. HILL. I want to thank the Senator from Montana for his contribution. I was going to comment on that point a little later in my remarks. The Senator is exactly right. I regret to say that the necessities of the war effort gave great impetus to that trend toward centralization. The whole trend has been farther and farther away from our great American free enterprise system toward the system of monopoly and cartelization. The Senator from Montana rendered a great and distinguished service to the country as the chairman of the Small Business Committee of this body. He studied this question. He has realized the dangers which lie in monopoly and cartelization to our whole economic system, to our free enterprise, to all the freedoms we enjoy. Today, instead of the Senate debating the pending bill, talking about whether we will pass a bill to take the great basic industry, the transportation industry, from under the antitrust laws and legalize and make lawful monopoly and cartelization of that industry, we ought to be exerting our efforts to try to retard, indeed to break down, some of the monopoly and cartelization which have taken place in other industries in the United States.

Mr. President, since one or two Senators have come into the Chamber since I began reading from Mr. Justice Brandeis, I shall again read the sentence I previously read:

> To abandon competition in transportation, and rely upon regulation as a safeguard against the evils of monopoly would be like surrendering liberty and regulating despotism.

As I said before, there has never been a man smart enough or wise enough to know how to regulate despotism, because despotism in itself has so much power that there cannot be and will not be any regulation of it. As I said, the only thing to do with despotism is to strike it down wherever we find it, whether it be the despotism of a George III or the despotism of the Association of American Railroads.

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

Mr. HILL. I yield.

Mr. MURRAY. I am in full accord with what the Senator is saying. It has taken a long time to bring about the present condition of concentration of business and expansion of monopoly in America. It took something over 70 years to accomplish it. But it is thought by some businessmen that we can stop it and that we can make it profitable for industry to decentralize. Many of the large concerns in the United States have already started a movement in that direction. In the study of the subject which was made by Fortune magazine it is pointed out that while it took 70 years to wind up this process, we might be able to unwind it if we put our minds to it. The article says:

> Indeed, the greatest obstacle in visualizing the possibilities inherent in such a reverse of the economy would seem to lie chiefly in the habit of mind that has conditioned every businessman to think of mergers as inevitably more profitable than the sum of their constituent units.

If businessmen could begin to realize what is happening to the country, and that they could make a profit out of decentralization of business and spreading it out, in the South and in the West, it would be possible to bring the United States back into the free competitive system.

Mr. HILL. I thank the Senator for his contribution. As I stated before, as the chairman of the Small Business Committee of the Senate the Senator has made a very fine and thorough study of the whole subject of monopolies and cartelization, and the effect on American business and American free enterprise. He speaks with authority. He has certainly placed his finger on the very heart of this question in what he has had to say.

Quoting further from Mr. Justice Brandeis:

> No system of regulation can safely be substituted for the operation of individual liberty as expressed in competition.

That is the basis of the American system. We know that when we complain that some businesses or some great magnates in business have sought to seize upon or drain off too much profit, and

have taken unto themselves too much from others, perhaps even through the system which we sometimes designate as exploitation, we are warned that we must do nothing to interfere with individual liberty, and that all will be well because of the competition in our system. Yet today the great railroad magnates, supported by the great bankers, are seeking to take competition out of all railroad and transportation business.

Mr. Justice Brandeis further says:

It would be like attempting to substitute a regulated monarchy for our Republic.

I do not believe that we want a king in this country, Mr. President, even though it be King Railroad.

Human nature is such that monopolies, however well intentioned and however well regulated, inevitably become, in the course of time, oppressive, arbitrary, unprogressive, and inefficient. If we study the history of fascism and nazism, and the history of the ruling houses of Japan, we find confirmation of what Mr. Justice Brandeis said.

Mr. Justice Brandeis further said:

It has been suggested that we accept the proposed monopoly of transportation but provide safeguards. This would be like surrendering liberty and substituting despotism with safeguards. There is no way to safeguard the people from the evils of a private transportation monopoly except to prevent the monopoly.

That is the question before us today—whether we, as representatives of the American people, shall prevent this monopoly, or whether we shall become parties to it by giving our approval, our consent, and our ratification to the effort to make the monopoly lawful.

I believe that the late Commissioner Eastman, during his long and distinguished service on the Interstate Commerce Commission, was generally recognized by all groups and all classes of the people as the outstanding authority on the Commission on the subject of railroads and transportation. He spoke words of small comfort to those who claim that the railroads are almost completely controlled by the Commission, and that the matters which Congress left to managerial discretion and free enterprise are of no consequence. He said:

The carriers were returned to private management—

He is referring to the return of the carriers from Government operation to private management after World War I—

in order that the country might have the benefit of private initiative.

Mr. President, I was not a Member of this body at that time. Senators seated before me were not here. But can they not hear the echoes? The Government had found it necessary to take over the railroads for the winning of World War I. As will be recalled, the railroads wanted to get their properties back, with a guaranteed rate of profit, and all that. Cannot Senators imagine how the lobbies rang with the words that the railroads must be returned to their private owners in order that the country might have the benefit of private initiative? Yet today the Congress of the United States is being asked to enact a law which would put an end to private initiative, and which would stifle, strangle, choke, and destroy private industry.

Mr. Eastman further said:

So long as the carriers do not charge rates which are unreasonable per se, unjustly discriminatory, unjustly prejudicial or preferential, or unlawful in other respects, it is a matter for them to determine, in the exercise of their private initiative, whether it is wise for them to meet competitive conditions, and how far they will go in that direction.

That is our American free enterprise system. There is nothing new about it. It applies not only to railroads, but to the man operating the crossroads grocery store or the little tire shop. It is our system.

We—

Meaning the Interstate Commerce Commission—

have not been made managers of the carriers nor given power to encroach upon such fields of managerial discretion. These are matters which in my judgment are left by the law to private initiative. They are not matters of public initiative.

The pending measure proposes to place the matters which Congress has left to free competitive enterprise, and which have been within the managerial discretion of the several railroads, not under the control of the Interstate Commerce Commission but, as I have said, under the control of a private government, the constitution and laws of which are to be merely approved by the Commission. After such constitution and laws of the private government are thus approved, the private government is to go into operation completely insulated from the antitrust laws and with almost, but not quite, complete freedom from worth-while control by the Commission. The degree of control of the previously approved private government by the Commission is set forth, as we know, in paragraph 7 of the bill. This paragraph, as the distinguished Senator from Montana, who is an able member of the committee and who has studied the bill knows, is complicated, wordy, vague, ambitious, and weak. Especially is it weak, and its weakness will grow in proportion to the growth of the railroad-mindedness of the members of the Commission.

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

Mr. HILL. I yield.

Mr. MURRAY. Does not the Senator believe that if in the case of the railroads genuine free competition were restored, it would eventually benefit them in the way of permitting industry to develop in the South and West, for instance, which would greatly increase the business of rail transportation? Take, for example, the Western States which are prevented from developing industrially because of discriminatory rates. If such rates were removed and genuine free competition prevailed, we would then witness a great growth and development of business in all parts of the Nation, from which the railroads would eventually profit.

Mr. HILL. The Senator is exactly correct. No one can estimate how much the economy of this Nation has been thwarted and retarded because of the discriminatory practices of the railroads in those areas. There is no way to develop any one section of the country without its having a wholesome and beneficial affect on the economy of the entire Nation.

Mr. MURRAY. Mr. President, as our population increases it becomes increasingly difficult to continue to crowd them into the large industrial centers. Some way must be devised of spreading our people into other sections of the country, where they can find jobs and opportunities in life. If we continue the present system of discriminatory freight rates and other means and methods of preventing the development of the Western and Southern States, an already serious problem will become intensified.

Mr. HILL. The Senator is exactly right. What this bill would do would be to freeze and make permanent the very system by which banking houses, more particularly the House of Morgan and the House of Kuhn, Loeb & Co., and the great railroad magnates of the East, are enabled to retain in their hands control of the economy of our Nation, a condition which results in retarding and, in many instances, strangling national growth and development.

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

Mr. HILL. I yield.

Mr. PEPPER. In respect to the public advantage which accrues from competition, I wonder if the Senator has not observed that competition among various kinds of transportation has had a very salutary influence upon the quality of transportation which the public enjoys. For example, when we developed water transportation did we not give the public an advantage in respect to freight rates from the railroads, because they met the water competition? When we established bus lines and truck lines, did they not give traffic advantages, such as pick-up-and-delivery service at the store and at the depot, and advantages of that sort, as well as more favorable rates? The airplane added another kind of transportation. In other words, is it not a recognized principle that competition of many different kinds of transportation has been of advantage to the public, and, in accordance with the same principle, should not competition even in the same categories be encouraged?

Mr. HILL. The Senator is exactly correct, and I am delighted that he has made that observation. As I go along I shall, at a little later point in my speech, try to show that because of the system developed by the Association of American Railroads the very benefits which were derived from competition among the different types and kinds of carriers are now more and more being taken from us and denied us.

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

Mr. HILL. I yield.

Mr. PEPPER. The Senator will recall, as some of the others of us do, instances of railroads trying to lobby in State legislatures in an effort to have the legislatures forbid the use of highways to motor

vehicles engaged in transportation. They were not trying to save the highways; they were trying to keep the trucks off the highways in order to avoid competition.

Mr. HILL. They were trying to keep down competition. If this bill should pass and Congress should put its approval on this monopoly, this cartelization, the railroads would be able to suppress competition; indeed, the whole purpose of the bill is to eliminate and wipe out competition not only with bus lines and truck lines but with airplane carriers and all other means or vehicles of transportation.

Mr. President, the bill, if enacted, not only would put an end to competition in transportation in different forms among the different carriers, but it would go much further than that. It would take in many other industries and many other businesses, as is so well brought out by the minority views on the previous Bulwinkle bill, signed by the Senator from South Carolina [Mr. JOHNSTON] and the Senator from New Hampshire [Mr. TOBEY]. In their views those distinguished Senators bring out the following facts:

Under the specific provisions of paragraph (2), the transportation industry could set up and perpetuate a "private government" which could have the power, through concerted action, to determine the rates to be charged and the service to be performed; the time at which trains shall depart and the time they shall arrive at their destinations, from where they shall leave, over which routes they shall run, and the places at which they shall stop; the equipment and facilities to be used, and whether or not improvements thereon shall be made or suppressed; the part of the rate each carrier shall receive; the allowances which shall be granted to shippers; and the basis and extent of settling claims of passengers and shippers against a particular carrier.

The phrase "promotion of adequacy, economy, or efficiency of operation or service" is so broad as to authorize concerted action comprehending every activity in the transportation industries.

This bill, if enacted, would take railroads from under the antitrust laws, give them exemption from the antitrust laws, permit cartelization, and destroy competition.

Mention was made earlier of the House of Morgan, and of Kuhn, Loeb & Co. The trail now leads more directly to the Wall Street offices.

I continue reading from the minority views of the Senator from South Carolina and the Senator from New Hampshire, as follows:

It would include the financing, construction, and utilization of equipment, safety devices, facilities, stations, and terminals. It would include action determining whether spur tracks or other facilities, necessary to meet the requirements of particular shippers, shall be constructed, and whether new types of service necessary to promote an advancing economy shall be instituted.

Approval of agreements permitting the industry to organize into combinations and by joint action to make determinations of such wide scope would constitute a delegation to private groups completely to cartelize transportation.

Competition would be eliminated not merely among the carriers within classes of carriers—the trucks and busses, the water carriers, the freight forwarders, the pipe-line companies, the railroads. Paragraph (4) would permit agreements between carriers of different classes "relating to transportation under joint rates or over through routes." But this provision could authorize agreements between the carriers in all the classes of transportation under which collective action could be taken to curtail services, equipment, and facilities. All these things relate to transportation under joint rates or over through routes and, indeed, are within the term "transportation," as defined in the Interstate Commerce Act. The term is defined in that act to include "locomotives, cars, and other vehicles."

I suppose the term "vehicles" includes velocipedes and bicycles—

vessels, and all instrumentalities and facilities of shipment or carriage, irrespective of ownership or of any contract, express or implied, for the use thereof, and all services in connection with the receipt, delivery, elevation—

Mr. President, even the word "elevation" is included. That means the elevators for wheat, I suppose. I presume the railroads own elevators in Montana. I ask the Senator from Montana whether that is correct.

Mr. MURRAY. That is correct.

Mr. HILL. Inasmuch as the word "elevation" is used, I suppose when a sack of flour is thrown on a car, that is elevating the flour; is it not?

Mr. MURRAY. It is.

Mr. HILL. Those who wrote this measure included everything in it. The lawyer who wrote this bill should have gotten a good-sized fee, because he included practically everything under the terms used in the bill.

I read further—

and transfer in transit, ventilation, refrigeration or icing, storage, and handling of property transported.

I suppose that would cover almost everything.

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

Mr. HILL. I yield.

Mr. PEPPER. Do I correctly understand that the Senator from Alabama is reading a part of the committee report?

Mr. HILL. I have read from the minority views submitted by the Senator from South Carolina [Mr. JOHNSTON] and the Senator from New Hampshire [Mr. TOBEY] on the Bulwinkle bill of the last Congress; but the last matter I have been reading is the definition in the Interstate Commerce Act of what the term "transportation" includes; and, of course, the bill now before us is intended to apply to that act, insofar as this definition is concerned.

Mr. PEPPER. I understood that the Senator was reading from the views of certain members of the committee, showing that under this measure it would be possible for various types of carriers to get together and agree on rates in a given area.

Mr. HILL. Exactly. Not only would that be possible under this bill, but such a monopoly is in existence today. In other words, this bill is for the purpose of keeping the Supreme Court from proceeding under the antitrust laws to destroy the monopoly that is now operating. As I proceed with my remarks, I shall show how under the bill it is proposed to do just what has been mentioned by the Senator from Florida. The bill, if enacted, will mean that a State with large waterways, such as the State of Florida, with all its fine waterways, will receive practically no benefit from them. Of course, God Almighty put the waterways there, and He sends the water down, during the year, to keep them full of water. But under this bill all those advantages that God put there would be taken away from the people of Florida. Here, Mr. President, is the sharp ax, here is the guillotine blade; and Senators will notice that there is nothing ambiguous or weak or in any way uncertain about the language that is used in this measure.

For instance, paragraph (9) of the pending bill provides that—

No agreement approved by the Commission under this section, and no conference or joint or concerted action pursuant to and in conformity with such agreement as the same may be conditioned by the Commission, shall be deemed to be a contract, combination, conspiracy, or monopoly in restraint of trade or commerce within the meaning of the antitrust laws.

That is the section which covers or includes all the railroads. What do Senators suppose the railroads weigh, anyway? No doubt they weigh billions of tons, with all their engines and cars and equipment, and tracks. But the few words I have just read would lift all the weight of the railroads from under the Government of the United States and place it under this proposed private government of the railroads.

Mr. President, I quote further from the minority views submitted by the Senator from South Carolina and the Senator from New Hampshire, and let me say that the minority views constitute a very fine report:

Thus, not only would combinations of carriers participating in agreements for joint and concerted action be immunized from the antitrust laws but their bankers and financiers, manufacturers of railroad and other carrier equipment, and powerful shippers, taking "joint or concerted action pursuant to and in conformity with" the carriers' agreement, would be immunized from the antitrust laws. By these adroit provisions, effectively eliminating the application of the antitrust laws, financial and powerful shipping interests, acting through rate making and other procedures provided in agreements approved by the Interstate Commerce Commission, could ally themselves with the dominant carriers associations to fix transportation rates and limit transportation services so as to stifle new competitors and perpetuate monopoly.

Mr. President, the Senator from South Carolina knows that is exactly what has been done by the railroads under the monopoly set-up which they are asking the Congress to protect. Under the provisions of the pending bill, the Congress is asked to protect that monopoly set-up from the Supreme Court of the United States and the antitrust laws which have been passed by the Congress of the United States.

Mr. President, earlier today, during the course of my remarks, the distinguished Senator from Montana [Mr. MURRAY] called attention to the growing trend in many industries—a trend which, as I have stated, received a tremendous impetus from the necessities of the past

war—toward monopoly, cartelization, and a denial and a defeat of our private, free, American enterprise system.

On the 9th day of March 1947, the New York Times carried a most interesting story on the front page of its business section. The story is entitled "World Survey, a Challenge to Free Enterprise Here." I ask Senators to note the subtitle. We often refer to our high standard of living, of which we are justly proud and which we seek all the time to make higher, so as to provide more of the comforts and the good things of life for our people. The subtitle of the article to which I have referred is "Highest Standards of Living Found in Countries"—

Mr. President, where do you think the highest standards of living are to be found? Do you think they are to be found in countries where there is monopoly, where there is cartelization, where there is nationalization of industry, where there is socialism, where there is fascism, where there is communism? Oh, no, Mr. President. This is the subtitle of the article: "Highest Standards of Living Found in Countries With Political and Economic Liberty."

That is the battle we wage here today, the battle for political and economic liberty, the battle for the kind of liberty which has made America the mightiest and greatest and most powerful nation on the face of the globe. We wage the battle for economic liberty, which is the very heart and core, the sinew and brain, of the American system and the whole American economy.

This article, written by Mr. Russell Porter, says:

A world-wide trend—

That was the thought of the Senator from Montana a few minutes ago when he propounded a question to me—

A world-wide trend away from free enterprise and toward various forms of socialism and communism was shown in a survey published last week by the New York Times. Two world wars and a world depression have broken down private capitalism virtually everywhere except in the United States and Canada.

It is a significant commentary, as pointed out in several quarters, that the standard of living remains highest in those countries, particularly the United States, where there is the least restriction upon competition, the essential characteristic of free enterprise.

When he uses the word "competition" he is talking about the very competition we are trying to protect, defend, and save by our opposition and our effort to defeat the pending bill.

Mr. Porter proceeds in his article:

On the other hand, living standards have deteriorated steadily in countries where competition has been crushed by State monopolies and the private monopolies—trade associations, cartels, etc., which preceded them. Dictators and intellectuals have replaced the kings, czars, and emperors, but they have not solved the fundamental social problem of the world. That has been done best by the people themselves, in lands where they have had individual liberty to establish their own political and economic freedoms.

This presents a challenge to all Americans. Against such a background, how can we protect ourselves against this nationalization and cartelization of the world? How can we keep our competitive system from being destroyed? How can we avoid slipping into the abyss?

The very abyss into which this bill would push us.

How can we help to pull the rest of the world back?

Mr. Porter proceeds:

Public opinion seems to be crystallizing to the effect that if we are to meet our obligations at home and abroad, we must have another miracle of production like that which overwhelmed the Axis. This requires a revival of wartime teamwork, with everybody working and producing more, and with the Government encouraging and stimulating competition in both the domestic and international fields. Otherwise we shall have a restricted, contracting world economy in which free enterprise will wither and die, instead of the expanding economy needed for peace and prosperity.

Then Mr. Porter adds these words:

The role of the Government is not to intervene on either side, as most Americans see it, but to stand by to encourage cooperation and fair play in the public interest and to prevent either side from using monopolistic practices to restrict production and competition.

If we should pass the pending bill we would be doing the very contrary, the very opposite, to what the needs and compulsions of the hour demand, that is, to protect our people from monopoly, to fortify and safeguard and make even stronger the American free-enterprise system.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point the entire article by Mr. Russell Porter.

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

WORLD SURVEY A CHALLENGE TO FREE ENTERPRISE HERE—HIGHEST STANDARDS OF LIVING FOUND IN COUNTRIES WITH POLITICAL AND ECONOMIC LIBERTY

(By Russell Porter)

A world-wide trend away from free enterprise and toward various forms of socialism and communism was shown in a survey published last week by the New York Times. Two world wars and a world depression have broken down private capitalism virtually everywhere except in the United States and Canada.

It is a significant commentary, as pointed out in several quarters, that the standard of living remains highest in those countries, particularly the United States, where there is the least restriction upon competition, the essential characteristic of free enterprise.

On the other hand, living standards have deteriorated steadily in countries where competition has been crushed by state monopolies and the private monopolies—trade associations, cartels, etc.—which preceded them. Dictators and intellectuals have replaced kings, czars, and emperors, but they have not solved the fundamental social problem of the world. That has been done best by the people themselves in lands where they have had individual liberty to establish their own political and economic freedoms.

This presents a challenge to all Americans. Against such a background, how can we protect ourselves against this nationalization and cartelization of the world? How can we keep our competitive system from being destroyed? How can we avoid slipping into the abyss? How can we help to pull the rest of the world back? How can we meet all the demands upon us for food, money, and credit without allowing our gifts and loans to be used against us to torpedo our system?

Because of these questions, 1947 has become a critical year for America. Another world war or another great depression could be the end of both free enterprise and democracy in a world already headed toward totalitarianism. Therefore, if there is any one answer to such questions, Americans appear to have made up their minds. It consists of maintaining the Nation's economic strength at its highest possible point. From the standpoint of national security, this constitutes our greatest safeguard against attack from the new nationalism, militarism, and imperialism that are developing in the world. It is also our safest insurance against the lowering of our standard of living.

Public opinion seems to be crystallizing to the effect that if we are to meet our obligations at home and abroad, we must have another miracle of production like that which overwhelmed the Axis. This requires a revival of wartime teamwork, with everybody working and producing more, and with the Government encouraging and stimulating competition in both the domestic and international fields. Otherwise we shall have a restrictive, contracting world economy in which free enterprise will wither and die, instead of the expanding economy needed for peace and prosperity.

A special responsibility rests, in the eyes of the public, upon the leaders of American industry and labor. They have the power to save or to wreck the American way of life. Labor-management cooperation means industrial peace, abundance, a chance to prevent another major depression, survival for ourselves, and hope for the world. Class warfare means strikes, chaos, possibly 1929 all over again, and maybe the third world war.

An immediate test of the devotion of both sides to the American way is at hand. This is in the collective-bargaining negotiations soon coming to a head in the mass-production industries. Whether differences are reconciled by discussions around the table in the democratic tradition, or fought out on the picket line in class warfare, may determine the whole course of American and world history.

The test will be one of self-restraint on both sides. For management it will come on prices and profits. It will be a test of the National Association of Manufacturers in its pledge of constructive action in the public interest, and in its case against the Robert Nathan report and price controls. It has said that competition and consumer resistance in a free market would bring down the cost of living. With few exceptions management now concedes that prices are too high, while profits are booming. The question is: What is it going to do about it?

TEST FOR LABOR LEADERS

For labor the test will come on wages and productivity. It will be a test of the sincerity of the top leaders of the American Federation of Labor and the Congress of Industrial Organizations in their professed loyalty to free enterprise. They know that wage increases cannot be granted in all cases without boosting costs and therefore prices, and that lower prices would do the country more good than higher wage rates unless men and machines are allowed to work with greater efficiency. But what will they do about this?

Either side can wreck the economic system by holding out for excessive wages or excessive profits, but both sides must cooperate in order to save it.

The role of the Government is not to intervene on either side, as most Americans see it, but to stand by to encourage cooperation and fair play in the public interest and to prevent either side from using monopolistic practices to restrict production and competition.

A strengthening of the Government's foreign economic policy in order to stimulate the competitive system in world trade is also considered essential. It must be kept alive despite all the efforts of foreign governments,

trade associations, and cartels to kill it here as they have killed or emasculated it in their own countries. Americans do not want a crusade to enforce our system upon the rest of the world, but they are determined to keep it and are ready to share its benefits with others who wish to adopt it.

Mr. HILL. Mr. President, in his article of March 9, Mr. Porter referred to an article which he wrote 6 days previously, under date of March 3, 1947, which appeared on the front page of the New York Times, columns 2 and 3, and which comprised nearly three full pages of the New York Times. The article is cationed: "Future of free enterprise in world found uncertain—Times' survey shows nationalization trend growing outside Western Hemisphere—mixed economy in many lands."

The article proceeds:

Of 22 nations surveyed by correspondents of the New York Times, Canada appears to be the only one—

The only one out of 22 nations—

in which private enterprise can be said to be functioning today with anything like the freedom from government controls that obtains in the United States.

Mr. President, I shall not take the time of the Senate at this juncture to read this article, but I desire to call attention to one or two subheads.

I refer to the article on Britain, a special to the New York Times from London, dated February 27. The article on Britain, one of the 22 countries surveyed, is captioned:

Britain socializing.

That is not news. We know what is happening in Britain; there everything is moving now toward socialization and nationalization.

I read this from the article on Czechoslovakia:

Private industry in Czechoslovakia retains a respectable position, despite an over-all 70-percent nationalization of industrial capacity.

The article on France is from Paris, March 2, written by Harold Callender, a special to the New York Times:

Since the war France has lived under a regime of mixed economy, with huge new doses of socialism.

I read this from the article on Italy, by Mr. Arnaldo Cortesi, dated Rome, March 2:

Nationalization gaining in Italy.

Here is a story from Budapest, Hungary, dated March 1. The story is old, I am sorry to say. It is captioned:

Capitalism lost in Hungary.

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

Mr. HILL. I yield to the Senator from Georgia.

Mr. RUSSELL. We all know, to our sorrow, that not only was capitalism lost in Hungary at the time that article was written, but since then even socialism has been superseded there. The important point to be emphasized in connection with what the Senator is saying is that there is no way ever to reverse any of the trends toward state socialism once they get into full swing. Some country may start out with a political program of nationalization of only two or three industries, but when people are encouraged to take the first step toward socialism, and yet their country embarks upon such a program, even though it has definite limits in its inception, forces are created which it is absolutely impossible to stem at any subsequent time. All private industries and all the individual rights and liberties in that nation must go through the wringer and be eliminated, and men then will be compelled to start again on that tortuous path that preceded the time when King John surrendered to the barons on the plains of Runnymede. Civilization will be set back thousands of years if greedy interests succeed in destroying the antitrust laws and cause a political revolution in the country with state socialism as its goal. We cannot socialize the railroads; we cannot have Government ownership of transportation, without endangering our whole system of free enterprise. As I stated on yesterday, the passage of this bill will generate a demand for governmental intervention, for the American people outside official territory will not forever endure the present unjust and unfair discrimination which handicaps them.

Mr. HILL. The Senator is exactly correct. All history confirms the truth of the statement made by the Senator from Georgia. It must not be forgotten, in connection with what he has just said that if the pending bill were passed, a long step would be taken toward the condition described by him. It would be the greatest step possible toward monopolistic cartelization of the basic industry of America, the railroad industry which is basic because every other industry in the United States depends in some degree on transportation.

Recurring to the survey I was reading and not take too much time on it at this point, it is interesting to note the heading on an article about Spain, which reads:

Spain uses the subtle "I. N. I."

The "I. N. I.," as a reading of the article discloses, is a government corporation, the "National Institute of Industry," which controls the economic and business life of Spain.

There is a special dispatch from Stockholm, under date of February 26, by Peter Hershend, under the heading "Sweden Aims at Socialism."

Senators have heard something about Turkey lately. There is a dispatch from Istanbul, Turkey, under date of March 1, under the caption "Turkey's state capitalism."

I come to the last article. I have skipped a great many. I did not think it necessary to waste time on Russia.

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

Mr. HILL. Yes.

Mr. RUSSELL. I think it might be well to touch upon Russia, in order that the proponents of the pending bill might see the ultimate objective at which we are sure to arrive, if the proponents succeed in enacting the pending bill. I should be pleased if Senators who are here, defending the free enterprise system of America, would let the proponents of the measure understand what will be the full result of the passage of the pending bill.

Mr. HILL. I thank the Senator. I appreciate his suggestion. I think it has much weight.

Mr. McFARLAND. Mr. President, if the Senator is going to touch upon a matter that the proponents of the pending bill should hear, I think there should be a quorum call. There is but one Senator present on the other side of the aisle, possibly two; and there are but five Senators on this side. If the Senator will yield, I shall suggest the absence of a quorum.

Mr. HILL. I yield to the Senator for that purpose.

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

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

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

Aiken	Hawkes	Myers
Ball	Hayden	O'Conor
Barkley	Hill	O'Mahoney
Brewster	Hoey	Pepper
Bricker	Holland	Reed
Bridges	Ives	Revercomb
Buck	Jenner	Robertson, Va.
Bushfield	Johnson, Colo.	Robertson, Wyo.
Butler	Johnston, S. C.	Russell
Byrd	Kem	Saltonstall
Cain	Kilgore	Smith
Capper	Knowland	Sparkman
Chavez	Langer	Stewart
Connally	Lodge	Taft
Cooper	McCarran	Taylor
Cordon	McClellan	Thomas, Okla.
Donnell	McFarland	Tobey
Downey	McGrath	Tydings
Dworshak	McKellar	Umstead
Ecton	McMahon	Vandenberg
Ellender	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	White
Fulbright	Maybank	Wiley
George	Millikin	Williams
Green	Moore	Wilson
Gurney	Morse	Young
Hatch	Murray	

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). Eighty-three Senators having answered to their names, a quorum is present.

Mr. HILL. Mr. President, when the distinguished Senator from Arizona [Mr. McFARLAND] suggested the absence of a quorum I was referring to a survey made by the New York Times of some 22 countries of the world. The results of that survey were published in the New York Times under date of March 3 and March 9. The articles were written by Mr. Russell Porter. The first article to which I refer is captioned "World survey a challenge to free enterprise here," with a subheading, "Highest standards of living found in countries with political and economic liberty." I had not seen fit to comment or to bring to the attention of the Senate the different articles and reports on all 22 of the different countries. I had brought to the attention of the Senate very briefly, largely by use of the headings over the articles, the conditions in a few of the countries.

I had passed over the article or report on Russia. The distinguished Senator from Georgia suggested to me that it might be of interest to know just what the article on Russia relates to, as to private enterprise, monopoly, socialism, nationalization, and cartelization. The

article on Russia was written by that very distinguished writer, Mr. Drew Middleton. It was dated Moscow, March 2, special to the New York Times. I do not know whether the editor was being sarcastic, or whether he had his tongue in his cheek, but it is amusing to note that he headed the article on Russia with these words "Private enterprise in Russia." The article written by Mr. Middleton goes on to say:

Private enterprise does not exist on a large scale in a socialist state such as the Soviet Union, although it is tolerated in a minor way on the fringe of the economy.

All industry here is state-owned. A minor type of private enterprise is the work of war invalids and others who belong to cartels or cooperatives and who do piecework at home or who maintain tiny shops where they do repairing or sell furniture they have made themselves.

Somewhat the same situation exists on collective farms. All collective farmers work in the fields of the farms to which they are assigned and are paid for their work on them. In addition each farmer and his family have a private garden for which they pay a very small yearly rental. In these gardens, which vary in size from a half acre to an acre and a quarter, farmers and their families raise vegetables, usually potatoes, for sale in the markets of town and city.

Payment for such goods is usually used by the farmer to buy extra manufactured goods, often in the same market in which he has sold his food.

Moscow is sprinkled with small one-man watch and clock repair shops that are often assumed to be private enterprises. This assumption is not correct. Such shops are given to invalid soldiers and others by the Government, which also supplies material and pays the worker a fixed rate for his finished product.

As the article brings out, today there is really no private enterprise in Russia. I think the distinguished Senator from Georgia, in suggesting that I read the article on Russia, wanted to point out what we were leading to in this country when we took the first big step toward monopoly, cartelization, and the destruction of American free private enterprise. As the Senator from Georgia has wisely commented, no nation ever started on this road that could stop midway or turn back. It continued on to the end of a socialistic, communistic, or Fascist state, and then perhaps out of the ruin and misery wrought by such a state, the people of that country might start back the long, slow, painful, and tortuous way in an effort once more to establish the worth and dignity of the individual, once more to provide liberty for the individual, and once again to strive to attain some degree of the economic well-being, the relatively high standards of living, and welfare, and the general prosperity, which characterize states which enjoy political and economic freedom, as the United States has enjoyed it.

I shall not consume further time in referring to the survey, but I ask unanimous consent to have the article reporting on the survey printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, the article will be printed as requested.

(See exhibit A.)

Mr. HILL. Mr. President, we now have in existence a system of transportation monopoly and cartelization which the bill seeks to protect, and which it would freeze into the American economy. It is the purpose of the bill that this system of monopoly and cartelization shall be protected, approved, ratified, and made lawful, so that the system will not be stricken down by the Supreme Court of the United States under the antitrust laws.

It is interesting to note what has happened since this system came into being in more recent years. As will be recalled, it had its genesis about 1935. Mr. Wiprud, to whom I have previously referred, and from whom I have quoted to some extent, formerly headed the Transportation Section of the Antitrust Division of the Department of Justice. He there made an earnest study of the subject of transportation monopoly and cartelization under the antitrust laws. In the position he occupied he was the servant of the American people, charged with the duty and responsibility of protecting them in their rights and interests. Mr. Wiprud delivered an address on the 20th of last November before the Metropolitan New York Chapter of the Interstate Commerce Commission Practitioners in New York City. I wish to quote briefly from what he had to say last November about how this monopoly transportation system has worked and is working. He said upon that occasion:

Though the current critical situation in the industry is largely attributable to greatly increased costs of operation that require immediate and forthright treatment by regulatory authorities, the railroad problem, as such, stems first and foremost from past banker domination of the entire railroad industry, which in the case of most railroads still lingers on. It is not necessary for me to relate to this group the sordid history of Morgan and Kuhn-Loeb rule of American railroads, a monopolistic rule which a vigorous application of the antitrust laws decades ago could have nipped in the bud. Think of it, two banking houses with little or no permanent investment in any railroad, ruling the financial destinies of virtually all our railroads, and thereby ruling the destiny of the Nation. Their ruthless exploitations—from the Morgan-created New Haven, Boston & Maine Railroad monopoly, which has cost the stockholders untold millions of dollars, to the financial wrecking of the Chicago, Milwaukee & St. Paul Railway Co. by Kuhn, Loeb & Co.—have touched and blighted the entire industry and every community. All this has been recorded for all to read in the investigations of congressional committees, notably the Pujo, Pecora, and Wheeler committees. This is, indeed, the blackest page in American financial history. Some may say that I am "rattling the dry bones of antiquity." But I say to you, though domination by those banking houses has been weakened, and as to some railroads destroyed, through the recent requirement that railroad bonds must be sold at competitive bidding, a requirement which these bankers fought bitterly, that domination lies at the heart of the United States Government's antitrust suit against J. P. Morgan & Co., Kuhn, Loeb & Co., the western railroads, and others, now pending in the United States district court at Lincoln, Nebr.

The whole public-transportation program of the bankers, these rulers of the railroad empire, is restrictive of development of the industry and the Nation. Their program of restricting trucking operations, suppressing air-freight transport, opposing the building of pipe lines, are all familiar to you. I have only this to add on this count. I believe with that able railroad executive, Ralph Budd, when, in 1925, he warned the organized railroad industry that such a destructive program would bring no increased returns to railroad treasuries. He called attention to the great benefits that had accrued to the railroads from the development of the automobile industry, in increased tonnages and earnings. He urged that instead of using vast sums from railroad treasuries to suppress competitors, the railroads turn to a constructive program of utilizing their funds to improve their plants and equipment and increase their efficiency. Then, he said, they need no longer fear competition.

But these rulers of the railroad industry, and their organizations, would not listen. Planned scarcity and monopoly profits has been and is their public transportation program. In their efforts, and they were stupendous, to suppress other forms of transportation, they neglected the improvement of their own facilities and services. Indeed, the backwardness of railroad technology is notorious. The same manufacturers build the same cars, locomotives, and other equipment year after year, with little change in design, efficiency, and price. The whole technology of railroad signaling and communications is an anachronism. Trainmen still go down the track with lantern and flare to protect trains at emergency stops. Radio and the science of electronics have long been effectively used in other forms of transport, where they have contributed greatly to the safety and efficiency of operation. But their possibilities have until recently made no impression on railroad managers.

Why have these unsound conditions persisted? Can it be that railroad managements are bound by agreements or otherwise to preserve an obsolete technology?

I emphasize the word "agreements," because agreements will be the magic key which will unlock the door and open the way for the railroads to obtain protection from the antitrust laws. Can it be that railroad managements are bound by agreements or otherwise to preserve an obsolete technology?

The evidence is in the affirmative. Monopolistic interests have controlled the manufacture of railroad equipment for their own protection, and they have stifled or seriously delayed the development of efficient and economical equipment by progressive manufacturers. The banker-dominated Pullman Co. used its monopoly of the sleeping-car business to suppress competition in that field. As a result, the public was forced to ride in obsolete sleeping cars, averaging 22 years of age, while the Pullman interests enjoyed monopoly profits. The recently successful antitrust suit against this sleeping-car monopoly may correct this situation so detrimental to the railroads and their patrons.

I say by way of interpolation that if the pending bill had been on the statute books the Government might never have brought the suit to break up the Pullman Car Co.'s monopoly. It is because the railroads know that under the antitrust laws the Supreme Court must break up their monopolies—their stifling and paralyzing monopolies—even as it broke up the monopoly of the Pullman Co., that this bill is here today. The railroads for the past 5 or 6 years have been trying to have such legislation as this passed by the Congress.

But one must wonder how the railroad industry under such conditions expects to hold its passenger traffic against the modern airplane and motorbus operated by vigorous, forward-looking managements.

By the terms of the now-famous western agreement, 35 railroads operating west of the Mississippi River agreed to delay improvements in railroad equipment, curtail new transportation service and suppress proposals to speed up freight and passenger schedules. An agreement of similar tenor was entered into between the New York Central and the Pennsylvania Railroads.

Through such monopolistic controls and collusive practices, the equipment of railroads has become deficient both in quantity and quality.

Can anyone imagine any other industry surviving such destructive practices?

Just think, Mr. President. Walk down F Street today, contrast it with what it was when we first came here 15 or 20 years ago, and note the difference. The store windows are different, the lighting is different, everything is different. The merchants have gone forward and have kept pace with the times; they have seized upon modern technology and made use of it, even to the extent of providing air conditioning as my friend from Montana [Mr. MURRAY], knowing the atmospheric conditions on the outside today, suggests. Why have they done these things? Because they knew that under a free enterprise system they could not survive unless they progressed and improved their facilities. But the railroads have done no such thing. What have they done? They have conspired together to make sure that no one of them would act except in concert with the others so that there would not be such progress and advancement as would afford the American people the benefit of a modern, more up-to-date, more expeditious, and more comfortable service.

I continue reading:

Can anyone imagine any other industry surviving such destructive practices?

I want the Senate to listen to this, please. They are knocking on the door of the United States Senate and coming right into the Chamber.

Nor could many railroads continue operations except for financial aid from the Government through RFC loans. The disastrous effect upon the industry is further attested to by the many recurring railroad bankruptcies, with the investor paying the bill through loss of his investment. The bankers, however, who rule but incur no risk, are not removed.

There is an interesting thing. I am sure the Senator from South Carolina [Mr. JOHNSTON], who was on the committee and who has studied this question, knows to what I am referring.

They, or their nominees, usually become the reorganization managers (for a substantial fee), and the bankrupt railroad invariably emerges burdened with a financial structure similar to the one that forced it into bankruptcy, and a set-up which continues banker rule. A new angle to this old story is the comparatively recent success of the larger insurance companies and savings banks in securing control of numerous reorganized railroads. The working relationship between these insurance companies and the Morgan and Kuhn, Loeb firms has been conclusively shown in a congressional report.

That is the report of the Wheeler committee which was made after former Senator Wheeler and former Senator Truman, now the President of the United States, investigated the matter. They brought out those things.

I have dealt with these conditions in broad outline for time does not permit detailed, case-by-case, discussion. I must move on as rapidly as I can to the role of regulation, the more important antitrust cases now pending in this field, the current program of the organized railroad industry, and, finally, what the future holds for private enterprise in the industry as a whole.

But I do believe, from what has been said, that we are beginning to understand some of the major causes of the railroad problem, and the impelling need of vigorous application of the antitrust laws to transportation companies and their bankers, not only to protect the public interest, but to save the industry for private enterprise.

Mr. President, what does he mean by "save the industry for private enterprise?" Senators know there is just one step beyond private enterprise, and that is Government ownership, operation, and control.

Earlier in my remarks, as may be recalled, I spoke about this trend, and I stated that of 22 leading countries in the world surveyed by the New York Times, only one—Canada—today enjoys private enterprise such as we have it in the United States.

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

Mr. HILL. I yield.

Mr. PEPPER. If I correctly recall, the Canadian Government itself owns one great railroad line which runs to the Pacific coast.

Mr. HILL. The Senator from Florida is correct about that.

Mr. President, in speaking of the modernization of railroads, let me say there is a railroad president named Young. That is rather a good name for him, for he has some young ideas. We may not agree with everything he does or says, but certainly he is young in some of his ideas and some of his thoughts. He has been most insistent in his efforts to induce the railroads to meet modern conditions and has recognized the soundness of the statements I have just quoted from Mr. Wiprud; in other words, that the railroads cannot survive unless they are willing to go forward, take advantage of modern technology, make use of modern equipment, and provide the service which invention makes it so inviting for them to give. I spoke about the fact that people were riding in Pullman cars which were 22 years old. Nearly a year ago—on July 29, 1946—Mr. Young's lines, the Chesapeake & Ohio, carried a large advertisement approximately four columns wide and extending almost the full length of the newspaper page. I hold a copy of that advertisement in my hand. It appeared in the Washington Post, and I am sure it also appeared in many other leading newspapers, periodicals, and other publications throughout the country. The advertisement is headed:

Why must sleeping-car passengers put up with "rolling tenements"?

Mr. President, those are not my words; those words appear in the heading of an advertisement published by the head of a great railroad system; the head of that great railroad system is speaking. He says further in the advertisement:

NINE OUT OF EVERY TEN SLEEPING CARS NOW IN SERVICE BELONG IN MUSEUMS! WHAT CAN BE DONE ABOUT IT?

Anyone who ever takes an overnight train trip owes it to himself to read these facts:

The average age of the 6,800 sleeping cars now in operation is almost 22 years. Nearly 25 percent of them were built before the First World War. (Would you expect a comfortable ride in an automobile built between 1910 and 1915?)

Compared to really modern sleepers, these old cars are as out of date as high button shoes! And to ride in these jittering tenements on wheels—

Mr. President, those are not my words; they are the words of Mr. Young, the president of the Chesapeake & Ohio—

25 to 35 years of age, the traveler pays a premium fare.

Of course, we know that the fare which has to be paid by those who ride in pullman cars is much higher than the fare which is charged for riding in the coaches.

Mr. Young further says in the advertisement:

Is it any wonder railroads are losing business to the airways and the highways?

WHAT'S THE REASON?

Don't think this situation is due to the war. It existed long before the war. Only 900 sleeping cars—a mere 13 percent of those now on the rails—were built in the last 16 years, and less than 9 percent are of modern lightweight design.

With over 6,000 new sleepers needed, only 764 had been ordered as of June 1. These were ordered in small lots of varied design by 25 big railroads for their own use. (More than 30 other roads that operate sleeper service did not have a single sleeping car on order.)

Not only does this piecemeal method of buying mean that the new cars will be ill-fitted for through service; it is one of the principal reasons why they will cost four times as much per pound to build as an automobile.

Mr. President, do you appreciate the economic significance of the last sentence I have read from the advertisement? It is obvious that sleeping cars could be purchased at a much lower price if they were built by mass-production methods.

I read further from the advertisement:

Since last September, the C. & O. has tried in vain to get other railroads to agree on sleepers of standardized designs and to place sufficient orders so that all railroads can gain the economies of mass production.

Our efforts have been given no encouragement. We are tired of waiting and so are the travelers we serve.

In other words, Mr. Young was feeling like some of us who have slept in the old "tenement on wheels" sleeping cars to which he alludes in the advertisement. He further says:

Apparently, the only way the C. & O. can get modern sleepers is to have its own built.

Then he states what they are going to do, as follows:

THE C. & O. REPEATS ITS OFFER

The present situation is plain bad business. People want modern equipment. They have shown themselves eager to travel on the railroads that provide it. Even be-

fore the war, new lightweight streamliners were packed to capacity on routes where their old-fashioned predecessors had traveled half empty.

The demand for travel accommodations has never been greater than it is today. Yet ancient sleeping cars still clutter up the rails while the airways and highways shine with new models. It doesn't make sense.

The need is self-evident for an efficient, new sleeping car operating company which can and will buy modern cars competitively in quantity and service them economically.

Mr. President, it was a year ago that Mr. Young was appealing to the railroads to get rid of these "rolling tenements" and to do something which would benefit the railroads, make it possible for them to meet the competition of the other carriers and methods of transportation, and put them on a sound economic and financial basis. But instead of doing that, instead of meeting the needs, the demands, and the compulsions of the situation, they come to Congress and say, "Let us set up our own private government so that we can do just as we please, and have all the monopoly we want; kill competition; stifle development of different sections of the country; and retard the growth of America's economy and business. Let us run everything to suit ourselves."

Mr. President, Mr. Young is a persistent man, as well as the president of the Chesapeake & Ohio, and he evidently did not give up because he got no response to his advertisement of a year ago. As late as Tuesday, May 27, last, only a few days ago, he inserted some new advertisements in the newspapers, one of which appeared in the Washington Post on the morning of May 27, still carrying on his effort to induce the railroads to modernize, to meet new conditions, to put themselves on a sound financial and economic basis. The advertisement of the 27th of May was a full page advertisement, and Mr. Young made this statement at the beginning:

WHY THE RAILROADS CANNOT AFFORD NOT TO MODERNIZE—A DOLLARS-AND-CENTS EXAMPLE THAT WILL INTEREST TRAVELERS, LABOR, AND INVESTORS

For a long time the C. & O. has been saying that America's railroads must modernize their passenger equipment—or forfeit a great opportunity.

In print and in private, we have lampooned the "rolling tenements" that still pass for sleeping cars. We have stumped for modern streamlined trains to replace tired, creaking old day coaches. And over and over we have stated the conviction that, given attractive equipment, and new comforts and services, the railroads could open the door on a new era of travel.

Think what a marvelous thing it would be if the railroads would do what Mr. Young wants them to do, instead of spending their money to send their lobbyists and lawyers and other representatives to Washington to try to fasten this gigantic monopoly cartel upon the American people, upon American industry, and upon American economic life. Think of the result if they would use the same ingenuity, expend the same number of dollars, employ the same time, and make the same effort to modernize their railroads and make it possible, because of the reduction of rates, which could then, no doubt, be put into effect, for more of our people to travel, to see and understand our country, to travel abroad, for that matter, and thus to enjoy greater educational opportunities. What a challenge, what an opportunity, as Mr. Young declares it to be.

In his advertisement Mr. Young proceeds to say:

As an earnest of that conviction—

That is, the conviction that a great, new era lies ahead for the railroads if they are only willing to lift their eyes and see it—

As an earnest of that conviction C. & O. is replacing every old sleeping car, day coach, and diner on all our main lines, with modern streamlined cars. The orders have all been placed. If every railroad were doing as much, there would now be 21,000 new passenger cars on order instead of a mere 3,000.

If Mr. Young, of the Chesapeake & Ohio, can do it, why cannot the other railroads do it?

His next observation is:

But is it practical?

He proceeds to say:

The stand-patters in industry are still shaking their heads.

They are the doubting Thomases.

And lately more reasonable people have been asking, "How can the large-scale replacement of old trains be practical?"

They point out that several of our largest systems had serious deficits in 1946. And everyone knows that the railroads are caught between rocketing costs and lagging rates. "How," they ask, "can such an industry afford large outlays for new equipment?"

The answer is that the railroads can't afford not to make these outlays, and here is a dollar-and-cents example.

He captions the example:

The investment that is fast returning its cost.

He says:

Last August one of the C. & O. lines, the Pere Marquette, installed two ultra-modern trains on its run between Detroit and Grand Rapids. These new daytime streamliners were the last word in passenger attractiveness.

Since they have been in operation the new trains have carried 86 percent more passengers than old trains carried over the same route during the same period of the previous year—when traffic was still swollen by war emergencies.

Mr. President, that is the initiative of the great free American enterprise system at work. That is the answer. The answer is to make use of our great rail transportation system, not to destroy it, not to turn from it to monopoly, to cartelization, to socialism, to fascism, or some other ism.

Mr. Young continues:

And here is the proof of the pudding: In less than 4 years, at the present rate, the increase in passenger receipts will equal the total cost of the trains.

Modern equipment is not a luxury that only a few fortunate systems, like the C. & O., can afford. Even a bankrupt railroad can borrow money today to buy such equipment at 2 percent interest. Since that is the fact, it is almost incredible that less than 100 new passenger cars have been ordered this year.

"Which way do we go?" is his next subhead.

Where do we go? That is the question.

To investors, the labor brotherhoods and the traveling public, the C. & O. repeats its conviction—that our railroads face one of the most critical choices in their history.

If pessimist thinking, old-line practices, and Toonerville equipment continue to be tolerated, then, regardless of rate relief, further deficits and bankruptcies are certain.

There it is, Senators.

But if, on the other hand, these liabilities—

That is, the Toonerville equipment and the old-line practices—

are replaced by modern ideas and modern trains our railroads can again be a credit to our country. They can also be a bulwark of our national defense, which, as every citizen knows, depends on a flourishing transportation system.

I repeat:

In less than 4 years, at the present rate, the increase in passenger receipts will equal the total cost of the trains.

There is the answer to the railroad problem—modernize, make use of that great boon, the American free enterprise system; do not strike it down; do not undermine it; do not torpedo it; do not kill it. All history proves that, whatever its shortcomings, whatever its failures, it is the best system ever devised by the mind of man. It offers the most, it brings the most in happiness, in good things, in high standards of living, in general welfare of the people.

Mr. President, we have been talking about what has happened under the monopoly cartel system, which the pending bill would now freeze and make permanent, giving protection and granting exemption from antitrust laws. Mr. Wiprud, representing the Department of Justice, testifying on behalf of the Department, as the servant of the people, before the Senate Committee on Interstate Commerce, on the last Bulwinkle bill, H. R. 2536, told of the investigation which he and other attorneys in the Transportation Section of the Antitrust Division of the Department of Justice made before the suit was brought at Lincoln, Nebr. The Department of Justice wanted the facts. It wanted to know just what the situation was; first, as to whether or not antitrust laws were being violated; second, what damage had resulted to the people of the West, and to the economic life and welfare of the Nation because of the action of the railroads of the West as embodied in the western agreement. Mr. Wiprud, before the committee, said:

The Government also established by documentary evidence the Nation-wide activities of the Association of American Railroads in the rate-making field and the control over rates in the western United States by eastern interests under the now notorious western agreement.

It is called the "western agreement," but the purpose of the agreement was not to enable the western railroads to control their own fortunates, not to enable them to work out their own destiny, under their own authority and control; not to aid them to take steps to advance the

growth, the development, and the progress of the great West. On the contrary, the agreement was intended to make more powerful and more complete the control, by eastern bankers and railroad magnates, of the western railroads and the economy of the West. Mr. Wiprud says:

I shall not attempt to go over the facts introduced by the Government under my direction at these hearings.

He had charge of the Government case, as senior counsel, representing all the people of the United States. I have quoted from a good many persons today, but I have not quoted from anybody who was representing a selfish interest, or who was the spokesman for any particular group. I have based my case on the facts furnished by representatives of the people, servants of the people, paid to protect and preserve the rights and the interests of the people. I have not even quoted from a single chamber of commerce. If time permits, I shall have something to say about chambers of commerce, and, in that connection, I shall perhaps refer to lobbyists and lobbying. I think it may fairly be said that many of them "Know not what they do." Down through 2,000 years those words have come ringing in our ears. I think they might well be applied to many who think they favor the pending bill, but who do not know the bill; who do not understand it; who do not appreciate its implications and ramifications, or where the bill would inevitably and inexorably lead us, or the abyss into which it would plunge us.

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

Mr. HILL. Yes; I yield to my friend from Tennessee.

Mr. STEWART. Has the Senator studied the probable effect that the passage of the pending legislation might have on the recent Supreme Court decision upholding the Interstate Commerce Commission in its edict, which directed the adjustment of certain inequities in freight rates between the Southern and Western Territories and the Eastern or Official Territory?

Mr. HILL. I would say to the Senator I cannot state that I have studied the decision in connection with the pending bill as carefully as I should have liked to do, but if the pending bill passes it will be a very positive and definite step in opposition to the very remedy which the action by the Interstate Commerce Commission in that case sought to afford and which I well know the Senator has earnestly advocated for many years.

Mr. STEWART. I fought side by side with the Senator from Alabama in several battles in the years gone by to reach the very point that we thought we had reached the other day, when the Supreme Court decision was rendered. But what I have in mind is whether or not this bill, if passed, might at least be considered to be an implied repeal of that portion of the Transportation Act of 1940 on which the Supreme Court decision of a few days ago in the freight-rate case was based.

Mr. HILL. It might seriously endanger that provision of the Transportation Act.

Mr. Wiprud continues:

The Government's investigation up to that time (1943) established these basic facts:

First, that conference rate making, which had become a common practice in the railroad field, is being adopted in the inland water-carrier field.

Just what I had suggested to my friend, the distinguished senior Senator from Florida, earlier in the afternoon.

Second, that rate bureaus and rate-making conferences in the railroad field and in the motor-carrier field have jointly agreed upon rates which resulted in whole groups of motor carrier rates being gradually forced upward to the full level of railroad rates.

Third, that water-carrier rates through water-carrier rate bureaus are being artificially related to railroad rates.

Fourth, that air express rates were being fixed by the railroads at an arbitrary level over railroad rates.

Fifth, that by this process of private rate making and control, transportation rates have been forced to an artificially high level without regard to the carriers' cost or to the value of the service rendered.

In other words, without any regard to what it costs the carrier to move the freight, or what the value of the freight moved may be, the rates have been artificially raised to a high level.

The conclusion was that the evolution of these private bureaus, associations, and conferences into the present intricate private rate-making machinery for the entire transportation industry is one of impelling public significance. The machinery of the Interstate Commerce Commission—

Mr. President, in view of the question he just asked me, I call the attention of the Senator from Tennessee to this language:

The machinery of the Interstate Commerce Commission for supervising rates is dwarfed in comparison.

That is, in comparison to this private government the railroads have set up. The Association of American Railroads and the western agreement constitute the private government the railroads have set up. Have Senators had time to look at the chart in the hearings showing what this private government is? The chart will be found opposite page 109. There will be found that private railroad government, the Association of American Railroads. We talk a great deal about bureaucracy, about bureaus in Government, but this set-up makes any bureau in government seem, by comparison, to be a cracker. One might as well compare an alley cat to a Bengal tiger as to compare a Government Bureau with the Association of American Railroads. I believe it was Senator Blaine on the Senate floor who used the Bengal tiger as an example. Opposite page 109 Senators will find a picture, a chart, a pattern of that great association. All I can say is, may the Lord help the West and the South if Congress ever passes the pending bill and turns this Bengal tiger loose to raid those two sections of the country.

Mr. Wiprud goes on to say:

It was testified by Government witnesses that adherence to conference rates has been compelled not only by coercive means inherent in rate-bureau and rate-association machinery but also (and this applied particularly to motor carriers) by flagrantly coercive practices such as refusal to interchange traffic with nonconforming carriers, boycotts, intimidation, fomenting of strikes, and the like. By such means, individual rate making is successfully eliminated and transportation rates artificially fixed and maintained. And, finally, as to the bill, S. 942, I testified for the Department of Justice, as follows:

"At this time, we—

Meaning the Department of Justice—

"can only state that this bill, S. 942, or any bill similarly designed to legalize rate-making conferences, would vest in the transportation industry a power greater than that ever heretofore delegated by the Congress to any industry. It has been said that these private rate-making conferences exercise power coextensive with that of the Interstate Commerce Commission; but, as we have seen"—

I call attention of the Senator from Tennessee to this language, in view of his deep interest in this matter and his great work in behalf of the removal of freight rate discriminations—

"they have in fact even greater power, for they determine, with few exceptions, what rates for public transportation shall, or shall not, be filed with the Commission and thus become the 'lawful' rates. And of the rates so determined and filed, the Commission reviews about 1 percent. Clearly such extraordinary powers should not be lightly given. The assertion that the shippers are able to police the results of this private rate-making machinery fails to carry conviction, in view of the record and of the widespread and continuing complaints of private shippers and public officials of excessive and discriminatory transportation charges."

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

Mr. HILL. I yield.

Mr. STEWART. The Senator has directed my attention to the language he has just read. What the Senator means to emphasize is that in the end the railroads themselves make the rates.

Mr. HILL. Surely they make the rates. Of course, they do.

Mr. STEWART. The process by which that is done is one of the so-called secrets. It is one of these very difficult problems which only the railroads can solve. Oftentimes when those interested in the subject discuss rate making and discriminatory rates affecting the South and the West, as we have done many times, we are told, "Well, that is a very, very difficult problem. It is one that should be left to the experts." One must be an expert in order to understand how freight rates are made. One almost has to be an expert in order to make them. So many experts have been connected with rate making that throughout the years one section of the country has been built up to a high state of industrial development, and it has become so powerful that it is difficult to deal with. Of course, I am not an expert rate maker; my knowledge is comparatively smattering and fragmentary; but I have been given to understand that it has long since become a custom—whether justified by law, frankly I do not know, because there have been opinions both ways—for a railroad, when it desires to make a tariff or rate between Butte, Mont., for example, and Montgomery, Ala., on shoes, overalls, shirts, women's dresses, or some manufactured product made in either

one of the cities, to file the rate with the Interstate Commerce Commission, and if no one objects to it in a certain period of time, perhaps 30 days, it then becomes a fixed rate, and that must be paid by shippers. Does not the Senator from Alabama understand that to be substantially correct?

Mr. HILL. The Senator from Tennessee is correct.

Mr. STEWART. Who could know when the rate was applied for? Perhaps it would be tacked on a little board in a remote room in one of the larger Government buildings in the city of Washington, in close proximity to where the Interstate Commerce Commission held its meetings. So the notice would be so meager as not to be sufficient to those who might be affected.

To digress for a moment, to show what an absurd thing has happened as a result of the creation of the Interstate Commerce Commission, I remember reading a few years ago a portion of the debate on the floor of the Senate when the Interstate Commerce Commission was being created. Senator Cullom, of Illinois, in his zeal and enthusiasm for the establishment of the Interstate Commerce Commission and the passage of the act creating it, said:

> This will become the poor man's court. The shipper will be protected if this Commission is created.

Many times I have thought what a distance we have come since Senator Cullum, of Illinois, expressed what was undoubtedly his honest opinion. He believed that it would become a poor man's court for the protection of small shippers and others. We have reached the point where the railroads have practically dominated the Commission. As I understand, the Commission is helpless to change a rate unless someone objects to it. Who knows about it?

I did not mean to take so much of the Senator's time.

Mr. HILL. Mr. President, as I stated in the beginning, no one has been more diligent or persistent in his efforts to remove these unfair and unjust discriminations against the great western section of our country, as well as the South, than has the distinguished Senator from Tennessee. He has studied this question. He has worked on it. He has been most diligent in his efforts to fight this battle, and I am delighted to have him here today, to interrupt me and make any observation he may see fit to make.

Mr. STEWART. I appreciate the Senator's very courteous remarks. I can return the compliment ten-fold. I know of the Senator's work in this same field. I recall the work which he did in 1939 and 1940 as chairman of a subcommittee of the Committee on Interstate Commerce in effecting the passage of the so-called Transportation Act of 1940. The Senator will recall that after laboring many months the House passed one version of the bill and the Senate another. We almost gave up hope in the closing weeks of the session, when the conference committee finally got together and ironed out the differences, and incidentally did a little legislating of its own. I remember the fine work which the Senator from Alabama did on that occasion. If it had not been for the passage of the act of 1940, and the insertion of words prohibiting discrimination against any region, territory, or zone, the victory which was won in the Supreme Court the other day would not have been possible. In years gone by the lack of that single provision was responsible for the refusal to correct a discriminatory condition. It must be said to the credit of the Senator from Alabama that he is more responsible for that provision than anyone else.

Mr. JOHNSTON of South Carolina. Mr. President——

Mr. STEWART. Just a moment before the Senator from South Carolina interposes.

I was not a member of the subcommittee, but I attended the hearings rather regularly. Hearings were held until everyone was pretty well worn down at the heels. They had been going on for 2 or 3 months, almost daily. Finally a group from Arkansas came forward to testify, and a very excellent witness, whose name I thought I had on the tip of my tongue when I started to relate this incident, appeared with a large map of the United States on a cardboard 3 or 4 feet square. On it was the picture of a cow with her head in Arkansas, grazing, and she was being milked in New York. That put new life into the committee. That single incident created considerable newspaper comment, and we took a fresh start after the milking cartoon was exhibited.

Before I take my seat, I call attention to the fact that the Interstate Commerce Commission has not functioned as a poor man's court, as was hoped by Senator Cullum, of Illinois, during the debates. Perhaps we have been responsible. Perhaps we have been derelict in our duty toward that body, by not giving it the power it should have.

During a period of 3 or 4 years I was chairman of the transportation subcommittee of the Small Business Committee of the Senate, of which the distinguished Senator from Montana [Mr. MURRAY] was chairman. Other Senators, including the Senator from Florida [Mr. PEPPER] were members of the subcommittee. The Senator from Montana appointed me to the chairmanship of the transportation subcommittee. We went into the freight-rate question. We procured the advice and assistance of experts. Last year, before the committee folded up, in about September of 1946, we filed a report which is Senate subcommittee print No. 14. I distributed copies of that report among Members of both Houses of Congress.

Among other things recommended in that report, I invite the attention of the Senator from Alabama to the following recommendation:

> That an Office of Public Transportation Counsel be created in the Department of Justice, with the duty of presenting, under the direction and with the assistance of the Federal Transportation Authority—

Which was also recommended—

> representing the general public interest in appropriate proceedings before agencies regulating transportation and the courts, matters pertinent to the effectuation of a national transportation policy.

The purpose was to aid small shippers who are absolutely unrepresented in all these matters. In the past the situation has been most pathetic. Sometimes I feel that the Congress of the United States should hang its head in shame because of the fact that we have overlooked our duty of protecting small business interests and small shippers.

I thank the Senator from Alabama for permitting this interruption.

Mr. HILL. I thank the Senator from Tennessee for his splendid and timely contribution. He speaks of the recommendation of his committee for an Office of Public Transportation Counsel representing the public interest. According to my information many State commissions have such a counsel to represent the people. Oftentimes when we attend a hearing to witness the presentation of some case, the railroads, water carriers, and motor carriers have their counsel there. Every selfish interest has a representative, but there is no one there to represent the people.

The Senator suggests that we have a counsel whose duty and business shall be to represent the people in these matters. But instead of having before us a bill to provide such a counsel, we have before us a bill to take from the Attorney General his right to go into court and ask for our protection under the antitrust laws. We have a bill which would reduce the Attorney General and the Department of Justice to the status of an ordinary complainant before the Interstate Commerce Commission. The bill moves entirely in the opposite direction from the recommendation of the distinguished Senator from Tennessee.

Referring to the rules and regulations under the present-day monopoly system of the Association of American Railroads, let me say that among other rules and regulations the Association of American Railroads promulgated a resolution dated May 17, 1935, which was in the early days of the association. That resolution provided that no rail carrier should ask the Interstate Commerce Commission to suspend rates of another rail carrier until representatives of both parties had first conferred with representatives of the Association of American Railroads, and that where one group of lines knew of contemplated publication of rates of another group believed to be harmful to it there must be a conference with the representatives of the Association of American Railroads in advance of filing such tariffs. The tariffs are the requests for new rates to be put into being. As a result of the means and methods adopted to effectuate the unlawful purpose of this combination in violation of the antitrust laws, a private government has been established by the railroad industry. The words "private government," which I use now and have used frequently in my speech today, are based on written statements of those who acted in creating the Association of American Railroads—an organization, a process of administration, a system of police all unknown to our laws, which has been endowed with the power of self-regulation comparable with the United States Government itself.

Every important carrier as a practical matter must have membership in the Association of American Railroads. Every member of the association as a

condition of membership agrees to submit to control by the association, and in all its rates and other activities conform to the procedures and to employ the bureaus and associations established by concerted action under the Association of American Railroads.

To obtain and maintain its membership, an individual railroad must, in respect to all that has to do with rate making and services, surrender its liberty of individual action. Mr. Pelley, of the Association of American Railroads, in effect has admitted this much. A railroad thus surrenders to the government of the industry practically all the privileges in respect to the initiation and revision of its rates and other matters and all the privileges in respect to protesting to the Commission against rates proposed by other carriers, which privileges are accorded to the railroads by the Interstate Commerce Act. A railroad surrenders the privileges accorded to it by the law of the land. It surrenders even the right to complain to the Interstate Commerce Commission against the rates of other carriers and against the veto imposed on its proposals somewhere in the hierarchy to which I referred a short time ago—this superduper bureaucracy in the government of the railroads.

The Bangor & Aroostook Railroad and the Wheeling & Lake Erie Railroad tried to join the Association of American Railroads with a reservation of the right to act independently of the association in rate matters. Their membership was not accepted on such a basis.

It is thus through a private rate-making policy and rate-making process unknown to the law that a decision is made as to what rates are to be filed and what are to be withheld from the official regulatory authorities. Such a concert of action constituting an unlawful conspiracy in restraint of trade interferes with and disrupts the regulatory scheme established by Congress. Such conspiracy restrains, prevents, and hinders the initiation and maintenance of rates, services, and facilities which are just and reasonable and leaves the interests of the States and the people of the States without the protection the law was designed to afford them. The railroads, in creating and employing this process of rate and policy determination, violated the antitrust laws and flouted the procedures provided in the Interstate Commerce Act. Rate bureaus were not so arranged and were not intended to be so arranged as to give economic power into the hands of the carriers of any one territory—that is, the eastern territory—and to accord a relative advantage to the shippers and the economic interests of the eastern, or official, territory, and to discriminate against the West and the South, their ports and their people.

Rate bureaus were intended to be so arranged as not to be used to impair the power of individual carriers or of connecting carriers acting independently and in competition to propose single or joint rates to the Interstate Commerce Commission and to protest to the Commission against rates proposed by other carriers which would deny to some of the States and to their people the use of due process established by law through which their interests were to be served and protected in the making of rates.

Documents of record in connection with the Bulwinkle bill show that the railroads wilfully and with full knowledge of the consequences of their acts organized and utilized a system of rate making and private government by which power over rates and other matters was lodged with conspirators, and rates and policies fixed by them were intended to serve and did serve the paramount interest of the eastern, or official, territory, to the injury and detriment of the West, the South, and other sections of the Nation.

For instance, documents in the hearings on the Bulwinkle bill show that any controversy arising out of the failure to adjust to the satisfaction of the carriers in official, or eastern, territory any rate dispute affecting the carriage of freight between the South and the North or between the West and the East, or official territory, may be referred to the Joint Conference of Contact Committees.

In this conference there are seven votes, one of which is controlled by the railroads operating in southern territory, four of which are controlled by railroads operating in northern, eastern, or official, territory, and two of which are controlled by railroads operating in western territory.

In this conference the eastern territory has absolute power to coerce decisions affecting freight rates to, from, and within the States of the West and the South in whatever fashion the conspirators determine.

The plans of the underlying bureaus, organizations, and the Association of American Railroads taken together further provide for an appeal to the Association of American Railroads in the event that some one or more of the interested carriers should desire to take such a course.

What about this appeal? Here, again, the voting privileges are so distributed that the South is completely dominated by the carriers in eastern, or official, territory. The articles of the Association of American Railroads provide that a majority vote of the board of directors is required for decision. Any member of the board, however, may declare a question controversial, in which case a vote of three-fourths of the board is necessary for a decision. Of 18 votes on the board of directors only 4—less than one-fourth—are controlled by the South, although the rate or other question may be applicable within the South alone. It may be a rate that is applicable only in the South, not applicable at all in the eastern territory. Nevertheless, the eastern territory officials control that rate and, under this monopoly set-up, have within their own hands, the power to control it.

Mr. RUSSELL. The same thing is true with respect to the West.

Mr. HILL. Yes, Mr. President; I am delighted that the Senator from Georgia has made that point, because earlier in my remarks I stated that the same thing is true with respect to the West, except, as I shall show in a few moments, they have been a little more merciful, shall I say, to the South than they have been to the West in the matter of freight rates. In regard to freight rates they have stifled and strangled and choked the West to an even greater and more outrageous degree than they have the South, badly and outrageously as they have treated the South.

Mr. President, let me give an illustration of what the result is. Congress has said in effect that the rates should be calculated or worked out in such fashion as to preserve the inherent advantages of water transportation. That specific provision was written into the law by Congress in 1940, when the Congress put the water carriers under the control of the Interstate Commerce Commission. There is now in the Supreme Court a case which previously has been on appeal; and in that case it is shown with respect to two carloads of grain which went to Chicago from the West, one by rail and one by inland waterway, the two carloads subsequently leaving Chicago on the same train, going to New York by rail, that the charges on the carload which came to Chicago by barge were higher than the charges on the car which came to Chicago from the West by rail, in fact, just enough higher to cancel the advantage which the western farmer would have received from the low rate for transportation by water into Chicago from the western farm. In other words the private government of these railroads took the few cents of benefit flowing from the cheap water transportation on each hundredweight of grain from the pocket of the western farmer and gave it, not to the western railroad which had lost the business to the western inland waterways, but to the dominant railroads in the highly industrialized East. The western farmer received no benefit from the cheaper waterway transportation. He did not get any of that benefit, because by the time his grain arrived at New York, the transportation charges were just as much on his grain, although he had used the cheaper waterway transportation, as they were on the grain that had gone all the way by the higher-cost railroad.

Mr. PEPPER. And that was so, despite the fact that the farmer helped to pay for the waterway.

Mr. HILL. Yes; as the distinguished Senator from Florida has suggested, the farmer helped to pay, out of his own pocket, for the waterway. Nevertheless, after he helped to pay for it, he was denied any benefit from it, and not even the western railroad received the benefit, because the benefit went to the large eastern railroads. Yet we are asked to give our blessings to and to approve and ratify and to become a party to that sort of thing.

Mr. President, I note that the hour grows late. I could continue indefinitely. The Senate will not be surprised to know the results of this system and what it has done.

Let me refer to the Georgia case now pending in the Supreme Court. As I commented in my remarks in the Senate yesterday—and I do not want Senators to forget this point—the men who framed our Constitution, whom we like to think of and pay tribute to, because they deserve tribute, were so much interested in the right of the sovereign States to defend the rights and protect the welfare of their people that they accorded to the

States the right to take cases directly into the Supreme Court. They provided that sovereign States would not have to go into a district court or into a circuit court of appeals or into some other lower court; they were so concerned about the right of the States to protect their people and they were so anxious and eager to strengthen and to fortify that right of the States that in the Constitution of the United States they provided that the States could go directly into the Supreme Court of the United States to protect those rights.

That is exactly what the State of Georgia did. Here is what the record in that case shows in regard to what Georgia and other Southern States have suffered under this monopoly, cartelized, private government of the railroads, owned and controlled by Wall Street bankers and the railroad magnates of the East. At page 548 of the hearings on the Bulwinkle bill before the Senate Committee on Interstate and Foreign Commerce, we find a table captioned "II. Comparison of first-class rate scales within eastern (official) territory and within southern territory—intraterritorial rates—rates stated in cents per 100 pounds."

Mr. President, from the table it appears that to transport 100 pounds by railroad for a distance of 50 miles the cost in the northern and in the eastern sections of the country is 47 cents; in southern territory the cost is 57 cents. In other words, the percentage of the southern rate to the eastern rate is 121.3 percent.

We also find that to transport 100 pounds a distance of a thousand miles cost $1.82 under the eastern rate, and cost $2.49 under the southern rate, or a percentage of the southern rate as compared to the eastern rate of 136.8.

I shall not read all of the table, but at this time I ask unanimous consent to have it printed at this point in the RECORD.

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

II. COMPARISON OF FIRST-CLASS RATE SCALES WITHIN EASTERN (OFFICIAL) TERRITORY AND WITHIN SOUTHERN TERRITORY

Intraterritorial rates

[Rates stated in cents per 100 pounds]

Distance	Eastern scale rate	Southern scale	
		Rate	Percentage of eastern
50 miles	47	57	121.3
100 miles	62	79	127.4
150 miles	73	96	131.5
200 miles	80	112	140.0
300 miles	96	134	139.6
400 miles	109	156	143.1
500 miles	122	173	141.8
600 miles	135	189	140.0
700 miles	149	206	138.3
800 miles	160	222	138.8
900 miles	171	235	137.4
1,000 miles	182	249	136.8
Average			137.7

On a movement of 800 miles within official territory, the table above shows that a rate of $1.60 per 100 pounds applies on first-class traffic, while for the same distance in southern territory, the rate is $2.22. If the 800 miles are divided, 600 in official and 200 in southern, the rate is $2, or 40 cents higher than the normal official rate and 22 cents lower than the all-southern.

Mr. HILL. Mr. President, on the same page of the hearings we find a table with the following heading: "III. Interterritorial rate comparison—Interterritorial rates—Rates stated in cents per 100 pounds."

From that table it appears that from Atlanta, Ga., to Elmira, N. Y., a distance of 931 miles, the first-class rate was $2.35, whereas from Chicago, Ill., to Worcester, Mass., a distance of 933 miles—2 miles farther—the rate was not $2.35 but only $1.69. In other words, the disadvantage of the southern territory as compared with the official, or eastern, territory was 66 cents, or 39 percent.

Mr. President, I ask unanimous consent that that table may be printed at this point in the RECORD.

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

III. INTERTERRITORIAL RATE COMPARISON

Interterritorial rates

[Rates stated in cents per 100 pounds]

From—	To—	Miles	First-class rates	Disadvantage of southern territory compared with official	
				In cents	In percent
Atlanta, Ga.	Elmira, N. Y.	931	235		
Chicago, Ill.	Worcester, Mass.	933	169	66	[1] 39

[1] Source: Tariffs on file with the Interstate Commerce Commission, effective in 1941 and at present.

Mr. HILL. Mr. President, a few minutes ago I stated that, badly and outrageously as the South has been treated by this monoply cartel and this private government of the railroads, operating in violation and in defiance of the antitrust laws of the United States, yet the West has been treated even worse and even more outrageously. I turn to a little volume entitled "Justice in Transportation," written by Arne C. Wiprud, special assistant to the Attorney General in the Antitrust Division of the Department of Justice.

Before I speak of the bill particularly, I wish to read just a brief quotation from Mr. Wiprud which sums up the result of these unfair and unjust rate discriminations under this evil thing, this monopoly, cartel, private government. I read from page 71:

The colonial system in our national economy—whereby the West and the South produce basic raw materials and do little manufacturing, and the East emphasizes the production of high-unit-value manufactures—condemns the country to an unbalanced economy and a lower level of income than would result from the full use of all productive resources. The concentration of manufacture in the North and East is the most obvious characteristic of our economy. More than half of the population of the country is located in eastern territory, where 65 percent of the national income is produced. The resources of the South and West are largely undeveloped. Although these two regions embrace five-sixths of the country's area, they produce only 35 percent of the national income.

He proceeds then to speak about the disparity in per capita income, and says:

Whatever the historic origins of this colonial economy, it is now clear that its perpetuation is preeminently the result of freight-rate handicaps and that a balanced development of regional economies within a national economy demands a thoroughgoing reorganization of the entire freight rate-structure.

What are the territorial differences in freight rates? On the average, goods subject to class rates, so important to industrial developments, must pay rates 37 percent higher in the South than for a comparable service in the East, and in the West these rates are 46 to 71 percent higher than in the East. The differences in rate-making territories of the West as compared with the East are as follows:

Class rates on the average are 46 percent higher in western trunk line territory than in eastern territory; 61 percent higher in southwestern territory—

That is Arizona and Texas, as I recall—

and 71 percent higher in mountain-Pacific territory.

And this condition exists despite the fact that the unit cost of railroad operation is approximately the same in the South and in the East and only a little higher in the West than in the East.

In other words, the cost of operation, the cost of service, does not in any way warrant or give any excuse for these outrageous discriminations in the matter of freight rates.

Mr. President, there are many features of the bill which time will not permit me to discuss now. One feature I had desired to discuss—and I hope the distinguished senior Senator from Montana [Mr. MURRAY] will cover it in his address tomorrow, since I do not find the time to do it this afternoon—is the matter of terminal delays under the monopoly bill. A manufacturer in Montana sought to establish a plant for the manufacture of furniture, and tried for a year and a half to get a rate on moving the furniture toward the East. At the end of the year and a half nothing had been done. I hope the Senator from Montana will go into that tomorrow. I shall not discuss it further. There are many matters of that kind which should be brought out in this debate.

Mr. MURRAY. That is the case of the Yellowstone Cabinet Co., of Billings, Mont.

Mr. HILL. Yes. There are many cases of that kind, cases dealing with lumber, cases dealing with turpentine and other naval-stores products, cases dealing with many different products.

Mr. MURRAY. Including wheat and flour.

Mr. HILL. The Senator from Montana suggests cases dealing with wheat and flour. There are many of those cases which should be covered in the debate, in order that Senators may know what is happening under the railroad monopoly, this cartelization, in order that they may know what the effects of the monopoly are.

I had hoped to address myself to the question of who is for this bill. The Senator from Kansas [Mr. REED] put into the RECORD on Monday, I believe it was, a list of a number of organizations. Does the Senator from Montana recall how many there were, or can the Senator from Kansas advise me as to the number?

Mr. REED. The number of organizations?

Mr. HILL. Yes.

Mr. REED. Nine hundred and fifty-six.

Mr. HILL. I wish I had the time to discuss the list; but I shall make this suggestion: There used to be a famous engine known as No. 97. I suppose every railroad in the country, if this bill passes, will have one of its engines numbered 956.

Mr. REED. Mr. President——

Mr. HILL. If the Senator wants me to go into that, I shall be glad to do so.

Mr. REED. I am not anxious to have the Senator do so.

Mr. HILL. If the Senator wants me to yield, I shall be glad to do so, but I was seeking to come to a conclusion of my remarks.

I should like to discuss these organizations somewhat, but, as I have said, time does not permit. Senators might turn to the hearings on H. R. 2536, particularly to the testimony of Gov. Ellis Arnall of Georgia, beginning at page 417, where he very kindly and wisely reviewed for the committee some of the facts, some of the exposures which had been made before other Senate committees regarding lobbying, the pressures which had been exerted, and the efforts which had been made. Many things he told as to the financial contributions of the railroads to chambers of commerce, which really indicated that at least some of the chambers of commerce, when they endorsed the bill, were endorsing this good fairy godfather who had dropped gold into their treasury.

I shall not have time to go into that. If the debate proceeds at some length, I may take a day to do so. It would take a day to cover that subject, and probably a night, or perhaps the whole night.

At this time I wish to call attention to a survey made by an organization known as Home Town Opinions, Atlanta, Ga.-Washington, D. C., from area headquarters.

They made a poll among independent businessmen on the question of the pending bill. That poll showed that independent businessmen voted 46 percent in favor of the bill, 54 percent against the bill. That was for the Nation as a whole. In my State of Alabama the result was 44 percent for, 56 percent against. I am sure, however, that the businessmen who voted for the bill, if they had time to study it—we realize very well they did not have the time—if they had had an opportunity to go into the merits of the bill, to realize its effects, its meaning, its results, and what it contemplates; to know what would be done by the monopoly cartel which it would freeze into our economic life and into our American way of life, in my opinion there would not have been many of them who would have supported the bill. The fact is, I have had communications from businessmen asking me to support the bill. When I have, in reply, advised them what would be the effect of the passage of the bill, they have written again saying, "I want to ask you to oppose the bill; do not let the bill pass."

Mr. President, on page 401 of the hearings before the Committee on Interstate Commerce on H. R. 2536, there is a letter from the Western Growers' Association, and there are other letters, which show that certain Senators in the beginning looked on the bill with a certain degree of favor. When they began to study it and to see what it would do and what it would mean, they soon found themselves strongly opposing it. It is impossible for me to think that the bill can or will ever become a law. It is difficult to think that Congress would pass such a bill. If Congress should pass the bill, fortunately for the people of the United States there is in the White House at the present time a man who knows this subject. He spent many months as a Member of the Senate, and, more than that, as a member of the Senate Committee on Interstate Commerce, studying the subject. He and the then distinguished chairman of the Senate Committee on Interstate Commerce, former Senator Wheeler, of Montana, spent many days, many months, long periods of time, studying the subject, exposing practices and procedures of the railroads under the monopoly-cartelized system, exposing the evils and the dangers to our economy and to our country, under this system.

The present President of the United States, while a Member of this body, after concluding his studies, characterized the so-called system under the Association of American Railroads as "cartel monopolies." I quote the words, "cartel monopolies." They are the words of the present President of the United States.

He went on to say:

> Even if we limit this number to the present number of class I railroads—137—still we would be freezing the status quo and departing from a fundamental American freedom, the freedom of opportunity.

He added:

> I believe that the proposal is fundamentally based upon the concept that a permanent level or pattern of transpotration has been achieved, and it is now simply a question of organizing its structure and distributing its fruits.

Those were the words of the present President of the United States. Commenting on those words, the author of the book had this to say:

> The railroad program seeks to protect the railroads' investments, regardless of the economic cost to the Nation. It is being advocated in the name of "free enterprise" and under the slogan "preserve the enterprise system," but there is no freedom and there is no enterprise in it. * * *
>
> And as a final bow to competition, the sponsors of the plan conclude that there shall be no competition in rates and charges but only in services.

But I have given Senators the words of the President of the United States. He has not forgotten what he learned while he was a Member of the Senate. He has not forgotten the effects of the railroad monopoly. He has not forgotten the evils and the ills of that monopoly, its harm to the country, its dangers to the American free-enterprise system.

In Mexico, on March 4, 1947, no doubt remembering these things, he uttered these words:

> There is one thing that Americans value even more than peace. It is freedom—freedom of worship, freedom of speech, and freedom of enterprise. It must be true that the first two of these freedoms are related to the third.

That, of course, Senators, is freedom of enterprise.

> For, throughout history, freedom of worship and freedom of speech have been most frequently enjoyed in those societies that have accorded a considerable measure of freedom to individual enterprise. Freedom has flourished where power has been dispersed. It has languished where power has been too highly centralized. So our devotion to freedom of enterprise, in the United States, has deeper roots than a desire to protect the profits of ownership. It is part and parcel of what we call American.

And so, Mr. President, we who stand here today in opposition to the pending bill are fighting the battle for America as we know it, for the American free-enterprise system, for the freedoms of America, freedom of speech, freedom of worship, freedom of enterprise. We fight the battle that we may maintain freedom, that we may preserve our American democracy.

EXHIBIT A

[From the New York Times of March 3, 1947]

FUTURE OF FREE ENTERPRISE IN WORLD FOUND UNCERTAIN—TIMES' SURVEY SHOWS NATIONALIZATION TREND GROWING OUTSIDE WESTERN HEMISPHERE—MIXED ECONOMY IN MANY LANDS

(By Russell Porter)

Of 22 nations surveyed by correspondents of the New York Times, Canada appears to be the only one in which private enterprise can be said to be functioning today with anything like the freedom from government controls that obtains in the United States.

The prospects for the survival of the competitive free enterprise system outside the Western Hemisphere seem covered with uncertainty in view of the growth of nationalization under various forms of socialism and communism.

The tendency is apparently toward moderate exercise of government controls in Britain, the western areas of the continent, and the Pacific, and toward extreme application of government control in the Soviet Union and its satellites in eastern Europe.

Since the end of the war, Canadian business and industry have been restored to virtually their prewar condition, without fundamental changes; price controls have been removed from everything but food and rent.

Britain's nationalization program is planned to leave 90 percent of the economic system in private hands, but hedged about with government restrictions, especially on the use of raw materials and credits and the right to hire and fire.

France has had a mixed economy since the end of the war. Nationalization is written into the new constitution, but the Govern-

ment is going slow on the elimination of free enterprise.

The trend is away from private enterprise toward some form of state control in Italy. The Spanish Government's declared policy is to encourage private enterprise, but the tendency for 8 years has been increasingly toward controls.

Sweden is following a program of slow but sure absorption of the bulk of big business and industry despite strong opposition from bankers, industrialists, and the cooperative movement. Private enterprise is still active in Belgium, but there are many Government restrictions. Holland has more and stricter restrictions.

The situation in Germany is in a state of flux because of the occupation, the lack of economic unification and the nation's uncertain future.

In Russia private enterprise is, of course, outlawed except for some unimportant activities on the fringe of the totalitarian economy. It is reported to be on the way out in Hungary. In Poland, it has recently been emphasized that limited private industries are officially welcome, but whether this toleration is a stopgap until the nationalization of basic industries is made to work satisfactorily is not clear.

For the time being, private enterprise retains considerable position in Czechoslovakia, although industry is 70 percent nationalized, but the Communist-headed Government is opposed to indefinite continuation of the present mixed system.

Although nationalization laws went into effect in Austria last September, the prospects seem better there for the survival of private enterprise than in the rest of southeastern Europe.

In the Balkan countries of the Russian sphere—Rumania, Bulgaria, Yugoslavia, and Albania—industry is being completely nationalized; private enterprise is fighting a losing battle there.

Greek businessmen hope for a revival of private enterprise when the country becomes more settled.

The Australian Labor Government owns and controls many major industries. Since the end of the war political pressures have been growing for more socialization.

In Japan the Government opposes nationalization but is increasing controls over production. Although private enterprise there is in a shaky condition, it is expected to survive during the occupation.

Rival Trends in Australia

(By Roy L. Curthoys)

Melbourne, Australia, February 25.—Two conflicting trends are manifest in Australia's economy.

One is the strengthening of the capitalist structure by the elimination of weaker groups or units and the consolidation of stronger groups by mergers. The other is the growth of political pressure from the Labor Party for socialization.

In industries like coal, steel, shipping, textiles, food processing, wool, insurance and banking, the tendency in recent years has been toward fewer but bigger corporations. There have also been many amalgamations of enterprise in tobacco, chemicals, cement, glass, rubber manufacture, and breweries, with a general interlocking of widely different industries.

Example of business growth

The Broken Hill Proprietary Co., Ltd., has grown from a modest silver and lead mining enterprise into a vast iron and steel concern reaching out through the whole Australian economic structure. It controls 23 major coal mines and went into shipbuilding during the war. Large international corporations like Imperial Chemical Industries, General Motors, Ford Motor Co., Standard Oil and Royal Dutch Shell are now among Australia's biggest profit-makers.

The result of this development has undoubtedly been to strengthen the capitalist structure generally. An economic system under which public companies earn an average profit of 6 percent on the funds employed and the annual earnings of private and public companies rose by $160,000,000 between 1939 and 1946 can hardly be said to be in jeopardy.

Alongside the trend toward the consolidation of capital, however, Labor politicians have insistently demanded political action toward socialization. The Labor Party, at present controlling the Commonwealth Government and five of the six state governments, has as one of its main objectives the socialization of the means of production, distribution, and exchange.

Labor's demands grow

Since the war the demand for socialization has grown insistently, although the application of this policy is very far from the stage attained in Britain. However, in housing, aviation, banking, insurance, railways, electrical undertakings and shipbuilding government control or ownership is considerable and likely to grow as a result of political pressure. As left-wing influences gain in the industrial wing of the Labor Party, the demand that Labor Government carry out the party's platform on finance, commerce, and industry is certain to increase.

When the Commonwealth Government failed recently to gain exclusive control of interstate civil aviation because airline companies successfully appealed to the high court against the constitutionality of legislation purporting to give the Government a monopoly, pressure from the rank and file of the Labor Party caused the government to establish a rival airline that is now in daily competition against private companies.

Moderate political labor leaders declare this an ideal process of stabilization—healthy competition between private enterprise and Government ownership. "In my opinion, there is room here for both," Prime Minister J. B. Chifley said recently.

Vienna Outlook Vague

(By John MacCormac)

Vienna, February 27.—The prospects for the continuation of private enterprise in Austria are probably better than elsewhere in southeastern Europe.

Austria is not under complete Russian control and the Volkspartei, which dominates its coalition Government, is a party of business interests as well as peasants. But so many uncertain factors of local and international politics, in addition to economic considerations, help to complicate the present picture that it would be rash to predict how it will look in 5 years' time.

Since the nationalization law went into effect on September 17 last the Austrian Government has become technical owner of 90 percent of the country's commercial banking facilities, about 85 percent of its river navigation, 95 percent of its coal extraction industry, and 50 percent of the nonferrous metal extraction—except aluminum—98 percent of the manufacture of pig iron and steel.

It also owns 35 percent of the iron and steel products—except machinery and structural materials—30 percent of structural iron and steel facilities, 35 percent of the manufacture of machinery other than agricultural and electrical, 25 percent of agricultural machinery manufacture, and 90 percent of the manufacture and repair of railroad equipment, about 50 percent of the manufacture of electric machinery and appliances, and 100 percent of the production and refining of oil.

This, of course, is a formidable installment of socialization.

The chief reason for the passing of so comprehensive a nationalization law, however, is believed to have been a desire to anticipate a Russian claim under the Potsdam agreement to nearly half of Austria's large-scale industry on the ground that it was a German external asset.

Nationalization deferred

The Volkspartei, although it formally championed the nationalization of some key industries before the election, has no real enthusiasm for it. The application of the nationalization law to the properties of Allied and neutral nationals has been deferred by the Austrian Cabinet until Parliament has passed measures for compensation.

The Russians, who claim about 50 percent of the industries to be nationalized, have refused to admit that these are subject to Austrian law.

Where Austria, in any case, could obtain funds from which compensation could be made is not apparent. She could require foreign interests to accept 20-year or 30-year bonds for their properties. But many of these urgently need rehabilitation or development and funds for this could be obtained only in the United States or Britain.

The political prospects of the Austrian Socialist Party are improving and it is believed possible that it might win the next election. But the election is likely to be too close to permit any other than a new coalition government, which would mean a compromise on socialistic measures.

Those properties which the Austrian Government may buy back from Russia, or take over from former German or collaborationist owners, will certainly be nationalized. Those owned by uncompromised Austrians or western private interests may well remain in private hands.

Belgian Trend Uncertain

(By David Anderson)

Brussels, Belgium, February 26.—Those most intimately concerned with private industry in Belgium are in the curious position of not being sure whether the conditions are good, bad, or indifferent. A plausible case can be made out for any one of the three.

The marked gains recorded in most fields of endeavor until last September have been held, but few industrialists can point to any further advance since then. The lack of coal and the scarcity of skilled labor are given as the main factors in the slowdown.

Manufacturers that have surpassed their prewar output include paper, textiles, and many chemical products. For the most part plants suffer from a continued high cost of raw m terials, coupled with lower man-hour output.

Private industry in Belgium is still unquestionably very much a private affair, and the well-known ability of the people to resist controls is cited as evidence against nationalization schemes. There is a proposition before Parliament to take over the coal mines but businessmen believe any such program will not be approved for years. The nationalization of the gas and electricity industries also is in the preliminary discussion stage. Government curbs, however, do restrict enterprise.

Price controls in force

Price controls are laid down for manufactured goods, and the factory owners must observe the regulations even if the middlemen and retailers ignore them. Foreign exchange control is relatively liberal. The 50-percent tax on profits plus the 5-percent capital tax impedes the reequipment and stocking of plants, businessmen contend.

A bitter disappointment to Belgian industry has been the operation of this country's

free-trade program, whereby a long list of commodities can be imported or exported without license. It was hoped that the same policy would be adopted elsewhere, but since that is not the case Belgium is glutted with consumer goods while she exports with difficulty.

The prospects for private industry will be uncertain as long as the trade balance remains unfavorable. Last year imports were valued at 52,000,000,000 francs and exports at 29,000,000,000.

It is possible, therefore, that the nation will be forced to try austerity to reduce domestic consumption. This will not be easy because the people are reaching out for their prewar standard of living, which is no longer attainable, according to economists.

DUTCH AWAIT NEW MARKETS

The Netherlands is primarily a trading community, whereas Belgium is industrial. The Dutch tend to underestimate their position, which they say will be fair until the great markets in Germany and the Netherlands Indies are open. Foreign exchange controls are much stricter in the Netherlands than in Belgium. More severe controls also are imposed on domestic industry.

For example, a 5-year permit must be obtained for any new plant, whose operation will be closely watched. Private enterprise in the Netherlands enjoys easier money than does Belgian, the interest rates are lower and taxes are scaled to encourage industrial modernization and restocking.

BRITAIN SOCIALIZING

(By Michael L. Hoffman)

LONDON, February 27.—While nationalization of industry is the heart of the Labor Government's program for post-war Britain, this country will continue to depend on private enterprise for the conduct of most economic activity.

It is becoming increasingly clear, however, that the role of private enterprise in a partly socialized economic system cannot be left to work itself out as a residue of the nationalization program.

When the present program is completed, coal, road, and rail transport, and electric and gas industries will have been transferred to state ownership. The Bank of England and cable and wireless have already been taken over, but they are only single enterprises whose nationalization makes little or no difference to anyone but their own shareholders.

At least as important for the future of private enterprise as the industries actually nationalized is the extensive control over land use and development that the Government will acquire by the town and country planning bill and the agricultural bill now passing through Parliament. Private initiative in determining the use to which either farm or city land may be put will, in effect, be prohibited.

After all this has been done, however, less than 10 percent of the British employed population, not counting the armed forces or civil service, will be working in nationalized industry.

In this "90 percent of the economy" private enterprise will be responsible for the organization of production and the marketing of products. It would be a distortion of terms, however, to call this "capitalism" as either Karl Marx or the average American businessman would understand that term.

On every hand private enterprise is hedged with restrictions. The investment of capital and the acquisition of raw materials are largely under Government control and apparently will continue so. The control of investment is considered by the Labor Government as a necessary adjunct to the nationalization of basic industries, for which the Government now becomes the responsible entrepreneur.

Not everyone would agree with the head of the Austin Motor Co., who said yesterday that industry had been turned over to the shop stewards, whom he called Communists. However, the amount of freedom an employer retains to hire and fire is severely restricted.

BUSINESSMEN RESIGNED

Businessmen in Britain do not favor nationalization. On the other hand, they accept it with remarkably little protest, largely because they feel it is inevitable in industries already tagged by Socialists.

Both business and a growing section of the Labor Party feel that the Government must soon define an area for private enterprise and let it have a little leg room. It is becoming obvious that Britain now has the worst of two worlds, with neither business initiative nor Government direction able to produce the tremendous economic effort that this country must make if it is to feed, clothe, and house its people.

CANADA HOLDS PREWAR IDEAS

(By P. J. Philip)

OTTAWA, February 27.—The Government's control of industry and enterprise in Canada during the war reached such a peak that private business seemed almost inevitably doomed to disappear. The Government built not only airplanes, tanks, and all forms of armament, but also ships and houses.

It directed the chemical industry and research of all kinds; it built plants for the production of essential materials, such as synthetic rubber and optical glass. It seemed that Government had entered the production business to stay.

During the past year, however, the present administration has shown clearly that it has no intention to substitute public for private enterprise. With a very few exceptions, in new industry, it has got rid of all its plants and retired from the whole production field. There has been no fundamental change in the capitalistic structure of the country and no departure from the old political conception of the Liberal Party that the role of government is to encourage private enterprise and private capital to produce and to provide employment while the party confined itself to the field of public enterprise.

No single industry has been nationalized. It was significant that the recent report of the Royal Commission on Coal Production recommended against nationalization on the ground that it would not necessarily increase production.

On the other hand, the policy followed by the administration has been to restore to private eterprise all reasonable liberty just as quickly as goods and services become available in sufficient quantities to prevent any sudden or drastic rise in the cost of living. Price controls have been removed on almost everything except food and rent, and on the latter, restrictions have recently been slightly relaxed.

What has been even more important from the point of view of private enterprise has been that a first measure of tax relief was granted to corporations during the past session. It is confidently expected that a further decrease in the tax rate will be announced when the Finance Minister brings his budget to this session.

QUICK TAX REDUCTIONS ASKED

It has been significant, too, that many of the Government's supporters in Parliament have joined those who have been urging a reduction of taxation on gold mining and other enterprises, and that the National Liberal Federation has asked that further substantial reductions in taxation be made as quickly as possible to stimulate high production and employment.

It must be taken into consideration, however, that the social service program of the Government and the heavy subsidies paid for wheat and coal production will make it unlikely that the taxation burden on private enterprise will ever be restored to the prewar level.

In the political field, the Canadian Socialist Party (CCF), which alone advocates national ownership of essential industries, remains numerically weak. Although it controls the Provincial Government of Saskatchewan it has not been able so far to establish any Nation-wide representation.

CZECHOSLOVAKIA TESTS POLICIES

(By Albion Ross)

PRAGUE, CZECHOSLOVAKIA, February 26.—Private industry in Czechoslovakia retains a respectable position, despite an over-all 70-percent nationalization of industrial capacity.

The major industrial regions of Bohemia, Moravia, and Silesia show, according to the Ministry of Industrial Statistics, 2,902 nationalized industries with 657,000 employees and 13,439 private industrial establishments with 416,757 employees.

Competition with the 200 or so state trusts into which the nationalized industries have been organized, is difficult. All the important sources of raw material are either state enterprises or government controlled. All important sources of credit also have become state enterprises.

Labor unions, dominated by the firmly communistic Central Trade Unions Council, are in general hostile to private enterprise. The Trade Unions Council and the Communist Party, which is the strongest political power in the country, are now campaigning for nationalization of the principal jobbing and wholesaling houses. So far their campaign has not been successful.

The present salvation of private industry is the national 2-year plan. The plan lays down schedules of production, based on capacity, which require delivery of raw materials to private industry sufficient to enable it to fulfill its production quotas. Also the plan provides for essential financing to make this production possible.

The same situation applies to exports, with a system being set up for private sectors of industry to sell through their own export channels parallel to the export organization for nationalized industry.

Mining is entirely nationalized and in iron and steel production, power, and heavy industries generally private enterprise is negligible. However, the data of the Ministry of Industrial Statistics for production in January, the first month of the 2-year plan, indicate that in other sectors of industry private enterprise continues to play a considerable role.

Half the volume of wool textiles is produced by private firms. Two-thirds of cotton and rayon textiles are privately produced. Something less than half of cotton thread, one-third of agricultural machines, and one-fifth of electric motors are privately produced.

There is a limited chance for a small operator to get private instead of state financing, despite the nationalization of every important financial institution. Small cooperative and private banks of various sorts still have a total of 10,694 employees, compared to 6,900 in the nationalized banks.

However, the future of private industry in Czechoslovakia depends on whether the Marxists, who now have about half the votes, win future elections. That the Communists and left-wing Socialists will not tolerate indefinitely the present compromises, has been made clear by developments since the present government of Premier Klement Gottwald, a Communist, came to power last summer.

French Economy Mixed

(By Harold Callender)

Paris, March 2.—Since the war France has lived under a regime of mixed economy, with huge new doses of socialism but without the complete repudiation of private enterprise.

Industrialists and businessmen generally incline to the view that the nationalized industries will be mismanaged and eventually will have to be turned back to private ownership.

Socialists—who include far more than the members of the Socialist party—hope the future holds a gradual increase of nationalization. They agree, however, that at present France has bitten off as much as she can chew and should digest what has been nationalized before extending government ownership to new fields.

It is the policy of the present government to limit nationalization to approximately its present proportions. But the fact that it has been extended rapidly since the war and the fact that the governments and their policies are regarded as far from stable have discouraged capital investment in industries susceptible to nationalization.

The Blum government nationalized the railways and part of armament and aviation industries in 1936.

NATIONALIZATION EXTENDED

Since the liberation the socialistic trend has accelerated and the coal mines of Nord and Pas de Calais, the Renault Motor factories, the Bank of France and business banks, gas and electricity production and some insurance companies have been nationalized.

Now the merchant marine is to be subject to partial nationalization, with government control of all of it.

These measures were taken at a time when the French economy was at a low ebb as a result of the War. This was their justification.

Today's conditions offer a test state management which not only must manage but to some extent rebuild major industries. Hence it is impossible wholly to separate the effects of these new measures from the effects of the war and the impoverishment from which France struggles to emerge.

One result of the impoverishment is the shaky currency. Thus one of foundations of capitalism is lacking. So is the economic freedom associated with capitalism, for the state tries to control prices and wages and to ration many foodstuffs and raw materials.

The nationalized Bank of France serves as a powerful lever for government control of credit, which limits that freedom of investment that is one of the principles of capitalism.

The accepted theory is that there is to be a nationalized sector of economy, including key industries and banks, a state controlled but not nationalized sector and a free sector. This mixed economy is merely in the process of creation.

It is noteworthy, however, that of the three strongest parties, the Communists and Socialists are out-and-out nationalizers, while even the Catholic Popular Republicans espouse the doctrine of the nationalization of key industries.

This doctrine was written into the new constitution, which declares that every property or enterprise constituting a national public service or a monopoly should be owned by the community. The prevalence of this doctrine owes much to the belief that to some extent the downfall of the Third Republic was also the downfall of capitalism as the French had known it.

Allies' Systems Shape Germany

(By Jack Raymond)

Berlin, March 1.—The lack of economic unification of Germany provides a distorted picture of private industry in the country. One would have to know not only the outcome of the Foreign Ministers meeting in Moscow but also the ultimate political character of a free Germany before predicting any economic trend. Certainly no unfettered tendencies are discernible today.

On paper there are four pertinent factors:

1. The people of greater Hesse in the United States occupation zone recently voted for the socialization of major industries.

2. The British military government is committed by home policy to socialization of the Ruhr and other industries in its zone.

3. The Russians have carried forward vast socialization of industry and agriculture in the eastern zone.

4. The Berlin City Parliament voted last week for the socialization of major industries.

Except for the votes in greater Hesse and Berlin, however, there is little indication that the people want socialism. Whatever reforms have been planned or instituted are a direct result of the policies of the occupying powers, two of which officially have little use for the continuance of completely free enterprise. Even in the two exceptions, a military government official says, the sympathy to socialism is probably due to the typical German willingness to let the state run the people's affairs.

WANT BARRIERS LIFTED

This attitude is believed to be reflected by the vote in Greater Hesse, where socialization was approved by 65 percent of the voters. The vote in the Berlin Parliament was unanimous. However, it was said that with the city split into four sectors, even businessmen ordinarily opposed to socialism would grasp some of the methods by which the economic barriers could be lifted.

Under nazism, capitalism was equally excoriated with socialism, although the latter word found curious use in official party doctrine. The average German in the United States zone would probably express a wish for some form of socialization, but according to economics officials here, this reflects more an indoctrination by a slogan than an understanding of its ramifications.

In the process of breaking up cartels some German state officials have advocated that the state take over the parts of cartels that remained. The United States military government has often disapproved such an attitude. However, the Americans are committed to a policy of letting the Germans decide for themselves. If such a decision were put to voting tests tomorrow, the result, according to experts here, would be affected more by power politics than by the soundness of an economic principle.

Slow Progress in Greece

(By A. C. Sedgwick)

Salonika, Greece, March 1.—Industries in Greece are approaching their prewar levels, but at a rate that is far from satisfactory.

This country, thoroughly devastated by the war and by enemy occupation, still knows no peace. Larger armed forces than the nation can afford must be kept up to cope with rebellious elements and to stand in readiness lest Greece's northern neighbor states, in sympathy with these rebellious elements, make a formal attack.

Greek businessmen express confidence that once the security problem has been solved enterprise will go full speed ahead. Now, however, there are not sufficient raw materials and machinery nor is there enough foreign currency with which to purchase raw materials. Internal communications were broken during the war and are only partly mended. They are now being continually attacked by guerrilla forces. The existing harbor facilities make loading and unloading a complicated and costly affair.

FACTORS IN PRICE RISE

In general there is no cheap transport. All this leads to a rise in prices to the extent that they are out of line with world price levels.

This can be remedied only by large-scale rehabilitation. However, if this were done with capital within the country, financial experts believe that it would lead to immediate inflation.

Industrial workers are comparatively well paid. Trades unions are not developed and are constantly influenced by political considerations. One peculiarity of the Greek industries at present is that, although minimum and maximum wages are fixed by the Government, rates are raised in many cases by the employers to avoid labor troubles and to check the inflationary trend. Individual agreement between the employer and employee takes the place of collective bargaining.

It is considered doubtful if any majority Government could enforce nationalization except by force. Present tendencies indicate the reaffirmation of the belief in free enterprise despite the advocacy by almost all political parties of controls in one form or another.

Apart from textiles, chemical fertilizers, and tobacco, which is not officially recognized as an industry, all the industries are in the hands of individuals or companies content with an unimpressive turn-over. They feel that if security is established and foreign capital is made available to them, they will expand to greater limits.

Greece is mainly agricultural. However, there are no great landowners and the farms rarely exceed seven and a half acres. No capital is invested in land.

Capitalism Lost in Hungary

Budapest, Hungary, March 1.—Capitalism and private enterprise are on the way out in Hungary.

They have not received their marching orders because Hungary was a mature economy devastated by trade cycles; nor because Hungary's industries, like those of Czechoslovakia, had been owned largely by collaborators with nazism. Unlike Austria and Czechoslovakia, Hungary is still largely an agricultural country, with industry undeveloped.

But Hungary has fallen within Russia's orbit and is currently exhibiting the preliminary results of a successful drive toward establishment of a proletarian dictatorship.

As Erno Gero, Communist Minister of Communications, recently said in a review of the 3-year plan drawn up by the Communist Party, Hungary's coal mines and power plants are already state owned. Heavy industry is operating under state management, and control of the banks and other credit institutions and the nationalization of mining and state control of agricultural products are in process.

RUSSIANS HAVE MAJOR INTEREST

What he did not mention but is still more to the point, Hungarian industries, such as oil and bauxite and river and air navigation, are now owned and administered by 50–50 Russo-Hungarian companies in which the Russians actually own controlling interest.

All Hungarian trade and industry are subject to decisions of the Supreme Economic Council, whose general secretary and ruling voice is a Communist, Zoltan Vas.

Negotiations also have been under way looking toward the integration of Hungary's 3-year plan with that of Marshal Tito for Yugoslavia. Moscow's puppet Premier of Rumania has been talking tenderly of a trial marriage, of customs union, of 1 year's duration, between Hungary and Rumania.

The Hungarian Government to date has been coy in responding to these overtures, but few doubt that eventually Hungary will

find herself in a Danubian customs union, to which Russia also will be a party.

Meanwhile, foreign capital is being cold-shouldered out of Hungary by the same methods that are proving successful in Rumania.

Eventually, under terms of the Hungarian peace treaty, the Soviet Army must leave Hungary. But steps are being taken—with every prospect of success—to install a Communist-Socialist-dominated government in office before the Russian occupation ceases. When that aim has been achieved, private enterprise will have short shrift.

NATIONALIZATION GAINING IN ITALY

(By Arnaldo Cortesi)

ROME, March 2.—As long ago as last August, Dr. Alcide de Gasperi, Italian Premier, declared that "Free capitalism can never rise again in Italy," and events seem to confirm the correctness of his opinion.

Although the Government has not applied or even formulated any extensive program of nationalization it has nevertheless gained a very considerable measure of control over industry and correspondingly has narrowed the field of private enterprise. The trend is therefore most clearly away from traditional forms of capitalism toward some kind or other of state capitalism.

The fall of Mussolini and the restoration of a democratic government was not accompanied by the scrapping of machinery built by fascism to control the Italian economy. It is all still in existence, the only difference being that it is now run rather less efficiently. The Government was, moreover, able to gain a further hold over industry by advancing money to many private firms that were in distress after the cessation of hostilities.

The necessity of avoiding unemployment on an excessive scale obliged the Government to force industry in northern Italy into a standstill arrangement whereby employers were forbidden to dismiss their workers even if there was no work for them. At the same time the Govevrnment came to the employers' assistance, advancing them funds to meet their pay rolls. No clear understanding has yet been reached as to whether this money will have to be repaid and, if so, how. As things now stand it looks as if many industrialists will wake up some day to find that the Government owns a majority interest in their companies.

STATE CONTROL EXERCISED

State control over industry is exercised principally by an organization known as IRI, short for Instituto Ricostruzione Industriale or Industrial Reconstruction Institute. It was founded by fascism soon after the crash of 1928 to succor those industrial enterprises that appeared to be tottering. It has grown so powerful that Premier de Gasperi was able to state last August that it controlled 60 percent of steel industry, 90 percent of ship building, 100 percent of steamship passenger lines, 65 percent of the telephone network, and 35 percent of electric power. Through IRI and other organizations, the state on that date, moreover, controlled 87 percent of savings banks and similar institutions. All other banks were either the property of the state or controlled by it. IRI's power has further increased since then.

The only sector of Italian economy seriously threatened with nationalization is electric power. The Government has changed its mind more than once on this point, alternating between nationalization and stricter controls. Curiously enough, it was the Communist Minister of Finance, Mauro Scoccimarro, who came out most strongly against nationalization, which, however, has not yet been definitely discarded.

In the agricultural field the trend has also been away from private ownership. At one time peasants all over Italy started tumultuously to occupy the lands they tilled, evicting the owners. This has been brought under control, but the Government is making every effort to break up large estates and has promised further reforms aimed mainly at big landowners.

JAPAN'S CHOICES LIMITED

(By Lindesay Parrott)

TOKYO, February 25.—The wreckage of the war and the measures demanded by the Allies to break up the classes accused of causing it have left private industry in Japan in an extremely shaky condition with the question still to be answered whether it eventually will revive or be replaced by a system of nationalization or a sweeping state-planned economy.

Physically, Japanese industry was wrecked by the Allied bombing and currently there is little incentive to its reorganization while the question of reparations still hangs over the nation. In addition, the Allies have taken a series of steps designed to smash the old pattern of capitalism with a few family groups controlling many fields of production.

The Zaibatsu, or family holding company groups, have been dissolved and their securities impounded by the Government for later resale to the public in limited blocks. The managerial class, which operated at a level below the large owners, is largely outlawed from business by purge directives.

GOVERNMENT SUPPORT VITAL

Large estates are being broken up into small owner-operated farms under the new land law. Many key industries that still remain in private hands are forced to rely on the Government for support, since the pools of capital on which they might normally draw are now largely nonexistent.

Under these circumstances the Government is rapidly increasing its grip over production largely because no other method of creating a working economy is available. The Government now allocates such vital commodities as coal and proposes soon to establish public corporations that will have a monopoly of trade in the key fields of silk, coal, fuel, and fertilizer.

The situation is further complicated by the increasing demands of labor, one field in which Government controls have not yet been imposed. In some instances labor has gone so far as to expropriate from the owners, declaring workers' control of production for its own benefit without reference to management.

The present Government is opposed to nationalization, apparently preferring the traditional Japanese system of a private industry closely integrated into the national system. The rapid growth of the Socialist Party, however, makes it doubtful whether the present course can continue. If the April general election ordered by Gen. Douglas MacArthur should be won by the Socialists, considerably greater prospects of nationalization would prevail.

Since the old Japanese system of large concentrations of capital in the hands of a few families apparently is doomed as long as the allies exercise control, the alternative would be continuation of private industry under a much wider system of ownership and probably increasing Government planning and supervision.

POLAND SEEKS INVESTMENTS

(By Sydney Gruson)

WARSAW, March 2.—While Poland is well on the road toward complete socialism, it is not clear how small a role private enterprise will be allowed to play in the country's economic future.

Polish leaders have recently emphasized, for home and foreign consumption, that private enterprise has a distinct place in the economy emerging from the blueprints of the Communist and Socialist planners in charge of the country. By this emphasis the officials hope to pump domestic and foreign capital into the industrial machine.

Certainly, the role assigned to private enterprise has been enlarged in recent months, but no one is sure whether this was a temporary expedient resulting from the Government's preoccupation with the larger nationalization measures now in hand or a decision to make a permanent place in Poland's economy for individual holdings.

EDICT MAY BE RESCINDED

Most foreign observers here believe that the Government will eventually rescind its recent edict listing the number and kind of enterprises that may remain in private hands. Originally, any factory or enterprise employing more than 50 workers on a day shift was booked for nationalization. Now, in some cases, a private factory may employ up to 200 workers a shift.

However, all basic industries are state controlled. What is left in private hands is mainly shops and small furniture, textile, cement, china, glass, and porcelain works. These private establishments work on lines laid down by the Government to fit their output into needs determined by the state.

The building and textile industries provide a good example of the present efforts to make a place for private enterprise alongside state ownership. Private capital will be allowed to invest 50 percent of that needed for rebuilding, and as an inducement the Government has decreed that private persons building houses can dispose of them freely and fix rents at their discretion. In the textile industry the Government has agreed to allocate about 550 tons of all kinds of yarn to private factories in the first quarter of 1947.

While this may seem a small amount, it represents a big advance in the prospects for private factories over what their owners could have foreseen a year ago.

Private industry's future probably depends on the speed with which the huge nationalization program of basic industries is made to work satisfactorily. While the Government is concerned with this larger job it will tolerate private enterprise. The question remains, what will happen when the primary job is finished? Wil' the state then take over all plans of production or will it assign a fair-sized permanent role to individual owners? At the moment no one in Poland is sure. But a good idea of what most Polish businessmen think is reflected in their reluctance to invest.

PRIVATE ENTERPRISE IN RUSSIA

(By Drew Middleton)

Moscow, March 2.—Private enterprise does not exist on a large scale in a Socialist state such as the Soviet Union, although it is tolerated in a minor way on the fringe of the economy.

All industry here is state-owned. A minor type of private enterprise is the work of war invalids and others who belong to cartels or cooperatives and who do piecework at home or who maintain tiny shops where they do repairing or sell furniture they have made themse'ves.

Somewhat the same situation exists on collective farms. All collective farmers work in the fields of the farms to which they are assigned and are paid for their work on them. In addition each farmer and his family have a private garden for which they pay a very small yearly rental. In these gardens, which vary in size from a half acre to an acre and a quarter, farmers and their families raise vegetables, usually potatoes, for sale in the markets of town and city.

Payment for such goods is usually used by the farmer to buy extra manufactured goods,

often in the same market in which he has sold his food.

Moscow is sparkled with small one-man watch and clock repair shops that are often assumed to be private enterprises. This assumption is not correct. Such shops are given to invalid soldiers and others by the Government, which also supplies material and pays the worker a fixed rate for his finished product.

SPAIN USES THE SUBTLE INI

(By Sam Pope Brewer)

MADRID, SPAIN, March 1.—The declared policy of the Government is to encourage private initiative and private capital to develop industry. Nevertheless, during the 8 years since the end of the Spanish Civil War, the Government has continued to infiltrate into more and more branches of activity, and it shows no signs of withdrawing.

No industry has been nationalized outright, though the railroads are almost completely Government-owned. A more insidious process is used as a rule.

The Government intervenes partly through direct ownership and partly through ownership by the Government's "National Institute of Industry," commonly called by its initials, "INI." In either case, private capital objects strongly and considers that despite repeated disavowals of such intent, the Government is its direct competitor.

Government competition is bound to be unfair competition, from capital's point of view because it is on unequal terms. Under the present regime, the Government can alter laws to suit the interest of any of its industrial offspring, can cancel contracts, or can alter restrictions on private concerns.

SYNDICATES' ROLE PERVASIVE

In addition, every industry feels the hand of Government upon it constantly through the "syndicates."

Syndicates require some explanation. They are not trade-unions. They are vertical syndicates including every phase of each industry—labor unions along with others—from top to bottom. On every plane the election of delegates is controlled and approved by the Falange and through the Falange by Generalissimo Francisco Franco.

Spanish businessmen occasionally talk hopefully of the eventual disappearance of the syndicates through the inefficiency they have produced. They overlook the fact, however, that this is a "national-syndicalist state," and the syndicates are the Falange and probably will disappear only when and if the Falange disappears.

Meanwhile, their grip gets stronger. Direct competition with private capital is embodied in the INI. INI, founded in September 1941, by the present minister of commerce and industry, operates on the basis of his first-hand study of German activities and along the same lines.

Ostensibly, INI is to foster infant industries and bolster up others considered essential to national security, but they are unable to face foreign competition unaided. Once industries are able to stand alone, INI is supposed to withdraw. The complaint is that INI does not, but like the proverbial camel in the Arab's tent, is demanding a constantly greater share.

In addition to INI's advantages already mentioned, all INI imports are duty-free. This gives it a serious edge on private competition, and since INI is owned by the ministry that issues the import permits, INI has none of the private operators' difficulties in getting them.

It is impossible to get accurate and full information on INI's operations and holdings. Nevertheless, although the Government has direct control of the telephone system and various other companies at the moment, it is INI that really casts gloom over private capital. And there is no present prospect of changing the situation.

SWEDEN AIMS AT SOCIALISM

(By Peter Hershend)

STOCKHOLM, SWEDEN, February 26.—The Swedish Social-Democratic Government's postwar program is one of nationalizing big industries. This program aims at the slow but progressive absorption of the bulk of Swedish big business.

The sale of liquor, wines, and tobacco has been a state monopoly for several years. The iron ore mining industry in northern Sweden is controlled half by the state and half by private enterprise. The bulk of the waterfalls producing electricity are state-owned, and the Government through recent legislation has obtained a state monopoly in the distribution of electricity on long-distance lines.

The state also is the biggest forest owner and controls the most important forest industries. The Swedish railway system—most of it now electrified—is mainly state-owned, and the state is rapidly gobbling up the few remaining lines in private operation.

By introduction of the licensing system the state had moved recently toward control of the building industry and farming.

Several official committees are working on proposals for nationalizing various commercial activities. A so-called oil committee has just handed to the Government its recommendation to nationalize imports and the sale of oil and gasoline and their derivatives. It affirms that distribution would become better and cheaper, and oil and gasoline prices would be reduced.

If the proposal is approved by the Riksdag the Swedish offices of United States oil companies will be seriously affected.

Other committees are closely examining the possibilities of nationalizing banking and insurance and even the shoe industry. This project may not be easy, as Swedish bankers, industrialists, and cooperative members violently oppose nationalizing the country's industrial and commercial life.

In strongest opposition to the Government's nationalizing program stands the Swedish cooperative movement. This body consists of one purchasing and manufacturing organization and 676 distributing associations, with nearly 1,000,000 members.

It is the firmest spokesman for free trade, and is extremely influential. Its annual turn-over amounts to nearly one-fifth of the total turn-over in Sweden, or approximately $280,000,000 of the total $1,400,000,000. Its network is composed of 6,467 stores and 28,482 employees, and is thus a factor to be reckoned with. Its main efforts in the manufacturing line are rubber products and lamps, in which cooperators own the biggest works in Sweden.

But cooperative deals in all kinds of goods—from food to paper products, textiles, and chemicals. It has succeeded in bringing down prices of consumers' goods considerably by centralizing purchases and production, and is able to pay out annual interest to all its customers.

The opponents' two main arguments against nationalization are that the state could not run the industries as efficiently as the experts who have run them for generations, and, too, nationalizing would kill all private initiative. An additional argument is that nationalization would compel many of the most capable Swedes to emigrate for bigger profits abroad.

The Government also is trying an indirect approach to get a grip on Swedish big business. A new proposal for vastly increased death duties is to come before parliament this spring. The measure is seen in Swedish business circles as a camouflaged method of forcing industries to sell out to the state. It is argued by its critics that the tax plan is prohibitive in that few or no privately owned companies can absorb these levies.

TURKEY'S STATE CAPITALISM

ISTANBUL, TURKEY, March 1.—Private industry in Turkey is on an extremely small scale, and it is difficult to appraise it by western European or American standards. It is strictly confined to the lightest industry, such as clothing, cotton goods, leather, and other commodities and small implements.

Turkey has only a semi-industrialized aspect, largely because of lack of mechanical inclination and enterprise. An incompetence of private capital has led to state management in Turkey, the concern of which is to endow the country with adequate equipment through state-owned light, medium, and heavy industries while aiding private enterprises to a moderate extent.

As defined by Kemal Atatürk in 1935, state control in Turkey "is not a system copied from socialist hypotheses since the nineteenth century, but a system proper to Turkey and born of Turkey's needs."

Although in many cases its application has proved to be nothing but state capitalism, the function of statism in Turkey has been and is "to produce through the state what private capital and private initiative cannot achieve."

While the State industry presents a purely mercantile aspect with no apparent trend toward or away from capitalism, private industry in this country with its actual precapitalist status shows an evident trend toward capitalism. There is no contradiction between this rise of private industry and the development of state industry, the latter complementing the former and dealing mainly with basic branches.

Foreign competition with Turkish industry faces high local prices and red tape and widespread postwar corruption. The country needs foreign capital and skilled technicians to train local workers.

A LOSING FIGHT IN THE BALKANS

(By W. H. Lawrence)

BELGRADE, YUGOSLAVIA, February 24.—In the Soviet sphere in southeastern Europe—Rumania, Bulgaria, Yugoslavia, and Albania—private enterprise steadily if slowly is waging a losing battle, even if there is no plan to try to copy all aspects of the Soviet pattern immediately.

On the surface, it may seem anomalous that whereas private ownership of land is being extended vastly as hundreds of thousands of peasants receive small plots under the agrarian reform laws, industry at the same time is being more and more nationalized and brought under centralized state direction.

The Communist-dominated governments of this region are smart in recognizing the inherent rugged individualism and the long-held desire for land ownership of all peasant classes, but the size of the plots allotted in the long run may work toward collectivization, since most agricultural experts agree they are not big enough for economic, efficient cultivation. At the same time the nationalization of industry is being effected without the trouble one normally might expect. The state is taking over factories after a great war in which property values lost their meaning and the factory-owning class was particularly affected.

It is only fair to take into account the fact that in the former enemy countries of Rumania and Bulgaria, and occupied countries such as Yugoslavia and Albania, people who were among the "haves" before the war are strictly among the "have-nots" at present. If they have fled abroad, they probably have

no desire to return to the Communist-dominated political system now practiced in their countries.

The result, therefore, in all countries is that the state has assumed the ownership, control, and management of all important industrial enterprises, and in a not unimportant section of Rumanian industry ownership is being organized jointly by the Russian and Rumanian Governments.

At the same time, all four governments are pressing plans to industrialize their countries more and more during the next 5 to 10 years. Industrialization is needed not only to make the countries more self-sufficient as regards the West, with which they obviously are not going to have the same trade relations as before the war, and as a national defense measure.

Domestically the important fact is that industrialization will aid materially in solving the problem of rural over-population and help increase the national purchasing power, which has been unbelievably low.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point a letter just received from the Honorable Josephus Daniels, president of the News and Observer, Raleigh, N. C.; also, an editorial which appeared in that newspaper on June 10. I need not remind the Members of the Senate that Mr. Daniels is a real southerner and a great American, one of the outstanding public servants of his era.

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

THE NEWS AND OBSERVER,
Raleigh, N. C., June 10, 1947.

Hon. OLIN JOHNSTON,
United States Senate, Washington, D. C.

DEAR SENATOR: I am enclosing an editorial appearing in today's News and Observer headed "OLIN JOHNSTON right."

If we exempt railroads, insurance companies, and newspaper associations as asked by this Congress, we might as well not only repeal the antitrust law but pass an act to give monopoly the right to rob the people and repeal what we call American freedom in trade.

With high regards,
Sincerely yours,

JOSEPHUS DANIELS.

OLIN JOHNSTON RIGHT

It is good news that Senator OLIN JOHNSTON of South Carolina declares: "I am willing to talk until I fall to block Senate approval of the revived Bulwinkle railroad-rate bill."

It will be recalled that the Bulwinkle bill would repeal the antitrust law as it applies to railroads. Senator JOHNSTON says that it would not only accomplish that wicked thing, but would throw the State of Georgia's railroad-rate suit out of the Supreme Court.

Senator JOHNSTON says and truly:

"I see no necessity for extending special privileges to the railroads. If the antitrust laws are fair for the Nation's other industries, they ought to be fair for the railroads.

"I just don't want to let down the bars. We've suffered enough in the South."

Any Congressman who votes for the revamped Bulwinkle bill now pending in the Senate, whether intentionally or not, is lending his influence to two dangerous and destructive courses:

1. To weaken and destroy the antitrust law. (Instead of weakening that measure Congress ought to strengthen it and demand its enforcement. During the war and since, monopoly has strengthened its strangle hold and given body blows to small industries and virtually, in many instances, submarined the American doctrine of free enterprise.)

2. To approve a 39-percent differential in freight rates and to give a virtual present of 39 percent to eastern industries. (As long as the South and West are penalized by a discrimination against them in freight rates, just so long will they be giving a bonus and a near monopoly to manufacturing to the pampered East.)

The Bulwinkle-Reed bill is so manifestly unfair and unjust that it should not be necessary for any Member of Congress to talk it to death. But, certainly, extended debate on such a bill is justified if there is real danger of the bill being passed.

EXECUTIVE SESSION—NOMINATIONS IN THE ARMY AND NAVY

Mr. GURNEY. Mr. President, yesterday I gave notice to the Senate that there were pending for confirmation the nominations of approximately 9,000 officers—a little more than 9,000—in the Regular Army, most of them majors and below that grade. At that time, there was a discussion among a number of Senators on the floor, and the Senator from Georgia [Mr. GEORGE] queried me on the matter. A little later, certain other Senators wanted a chance to study the list, and the list of nominees was laid on the table overnight. I understand now it is generally agreeable that these nominations be submitted for confirmation at this time. In order that there may be no necessity of printing them in the Executive Calendar, they must be confirmed at the same time they are presented. So I ask at this time unanimous consent that the Senate proceed to the consideration of executive business; that it consider the nominations I have spoken of, and following that consider a nomination in which I believe the Senator from Montana [Mr. MURRAY] is interested, and then return to legislative session.

Mr. WHITE. Mr. President, will the Senator include in his unanimous-consent request that the Senate also act upon a nomination from New York.

Mr. HATCH. That, Mr. President, is the nomination of Andrew N. Overby, of New York, to be Executive Director of the International Monetary Fund.

Mr. WHITE. Yes; that is the nomination I have in mind. Will the Senator from South Dakota include that in his unanimous-consent request?

Mr. GURNEY. I understand that at this time the Senate can go into executive session only for a specific purpose and it is understood that after the nominations in question are acted upon, the Senate will return to legislative session.

Mr. WHITE. I think that is correct.

Mr. GEORGE. That is agreeable, Mr. President.

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

Mr. GURNEY. I yield.

Mr. CONNALLY. Would the Senator have any objection if request were not made that the President be notified? That would give every Senator 2 days' time in which to investigate the matters acted upon by the Senate today.

Mr. GURNEY. Certainly. I shall withhold such request.

Mr. WHITE. I take it the suggestion made by the Senator from Texas applies only to the two nominations proposed to be included in the action taken today?

Mr. CONNALLY. No, as to the nominations which will be presented by the Senator from South Dakota.

Mr. WHITE. It does not include the other nominations?

Mr. CONNALLY. No. I do not make that request as to them.

Mr. HOEY. Mr. President, would the Senator from South Dakota object to including in his request consideration of an uncontested nomination which has been on the calendar for some time, which is that of Bryce R. Holt, to be United States attorney for the middle district of North Carolina? There is no objection to that nomination. It would not interfere with the Senator's request.

Mr. GURNEY. I do not know about that nomination. I do not know whether it would interfere with the request. It is not my responsibility.

Mr. HOEY. The nomination has been unanimously reported and has been on the calendar for several weeks, and there is no opposition to it.

Mr. WHITE. Mr. President, will the Senator yield for a suggestion?

Mr. GURNEY. I yield.

Mr. WHITE. I suggest that the Senator ask unanimous consent or move that the Senate go into executive session; that as a condition of that request or motion, action shall be confined only to those nominations that have been specified, the nominations in the Army and the Navy, the nomination for United States attorney in North Carolina, in which the Senator from North Carolina [Mr. HOEY] is interested, the nomination in which the Senator from Montana is especially interested, and the nomination in which the Senator from New Mexico is interested.

Mr. GURNEY. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of executive business.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORT OF A COMMITTEE

Mr. VANDENBERG, from the Committee on Foreign Relations, reported favorably without amendment Executive N, Eightieth Congress, first session, a protocol, amending the agreements, conventions, and protocols on narcotic drugs, concluded at The Hague on January 23, 1912, at Geneva on February 11, and 19, 1925, and July 13, 1931, at Bangkok on November 27, 1931, and at Geneva on June 26, 1936, which was opened for signature at Lake Success, N. Y., on December 11, 1946, and which was signed on behalf of the United States of America on that date, and submitted a report (Ex. Rept. No. 5) thereon.

NOMINATIONS IN THE ARMY AND NAVY

Mr. GURNEY. Mr. President, I now report from the Committee on the Armed Services certain nominations in the Army

and Navy, including in the large group 9,212 majors and below for Regular Army commissions.

On Executive Slip No. 253 there are a certain number of transfers to the Regular Navy, without promotions, including lieutenant commanders, liuetenants, ensigns, and 10 warrant officers.

Also on Executive Slip No. 268 there are certain transfers to the Regular Navy, including 4 lieutenants, 63 ensigns, and 21 warrant officers.

On Executive Slip No. 266 there is the nomination of Col. Harris Jones to be the dean of the Academic Board of the Military Academy with the rank of brigadier general.

I submit all these nominations, and ask for their present consideration and confirmation. I ask unanimous consent that the nominations may be confirmed en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota? The Chair hears none, and, without objection, the nominations are confirmed en bloc.

Mr. GURNEY. Mr. President, I ask that the nominations which have just been confirmed in this large Army and Navy list be not again printed in the CONGRESSIONAL RECORD, but that proper reference to the CONGRESSIONAL RECORD containing the nominations be indicated.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATIONS ABOVE THE RANK OF COLONEL IN THE ARMY

Mr. GURNEY. Mr. President, there are some other nominations of officers above the rank of colonel, which I now report from the Committee on Armed Services for the Executive Calendar.

The PRESIDING OFFICER. The nominations will be received and placed on the Executive Calendar.

Mr. WHITE. Mr. President, I now ask that the three other nominations included in the unanimous-consent request made by the Senator from South Dakota be stated, they being the nominations in which the Senator from Montana, the Senator from North Carolina, and the Senator from New Mexico are interested.

The PRESIDING OFFICER. The nominations will be stated.

UNITED STATES ATTORNEY

The legislative clerk read the nomination of Bryce R. Holt to be United States attorney for the middle district of North Carolina.

Mr. HOEY. Mr. President, that nomination has the unanimous recommendation of the committee.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

INTERNATIONAL MONETARY FUND

The legislative clerk read the nomination of Andrew N. Overby, of New York, to be United States Executive Director of the International Monetary Fund for a term of 2 years and until his successor has been appointed.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Thomas M. Robinson to be a collector of internal revenue, district of Montana.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. WHITE. Mr. President, I ask that the President be notified of the action of the Senate with respect to the nominations other than the military and naval nominations.

The PRESIDING OFFICER. Without objection, the President will be so notified.

LEGISLATIVE SESSION

Mr. WHITE. Mr. President, I move that the Senate resume consideration of legislative business.

The motion was agreed to, and the Senate resumed consideration of legislative business.

RECESS

Mr. WHITE. Mr. President, I move that the Senate stand in recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 29 minutes p. m.) the Senate took a recess until tomorrow, Thursday, June 12, 1947, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 11 (legislative day of April 21), 1947:

INTERNATIONAL MONETARY FUND

Andrew N. Overby to be United States Executive Director of the International Monetary Fund for a term of 2 years and until his successor has been appointed.

UNITED STATES ATTORNEY

Bryce R. Holt to be United States attorney for the middle district of North Carolina.

COLLECTOR OF INTERNAL REVENUE

Thomas M. Robinson to be collector of internal revenue for the district of Montana.

IN THE ARMY

APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

The nominations of Ernest C. Oeding and 9,211 other officers for appointment in the Regular Army of the United States, which were received by the Senate on May 29, 1947, and which were printed in full in the Senate proceedings of the CONGRESSIONAL RECORD of that date under the caption "Nominations," beginning with the name of Ernest C. Oeding appearing on page 6057, and ending with the name of Thomas R. Ostrom appearing on page 6091, were confirmed today.

DEAN OF THE ACADEMIC BOARD OF THE UNITED STATES MILITARY ACADEMY WITH RANK OF BRIGADIER GENERAL IN THE REGULAR ARMY

Prof. (Col.) Harris Jones, United States Army.

IN THE NAVY

APPOINTMENTS IN THE UNITED STATES NAVY

The nominations of Louis J. Rauber and 103 other officers, which were received by the Senate on May 15, 1947, and which were printed in full in the Senate proceedings of the CONGRESSIONAL RECORD for that date under the caption "Nominations," beginning with the name of Louis J. Rauber appearing on page 5346, were confirmed today.

The nominations of Freeman Cutter and 87 other officers, which were received by the Senate on May 26, 1947, and which were printed in full in the Senate proceedings of the CONGRESSIONAL RECORD for that date under the caption "Nominations," beginning with the name of Freeman Cutter appearing on page 5805, were confirmed today.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 11, 1947

The House met at 12 o'clock noon.

Rev. Arthur J. Hagan, St. Cecelia's Church, Back Bay, Boston, Mass., offered the following prayer:

Almighty and Eternal God, our Creator and Redeemer, look upon us with compassion and harken to our prayers. Bless the President of these United States and the Members of the Congress with wisdom and understanding in all their actions. Endow them with clearness of vision, fortitude of purpose, justice and charity in their deliberations that they may under Thy inspiration and guidance bring about peace to a wartorn world. Inflame, O Lord, our reins and our hearts with the fire of the Holy Ghost that we may serve Thee with chaste minds, please Thee with clean hearts. We pray that the peoples of all nations will turn to Thee, their Creator and Redeemer, obeying Thy commandments and recognizing Thee as the beginning and the end of all things.

We pray that brotherly love will inflame the hearts of all men with the spirit of tolerance and understanding, and that Christian charity will permeate the atmosphere of the homes of our own country and the nations of the world. O God, from whom holy desires, right counsels, and just works proceed, grant unto Thy servants that peace which the world cannot give, that, both our hearts being disposed to keep Thy commandments and the fear of enemies being removed, our times by Thy protection may be peaceful.

Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1947

Mr. TABER, from the Committee on Appropriations, reported the bill (H. R. 3791) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes (Rept. No. 557), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. RAYBURN reserved all points of order on the bill.

EMMET O'NEAL

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ANDERSON of California. Mr. Speaker, I am sure the Members of the House join me in extending our congratulations and felicitations to the Honorable Emmet O'Neal, who on yesterday was confirmed by the Senate as Ambassador to the Philippines. Those of us who had the privilege and pleasure of serving in this body with Emmet O'Neal know him to be a man of great character and integrity and of unqualified ability. The Philippines are indeed fortunate to have such a man as he over there representing the United States of America. He served on the Committee on Appropriations, and as a member of that committee became familiar with the problems with which he will have to deal as the Ambassador to the Philippines. Those of us who served with him will always regard it as having been a high privilege.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the distinguished minority leader.

Mr. RAYBURN. Having known Emmet O'Neal for the many years he served in the House, and his high quality and splendid ability, I join with the gentleman from California in the complimentary things he has said about him. Not only is our country fortunate in having such a man to represent us in the Republic of the Philippines but the Filipinos themselves and their Government are very fortunate that they have among them such a representative of the United States as is Emmet O'Neal, knowing the kind of Ambassador he will make and friend he will be to them.

Mr. ANDERSON of California. I thank the gentleman, and certainly agree with him.

Mr. PLOESER. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Missouri.

Mr. PLOESER. I should like to add my little bit to this compliment to our distinguished former colleague. It was my pleasure to serve with him on the Committee on Appropriations. In my experience in the House I have known no man of finer integrity or greater industry, or one who had any more courage in doing the things he thought to be right, than Emmet O'Neal. I think it is a fine tribute to the diplomatic service that such a man can be brought into it. I wish him well, and I am sure the entire House of Representatives does likewise.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Pennsylvania.

Mr. RICH. I want to add my word of commendation for the fine things Emmet O'Neal stood for and the work he did while he was in the House. I know all of his colleagues had the utmost confidence in him. As an ambassador of good will from this country to the Philippines, he will serve them and serve us, and I feel confident we will all be satisfied with the work he will do, because he is honest, honorable, conscientious, and hard working. He will do a good job for everybody, I am sure.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Arkansas.

Mr. HARRIS. I join my colleague in paying tribute to our former colleague from Kentucky, the Honorable Emmet O'Neal, and complimenting him on the fine recognition he has received in being appointed Ambassador to the Philippines. The President of the United States, I think, made a good selection in this appointment. I know from the splendid reputation he had here in the House, the character of man he showed us that he is, his integrity being unquestioned, that he will help to bring this young Republic to its place among the nations of the world. I congratulate him and the Nation. I am sure he will continue to render an outstanding service to his country, and I wish him success in this important call.

Mr. ANDERSON of California. I thoroughly agree with the gentleman.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Illinois.

Mr. SABATH. It was my pleasure to serve with Emmet O'Neal from the day he entered the House. I have known him and his lovely family well. He has been an outstanding Member of this House. I know that in him our country will have an able, capable, and sincere representative. I join the gentleman from California in wishing him well. I know that under his initiative our friendship with the Filipinos will grow, and that they will continue to improve their lot and remain always loyal to and appreciative of our country for what we have done for them.

Mr. ANDERSON of California. I thank the gentleman for his contribution.

Mr. ANDREWS of Alabama. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Alabama.

Mr. ANDREWS of Alabama. I had the pleasure of serving on the Committee on Appropriations with the Honorable Emmet O'Neal. He was one of the first men I met when I came to Congress. I always valued his friendship. I concur in the fine things that have been said about him. He is a man of integrity, ability, and dignity. I feel sure he will bring great honor to this country in performing the duties of his new office.

Mr. ANDERSON of California. The gentleman states it well.

Mr. FORAND. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Rhode Island.

Mr. FORAND. I thank the gentleman from California for giving me this happy opportunity to join with my colleagues in paying tribute to Emmet O'Neal. I know of no man better qualified for the important post of United States Ambassador to the Philippines. The President of the United States is to be commended for having selected our former colleague for this high and difficult position. I am sure the people of the Philippines as well as the people of the United States will have reason to be proud of the service which our distinguished colleague will render.

Mr. AUCHINCLOSS. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield.

Mr. AUCHINCLOSS. Mr. Speaker, I want to add my tribute to what has been said about Emmet O'Neal. I suppose that I am the one Member of the House who has known Emmet O'Neal longer than anybody else. I have known him since 1907, when we went to college together and played on the same baseball team and had a lot of fun.

There could not be any better man appointed to this job, and I know that he will carry on in the finest traditions of America and in a way that we will be proud.

Mr. ANDERSON of California. I am thoroughly in accord with the gentleman.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield.

Mr. McDONOUGH. I join my colleague from California in complimenting the former Representative from Kentucky, Mr. O'Neal. In the short time that I had the pleasure of knowing him in the House during the Seventy-ninth Congress I found him to be a man possessed of very fine qualities and especially of the temperament and characteristics that will make a good Ambassador for the United States to the Philippine Islands. My best wishes for good health and a successful administration goes with him.

Mr. EDWIN ARTHUR HALL. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield.

Mr. EDWIN ARTHUR HALL. I just want to say that Emmet O'Neal, when he served in the House, was very well thought of. I join with the other Members in congratulating him on his appointment.

Mr. ANDERSON of California. I thank the gentleman.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the distinguished minority whip, the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I am glad to join in the splendid and much-deserved tribute that the gentleman from California has paid to Hon. Emmet O'Neal, as well as joining with my colleagues.

Emmet O'Neal is a gentleman of understanding and of broadness of mind and character. He is going on an assignment which at this particular time requires a man of his fine, noble outlook on life. I know he will serve in the interests of our country, as well as look after the interests of the Philippines in their relationship to us in an outstanding manner. He will not only be an Ambassador in fact but an Ambassador

of good will, which will cement the strong friendship that exists between the people of the United States and the people of the Philippine Islands for many, many generations to come.

Mr. ANDERSON of California. I feel that the President could have appointed no better man for this difficult job.

Mr. WORLEY. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Texas.

Mr. WORLEY. The fine things that have been said about my good friend and former colleague, Emmet O'Neal, here today are but an indication of the true affection which all Members of the House have for him. His long career as a Member was marked by constant fidelity to duty and an infinite understanding of the complicated processes of government. Although he was and is a Democrat by political faith, his first concern was not of politics, but what was best for the general welfare of the Nation.

There is no doubt that his long experience in government, his uncommon understanding of human nature, and his remarkable ability to make and keep friends will stand him in good stead in his new place.

The new Republic of the Philippines is fortunate in securing such an outstanding statesman and there is no doubt but what, as the distinguished minority whip from Massachusetts, Mr. McCORMACK, has so well said, he "will cement the strong friendship that exists between the people of the United States and the people of the Philippine Islands for many, many generations to come."

We wish him the very best.

EXTENSION OF REMARKS

Mr. DAVIS of Wisconsin. Mr. Speaker, on Friday last our esteemed colleague from Wisconsin, JOHN BYRNES, delivered the keynote address at the national convention of Young Republicans at Milwaukee.

I ask unanimous consent that this addess may be extended in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

COMMITTEE ON PUBLIC WORKS

Mr. ANGELL. Mr. Speaker, on behalf of the Committee on Public Works, I ask unanimous consent that the committee may sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

HENRY WALLACE

Mr. MEYER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MEYER. Mr. Speaker, Webster's dictionary defines treason as "the offense of attempting by overt acts to overthrow the government of the state to which the offender owes allegiance." Treason against the United States is defined by the Constitution—article III, section 3—to consist "only in levying war against them, or in adhering to their enemies, giving aid and comfort to them."

The Washington Post yesterday, on the front page, carried the following report of the International News Service:

NEWARK, N. J., June 9.—Henry A. Wallace said tonight that "the United States has become the center of world reaction" and "the common man more and more looks to Russia for ideas, help, and inspiration."

The former Cabinet member and Vice President told a Newark audience at a mass meeting sponsored by the New Jersey Independent Citizens League that "in nearly all the countries of the world we are more and more cooperating with the reactionaries against the common man."

Mr. Speaker, when will the Attorney General of the United States do his duty and indict this renegade who has disgraced his citizenship and return him to the oblivion from whence he came so that he can no longer function as the evil tool of those who would destroy America?

Incidentally, Mr. Speaker, let it not be forgotten that this Henry Wallace is one of the heritages left us by the late Franklin D. Roosevelt.

MEAT INSPECTORS TO CONTINUE AS FEDERAL EMPLOYEES

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, under permission to extend my remarks, let me say first that, under the provisions of the Department of Agriculture appropriation bill requiring the meat-packing industry to pay the cost of Federal meat inspection, the veterinarians and others engaged in that service will continue to be Federal employees, paid by United States Treasury checks, with their civil-service status and retirement rights preserved intact.

It seems that some person or organization has been spreading an alarm among the employees of the Meat Inspection Service throughout the country that if this provision goes through they will thenceforth be working for the packers instead of for the Government and that they will lose all the rights above referred to. Whether such erroneous reports are being spread from ignorance or for mischievous purposes is not known. However, many Members of the House have received letters from their constituents in this service deploring what they have been led to believe is about to happen to them.

In the interest of the convenience of the Membership of the Congress, as well as of the composure of mind of the corps of splendid workers in this vital service, I append the letter of Mr. W. A. Jump, the Budget officer of the Department of Agriculture, which should clarify the matter.

The letter referred to, together with my letter to Mr. Jump, follow:

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON APPROPRIATIONS
FOR DEPARTMENT OF AGRICULTURE,
Washington, D. C., June 5, 1947.

Mr. WILLIAM A. JUMP,
Director, Budget and Finance,
Department of Agriculture,
Washington, D. C.

DEAR MR. JUMP: Word has reached me that some of the veterinarians and inspectors of the Meat Inspection Service have become alarmed over the possibility of their losing their existing status as classified civil service employees, together with loss of retirement rights, in the event the provision in the pending appropriation bill shall become law.

It was my understanding that when the Department, at the request of the committee, submitted language appropriate to the effectuation of the committee's purpose to place the cost of meat inspection upon the packing industry, the question of its effect upon the status of employees of the Meat Inspection Service was taken into consideration and it was determined that the existing status of such employees would be in no wise affected—that they will still be working for the Government and paid by United States Treasury check, that the Secretary of Agriculture will "run the show." in every respect as of now, and that the present civil-service classification, and retirement rights will continue without change.

Will you not please confirm the above impressions by letter?

Also, with a view to quieting the alarm which is apparently spreading among Meat Inspection Service employees, with the loss of efficiency certain to be incurred as the result of any such false rumors, will you not suggest to the chief of the Bureau of Animal Industry that he cause an official communication to be sent at once to all Meat Inspection Service employees, advising them of the facts in reference to the effect of the provision in the bill upon their status as classified, civil-service employees.

Thanking you, and with best personal wishes, I am

Very sincerely yours,
EVERETT M. DIRKSEN,
Member of Congress, Chairman.

JUNE 10, 1947.

Hon. EVERETT M. DIRKSEN,
Chairman, Subcommittee on Agricultural Appropriations, Committee on Appropriations, House of Representatives.

DEAR MR. DIRKSEN: In reply to your letter of June 5, with respect to the provision in the Agricultural appropriation bill for 1948, as passed by the House, under which, if enacted, the Department as of July 1, 1947, would be required to collect from the packing industry the cost of furnishing Federal meat inspection, your understanding is correct, that this provision would not change the existing appointment, grade and salary classification, retirement, or other employment status of the veterinarians, meat inspectors, or other employees in the Meat Inspection Service. They would continue to be classified civil-service employees of the Department, under the direction of the Secretary of Agriculture. New employees would be appointed through civil-service channels, as at present. As stated in your letter, the meat inspection employees would continue to be paid by United States Treasury checks, their salaries being charged to the "meat inspection fund" which would be established in the United States Treasury, and which would be reimbursed, as provided in the House bill, by the funds collected from the industry.

When you requested that the language in question be drafted we appreciated the importance of this aspect of the matter and gave careful attention to it. Since the receipt of your letter, I have checked the foregoing understanding with Mr. T. Roy Reid, the Director of Personnel, Mr. Carroll Hunter, the Solicitor, and Dr. B. T. Simms, Chief of the Bureau of Animal Industry, of the Department, and these officials agree that it is correct.

As requested, I have sent a copy of your letter of June 5, and of this reply, to the Chief of the Bureau of Animal Industry, with the suggestion that he arrange to advise the employees of the Meat Inspection Service at once with respect to the foregoing matter.

Sincerely,

W. A. JUMP,
Budget Officer.

EXTENSION OF REMARKS

Mr. McGARVEY asked and was granted permission to extend his remarks in the RECORD.

Mr. LANE asked and was granted permission to extend his remarks in the RECORD in two instances, in one to include a newspaper article and in the other an address.

Mr. BUCHANAN asked and was granted permission to revise and extend his remarks in the RECORD and include an article from last evening's Star.

Mr. THOMAS of Texas asked and was granted permission to extend his remarks in the RECORD concerning the distinguished Ambassador O'Neal.

OLD-AGE PENSIONS

Mr. MORRIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MORRIS. Mr. Speaker, just because a matter is popular is no reason that it is wrong. I agree that sometimes very unpopular matters are the soundest. I shall not hesitate, as a Member of this Congress, to espouse such unpopular matters, even if I stand alone. No; just because a matter is popular does not necessarily means that it is wrong. I realize it is popular at this time to advocate the betterment of our old-age pension program, but it also is sound that we should improve it. It is good horse sense that we should do it. Talk about building a bulwark against communism. In my judgment, there is no better way in the world to do it than to bring about a better old-age pension program. Why? Because the psychology of it is such that it will make the young folk, as well as the old folk, love the old red, white, and blue more, and love our way of life all the more. It will give a feeling of security to all. I hope and I pray that this session of Congress will not adjourn until we have brought about a program that will improve the present old-age pension set-up. I have a petition in my pocket, and the gentleman from Indiana [Mr. LANDIS] has one, respectfully requesting the Ways and Means Committee to bring out an open bill so that we can better improve our old-age pension program. I hope and trust you will help us with that.

The SPEAKER. The time of the gentleman from Oklahoma has expired.

USE OF WAR PRISONERS AS SLAVES IN EUROPE

Mr. OWENS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks and include therewith an article.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. OWENS. Mr. Speaker, several times I have spoken about the situation concerning the use of war prisoners as slaves in European areas. The Secretary of State and the War Department cooperated, and I believe the United States has helped to bring practically every European nation under control with respect to that matter, with the exception of the Soviet Union. They refuse to give us any information concerning their prisoners and where they are held.

It has recently come to our attention that they have been holding not only prisoners of war whom they captured but also have actually taken men we released from captivity and have held them in prison camps under the harshest of conditions. Such prisoners have been subject to great indignities which have brought about their deaths. I think an investigation should be made of the matter immediately by our State Department. I am extending herewith a news article concerning the matter.

(The editorial referred to follows:)

GERMAN FREED BY UNITED STATES DIES A SLAVE IN RUSSIAN CAMP—COMRADE REVEALS STORY OF OFFICER'S SEIZURE

(By John Thompson)

FRANKFURT, GERMANY, June 9.—For many months reports from the Soviet zone have told how the Russians make no bones about seizing German war prisoners, discharged and freed by the Americans, and shipping them off to slave labor in the Soviet Union. Today The Tribune authenticated one of these reports.

Such a case was that of Siegfried Borgman, a German army officer. After serving his time in Camp Carson, Colo., Borgman was shipped back to Germany and discharged. Sent to Oranienburg, in the Soviet zone, to be freed so he could go home to Saxony, Borgman was nabbed by the Russians and taken to Russia to work in the new coal mines in the Caucasus. There he contracted pleurisy, on the starvation diet for prisoners, and died in March.

UNABLE TO FIND FAMILY

His story was related by a survivor of the prison mines, Helmut Mayer, 22, German noncommissioned officer who came home today. Mayer penniless after 2 years as a Russion prisoner, brought a check for $196 made out to Borgman, representing the money the United States paid him for his labor as a war prisoner. Before he died Borgman begged Mayer to take the check, find his family and tell the world how hundreds of Germans, released from imprisonment by the Americans, are now working as slaves for Russia.

Mayer has not yet been able to locate Borgman's survivors, but discharged a part of his promise by telling the Tribune of his own life as a Russian war prisoner for 2 years. Needless to say Helmut Mayer is a pseudonym.

ENTERED ARMY IN 1943

A premedical student, Helmut entered the Army in 1943, serving in Army hospitals on the Italian front, where he was wounded, and later on the Russian front, where he was captured shortly before the German capitulation.

Then he weighed 143 pounds. Last September when he was unable to work longer in the mines because of recurrent malaria and hunger edema he weighed 105 pounds. Now he is up to 121.

Twenty men to a tiny cubicle, Helmut lived with more than 1,000 other prisoners in a camp, guarded by regular soldiers, but under the jurisdiction of the MVD.

ROUSED AT 4:30 A. M.

At 4:30 o'clock every morning the men were roused, and by 6 or 7, depending on the distance away, they were at work in the mines after a breakfast of seven-tenths of a quart of lentil soup. At 6 p. m. they were back at camp for another bowl of soup, a few slices of watery bread, and, rarely, a chunk of meat and a pinch of sugar.

On rare occasions a prisoner might escape, and try for the Turkish border, although everyone knew it was well patrolled. The dead Germans were brought back to camp where their bullet riddled corpses were displayed for 2 days as an example.

The SPEAKER. The time of the gentleman from Illinois has expired.

GENERAL EXTENSION OF REMARKS ON THE APPOINTMENT OF THE NEW AMBASSADOR TO THE PHILIPPINES

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the new Ambassador to the Philippines.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend remarks I expect to make in the Committee of the Whole today and to include therein a letter from the Ulen Realization Corp. to me, a letter from the same firm addressed to General Marshall, a letter from the J. G. White Engineering Co. addressed to Mr. Eugene R. Black, of the International Bank for Reconstruction and Development.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ROHRBOUGH asked and was given permission to extend his remarks in two instances, to include in one a letter and in the other an editorial.

Mr. PLOESER. Mr. Speaker, I ask unanimous consent that during consideration of the bill H. R. 3756 in the Committee of the Whole, the committee handling the bill may have permission to extend in the RECORD certain documentary material pertinent to the consideration of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PERMISSION TO COMMITTEE ON AGRICULTURE TO SIT DURING SESSIONS TODAY

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may sit during the sessions of the House today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

PERMISSION TO COMMITTEE ON EXPENDITURES TO SIT DURING GENERAL DEBATE TODAY

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that the Committee on Expenditures may have permission to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

WHAT IS A FILIBUSTER?

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan.

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I noticed in the morning press that some of the members of the Committee on Foreign Relations charged certain Members of the House yesterday with a filibuster. That grieves some of us, not me, but some of the other Members have suggested that they were feeling badly about it.

I investigated, I looked up the meaning of filibuster. According to reliable authority a filibuster is a delaying action carried on by a minority to prevent the passage of legislation or the consideration of it. Yesterday I stood down here in the well when we voted on the motion of the gentleman from Illinois [Mr. MASON] to strike out the enacting clause of the bill providing for the Voice of America program, and I noticed that by actual count there were 89 Republicans who voted with the gentleman from Illinois [Mr. MASON] to strike out the enacting clause and only 57 who voted against him. So if there was a filibuster it was carried on by the majority, who brought in the Mundt bill, and that is impossible. There must be something wrong with the reporters or with those who charged there was a filibuster.

DIFFICULTIES HINDERING REDUCTION OF EXPENDITURES

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, a good many Members of Congress wonder why it is so difficult to reduce our regular appropriation bills when they come before us. I think the answer is provided this morning by an editorial which appeared in the Wall Street Journal which I wish to call to the attention of the House.

It reads as follows:

BEATING THE PARTY DRUMS

A reader of this newspaper in a town of the Middle West sends us a copy of a telegram which he says was signed by a prominent officer of the Democratic Party and was addressed to a local Democratic leader. The text of the telegram follows:

"House Agriculture appropriations bill accompanying H. R. 3601 eliminates all funds for price support of all agricultural products, makes 50-percent cut on all soil-conservation practices and school-lunch programs, and reduces appropriations for personnel to point where administration of conservation and school-lunch programs practically impossible. Crop insurance practically eliminated. The bil' also entirely eliminates farm ownership loans to veterans and nonveterans. The production and subsistence appropriations necessary to establish veterans in farming are cut one-third, and tenant-loan insurance is cut 98 percent. All administration forces so badly reduced that farm program cannot function efficiently.

"Please immediately contact leading farmers in your county and cooperating with them send wires and petitions at once to Senator ALBEN BARKLEY and Congressman CLARENCE CANNON, Washington, D. C., urging restoration President's budget. Give publicity to this your local communities and advise Associated Press and United Press of your activities."

The reader who sent the above to this office makes this comment:

"Orders seem to be out to beat the drums. A few farmers were in the village because of rain but they did not seem to be interested in the telegram. Certainly our farmers do not need a Federal dole at this time."

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to extend the remarks he intends to make in the Committee of the Whole today and include certain statistics on the power question.

FILIBUSTERS

Mr. RANKIN. Mr Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, the distinguished gentleman from Michigan [Mr. HOFFMAN] need not feel chagrined if he is accused of conducting a filibuster, one of the most effective operations ever indulged in by a minority to prevent a violation of their rights.

You will likely need the filibuster yourselves some day. The time may come when the ones who now imagine they are in the majority may find themselves in a hopeless minority indulging in a filibuster to save for the American people that great document which our forefathers fought to establish, the Constitution of the United States, which is today being attacked by the subversive elements throughout this Nation and by Communist fronts from one end of the country to the other.

I have no criticism of any man for having the courage to stand on the floor of either House of Congress and fight, or carry on a filibuster when it is to protect the rights of the American people.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Pennsylvania.

Mr. RICH. Is not a filibuster a violation of the rules of the House?

Mr. RANKIN. No; it is usually in the form of extended debate within the rules of the House or the Senate.

The SPEAKER. The time of the gentleman from Mississippi has expired.

EXTENSION OF REMARKS

Mr. RAINS (at the request of Mr. JONES of Alabama) was given permission to extend his remarks in the RECORD.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1948

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 235, making in order H. R. 3756 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That during the consideration of the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, all points of order against the bill or any provisions contained therein are hereby waived.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. Speaker, at this time I yield myself such time as I may require.

Mr. Speaker, there are now 19 corporations wholly owned by the United States Government. These corporations are, by and large, free from control either by the President or by the Congress, and yet they have the authority to borrow up to $30,000,000,000 from the Treasury.

For a time, these corporations threatened to become an even greater force in our Government than Congress, their creator; and at times, they arrogantly snapped their fingers in the face of Congress. To curb this trend toward Government by Government-owned corporations, Congress passed the Government Corporation Control Act of the Seventy-ninth Congress.

It was the purpose of this law to bring Government corporations into conformity with the general financial program of the Government. Section 104 of that act established a systematic procedure whereby Congress would pass upon all budgets of the Government corporations as it now does for the regular agencies of the Government.

H. R. 3756 merely clarifies and restates the language of section 104 of the Government Corporation Control Act. This, and other language in the bill which would reduce Government expenditures, might be subject to a point of order under section 2 of rule 21 of the House. Thus, a single objection could prevent

consideration of this bill which is expected to save the taxpayers many millions of dollars. To allow the bill to be considered on its own merits, the Committee on Rules has protected it from dilatory parliamentary technicalities by waiving points of order against it. We are all interested in reducing Government spending as expeditiously as possible, so I expect little opposition to this rule.

RULE WAIVES POINTS OF ORDER ON BILL REPORTED DAY BEFORE YESTERDAY

Mr. SABATH. Yes, Mr. Speaker, this rule waives points of order against a bill reported only day before yesterday. A rule was hastily granted yesterday, and it is under debate today.

In this instance we will have before us the bill providing appropriations for 33 government corporations and independent agencies. Certainly I have had no time to study this bill carefully, and I doubt if other Members have had.

It is my understanding that all of titles 2 and 3 may be construed as legislation involving 22 pages of limitations, restrictions and changes in existing law.

Mr. Speaker, I am for economy in Government as strongly as any Member of this House; but I cannot stomach this penny-wise, pound-foolish false economy with which these Republican appropriation bills are loaded. It seems to me that the Committee on Appropriations has acted in haste, before the appropriate legislative committees could bring out their bills, to effect what members of this one committee have deemed to be necessary changes in existing law.

There are now pending before legislative committees bills that affect the administration, authority, and functions of 13 of the 33 agencies and Government corporations for which appropriations are provided in this bill. Is all orderly procedure in this House to be abandoned in favor of fiat legislation by a single committee?

EVERY EFFORT TO HELP BUILD HOMES FOR VETERANS AND OTHER AMERICAN CITIZENS SCUTTLED

Every effort to provide decent homes for veterans and other American citizens has been scuttled. The National Housing Agency appropriation has been cut approximately $12,000,000 of the entire reduction of fourteen million from last year's funds.

The Committee on Appropriations states in its report that it is "convinced that the program of trying to expedite the construction of residential housing has not been successful."

But I fail to note in the report any honest reasons given for that failure. I know the answer, and so do all of you who will face the facts. It is due to the secret conspiracy between real-estate operators and speculators, builders, contractors, suppliers, and the unconscionable profiteers in human need who torpedoed the administration's carefully planned program for allocating materials to the categories of greatest urgency, who withheld material from the legal market, who clandestinely supplied the illegal black market, who catered to high profits and selfish interests, diverted critical materials and labor to luxury construction, or who sat on their profits and refused to produce until their demands were satisfied, all with the active and enthusiastic help and applause of the Republican Party.

It has been a triumph of private greed over human need.

The reduction in appropriations for the housing agencies means that the program for expediting housing for veterans will be utterly and entirely abandoned, and so-called private enterprise will be free to gouge the veteran to the extent that he will be in debt the rest of his life for mediocre living accommodations.

PROMISES TO VETERANS UNFULFILLED

The responsibility for this situation rests squarely on the Republican Party, and the people know it.

Where now are those fine promises made so often and so loudly by the swarm of lobbyists who infested the Capital last year, glibly promising that if only all price ceilings and material controls were removed private free enterprise would provide millions of homes for Americans? They are gone—gone with the wind and with other like promises.

Wilson Wyatt was doing a job; but the vast and smooth-working real-estate lobby scuttled his program—and then scuttled out of sight.

HOUSING AGENCIES HAVE DONE SPLENDID JOB

In the face of many difficulties and many obstacles, it is my belief that the housing agencies have done a splendid job. All over the land many wonderful public-housing projects will long be monuments to the imagination and daring and zeal of a distinguished group of administrators.

Last Sunday I was gratified to find in the Washington Post a long and laudatory article describing Greenbelt, and reviewing the turbulent history of that highly successful Government housing project on the tenth anniversary of its founding. I suppose there are many lobbyists in the galleries, and many Members on the floor, who would even like to see that project abandoned and its 8,000 contented residents thrown to the mercy of the real-estate wolves.

It is true that at times political pressure, or the pressure of the war agencies, or merely occasional unfortunate poor judgment, brought public housing into existence in bad locations. The impressive thing is that a start has been made toward providing decent shelter for that teeming one-third of a Nation, ill-fed, ill-clothed, ill-housed. The housing agencies, in peace and in war, proved that the job can be done. The lobby has won this fight; but they should realize that unless they can make good on their promises the program will start over again, bigger and better and with unanimous public support. After all, the real-estate men are glad enough to have a helping hand from the Government for themselves through FHA; they will have to realize that the people deserve a break, too.

Now, by this drastic slash, you have removed every vestige of hope that the Government might directly aid in building homes for the deserving men who served their country so well, and now are being so ill-served here.

BUSINESS LOBBY PROMISED EVERYTHING, DELIVERED NOTHING BUT HIGHER AND HIGHER PRICES

I do not know what other reductions have been made by this bill. It was reported only day before yesterday, as I have said, and the rule was granted yesterday in extreme haste. These few remarks are based only on my hasty reading of the report, which came to me this morning. I do not see how any arguments for economy can justify the unjustifiable and unwarranted cuts in the housing program. I believe that under the President's repeated proposals for permanent reorganization there could have been added efficiency and better results.

It is unfortunate that too often we listen to the reports and persuasions of paid lobbyists and propagandists on legislation, and not to the people.

The same thing happened last year, especially just preceding the 1946 elections, when the National Association of Manufacturers, the American Meat Institute, the National Association of Retail Dry Goods Dealers, and all their accomplices in the murder of OPA promised everything if only the price controls were removed.

They have delivered nothing except higher and higher and ever higher prices, and higher and higher profits for themselves.

They said that with the "freeing" of private enterprise shortages would disappear, the black market would disappear, high prices would disappear.

Well, price ceilings were removed. The black market disappeared because black-market prices were legalized, or made even higher. Shortages have not yet disappeared; but it will not be long now before the customers disappear, and profits with them.

The big business lobbies seem to have the ear of the Republicans, and the Republicans follow that siren song blindly. The only comfort is that in another 18 months they too will disappear.

MEAT PRICES UP AGAIN

I charged at that time that all these promises were only falsehoods and lies intended to fool the people.

As you all remember, as soon as controls were taken off the prices of almost everything doubled, especially on meats, and I do not know of the price of a single article which is lower now than it was a year ago.

Now all the newspapers in the country, even those who were most vicious in the fight against OPA, have carried stories announcing that the prices of meats will advance from 8 to 10 cents a pound again.

I do not believe the American people can ever be fooled again by the false promises of big business.

There is no question in my mind but that OPA served the country well. Prices were held down all through the

war. No one went hungry. Of course, housewives did not get all the meat they wanted because the packers went on strike until they could get their pound of flesh. They got what they wanted; the price control law was repealed; and immediately cattle and hogs began their stampede to the markets while the cold-storage plants were emptied, but of course at high prices, and in the face of warning after warning that the supplies of livestock were being exhausted and that the country would face future shortages and still higher prices. Those warnings now are coming true.

Therefore, I hope henceforth any assurances or pledges or promises on the part of these lobbyists that infest the House and infest Washington will be disregarded and that we will act according to our consciences and the wishes of our people back home.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman, as usual, for a question, please.

Mr. HOFFMAN. The gentleman is very, very gracious about it.

Mr. SABATH. I always try to be.

Mr. HOFFMAN. Well, you always are. You always succeed. There is no question about that. What I am wondering about is this meat and the shipping of it abroad by the Federal Government and whether that has anything to do with the price.

Mr. SABATH. It surely does not and cannot tend to reduce the prices.

Mr. HOFFMAN. I would not think so.

Mr. SABATH. I concede that. But the amount that is being shipped abroad is only a small quantity compared to what we are consuming in this country. I hope our country will be able to consume even greater quantities of meat, provided these hold-up people, the packers, will not mulct the American people as they are doing now. If prices were in reach of the average pocketbook we could all buy more meat and other farm products. I wish you would read their financial reports and see the amount of money that is being made by these packers. The largest ones are in my city. Some of the people who live in my district are employed by the packing industry; but, unfortunately, while these packing houses were controlled by pretty honest men like Armour and Swift in years gone by, now they are controlled by Wall Street and they are obliged to take their orders from the Wall Street financiers who now control not only the packing industry but nearly every segment of American private enterprise, and who are interested only in profits, profits, profits, and ignore fair play and the rights and interest of the American people.

Only last night I heard on the American Forum of the Air the Senator from Wyoming, Mr. O'MAHONEY, and our genial friend the gentleman from Tennessee [Mr. KEFAUVER] reciting facts and figures to the NAM spokesman and their Wall Street lawyer on the vast power of the combinations, the huge percentage of industry owned by just a few big corporations as compared to the little fellow, and how the little fellow is being driven out of business by these avaricious financiers.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield again?

Mr. SABATH. I yield.

Mr. HOFFMAN. Do you think we should have continued the OPA indefinitely?

Mr. SABATH. No; not indefinitely.

Mr. HOFFMAN. About how long?

Mr. SABATH. Until conditions were adjusted so that the people would have sufficient food and so that the general civilian production would have been sufficient for everyone, and so that there could be genuine competition that would control prices. As it is now, we have repealed the Price Control Act at least 9 months or perhaps a year before it should have been repealed.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield? I want to get your estimate. I value the gentleman's opinion very highly. I want to get your opinion as to the months or years that you think we should have continued the OPA.

Mr. SABATH. I thank the gentleman for the compliment. I repeat what I just said, that I think it should have been continued for another 9 months or 12 months, and by that time I believe conditions would have been adjusted so that the public would not be mulcted by these willful profiteers.

Mr. HOFFMAN. You said that the packers in Chicago, as I understood you, were controlled by Wall Street?

Mr. SABATH. Yes, sir.

Mr. HOFFMAN. Now, Wall Street is controlled by the international bankers, is it not?

Mr. SABATH. That expression "international bankers" has been used before.

Mr. HOFFMAN. So have the words "Wall Street."

Mr. SABATH. And, also, the House of Morgan and a few others.

Mr. HOFFMAN. And Kuhn, Loeb & Co.?

Mr. SABATH. And Kuhn, Loeb & Co.; yes, sir. I agree with you. Moreover, they are closely affiliated with British finance, as is the Morgan firm, and with other European financiers as well.

Mr. Speaker, I have said what was in my mind in paying my respects to these profiteers and gougers and with reference to the high cost of living that they have brought about and also concerning the promises that you gentlemen on the other side made to the American people when you pledged that you would reduce the cost of living and reduce the outrageous prices saddled on the backs of the people by the trusts and combines which, as I said before, seem to control your actions, with your help.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and I reserve the balance of my time.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as she may require to the gentlewoman from New York [Mrs. ST. GEORGE], and I ask unanimous consent that she be allowed to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mrs. ST. GEORGE. Mr. Speaker, if our Government is to survive it can only do so through the devotion and sacrifice of our people. By the same token if it is destroyed, we, ourselves, will be responsible for our own downfall.

This Republic can only survive and progress if we have an enlightened and educated electorate, who know and understand the mechanics of Government in a free Republic.

In my home county of Orange, we have a youth in Government project, sponsored by the YMCA and under the supervision of the three district-school superintendents, high-school principals, and county officials.

Under this program the high school pupils organize into two political parties, patterned on our two major parties. They hold conventions, file petitions, write party platforms and then go out and campaign for all the State and county offices.

After they have been duly elected, they each serve one day in the office of the official that they represent.

This year for the first time the two parties nominated candidates for Congress and the young man who won the election is here with me today, also the defeated candidate and two school mates.

I believe, Mr. Speaker, such a project should be inaugurated in every school in our country so that our young people, when they come of age, will be ready to assume their obligations and responsibilities.

I am proud that the young people of Orange County, N. Y., are being given the opportunity of understanding how their Government functions and what their duties as citizens are.

As long as the youth of our Nation knows and accepts its responsibility, so long freedom will endure.

The day that they are too lazy and ignorant to guard and know their rights, that day liberty will perish from the earth.

As far as liberty is concerned, we, today, are the light of the world.

We must make that light shine before men.

Mr. SABATH. Mr. Speaker, I yield 10 minutes to the gentleman from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. Speaker, I wish to say a few words in opposition to the rule which has been proposed today, waiving points of order on this bill. I am vigorously opposed to this rule. What I have to say I wish understood as no personal reflection upon the members of the Rules Committee or of the Appropriations Committee, because I have a high regard for the members of both of those committees. But, Mr.

Speaker, the procedure we are following today in waiving points of order on this bill and approving legislation on an appropriation bill, is soon going to lead to a situation where we might as well abolish all of the other committees of the House of Representatives except the Appropriations Committee.

The dangerous encroachment of assuming the jurisdiction of legislative committees not only in this bill but in other bills we have considered recently, but particularly in this bill, is the worst possible sort of legislative policy. I only received a copy of the bill and the report of the committee on yesterday. It would be humanly impossible within that short length of time to consider all of the matters of legislation on this appropriation bill and be in a position to discuss them intelligently. They deal with and amend laws which have long legislative histories and upon which legislative committees have spent months of consideration.

I do, however, want to call the attention of the House to two particular items which are typical of the kind of legislation we are getting into appropriation bills and thereby depriving the regularly constituted committees of the House of their jurisdiction to consider changes in basic laws that this Congress has passed.

Mr. Speaker, throughout the years the Tennessee Valley Authority has rendered a great service to the Nation both in times of war and in times of peace. It is now so far as its major projects are concerned almost completed. Over a period of years the investment in power facilities of the Tennessee Valley Authority is going to be paid back to the Federal Government and then for hundreds, five hundred, or a thousand years—because these dams that are built there are part of the mountains in which they are located and they will last forever—then for all those years that great investment will belong to the people of the United States.

Mr. Speaker, the Military Affairs Committee of the House of Representatives, the Committee on Agriculture and Forestry of the Senate before the Reorganization Act was passed considered many, many times the amortization, or section 26, of the TVA Act relative to the use of its receipts and the paying back to the United States Treasury. They have worked out various compromises which were satisfactory to the people of the Valley, to the TVA, and to the Members of Congress. Only last year, Mr. Speaker, the Committee on Expenditures in the Executive Departments of the House in passing the bill having to do with financial control of governmental corporations, Public Law 248, went into this whole problem and worked out a satisfactory solution. This was also approved by the Senate Banking Committee and approved by the Senate.

But we are now legislating without the Tennessee Valley Authority having an opportunity to be heard; without any representatives of the 7,000,000 people who live in the Tennessee Valley and the 750,000 customers it serves having an opportunity to present their side of the argument. Without any opportunity of the people who are eventually going to pay back this investment in power having an opportunity to appear and present their side of the case.

We have in this bill, beginning on page 7, legislation that is ill-considered, legislation on an appropriation bill that may do much harm to TVA.

Mr. PLOESER. Mr. Speaker, will the gentleman yield?

Mr. KEFAUVER. In a moment I will yield.

Legislation that has not been given thorough consideration, has not been thought through; and I am very much afraid of the disastrous results it may have.

I yield to the gentleman from Missouri.

Mr. PLOESER. Certainly no one denies the gentleman the right of expressing his opinion, and my personal regard for the gentleman leads me to believe that his opinion is most interesting; but in observing what the gentleman has said in the statements he has made to the effect that we have done this without any consultation with the Tennessee Valley Authority, the gentleman is assuming something for himself that the committee did not dare to assume for themselves. This, of course, has not been done without consideration, without a year's study, or without consultation with the Tennessee Valley Authority. So if the gentleman proceeds, please get all of the facts so that his statement may be more accurate.

Mr. KEFAUVER. May I ask the gentleman if any of the officials of the Tennessee Valley Authority had any opportunity of testifying before his committee in connection with this amendment of section 26. Did any of the customers or citizens of the Valley have a chance to be heard?

Mr. PLOESER. The gentleman knows, of course, the custom of the House not to hold open hearings before appropriations subcommittees.

Mr. KEFAUVER. That is what I am objecting to.

Mr. PLOESER. There are representatives of the State of Tennessee here in this House. They represent the people or it is presumed that they do.

Mr. KEFAUVER. My point is, Mr. Speaker, that we have large distribution systems in the Tennessee Valley which have cost the cities, the municipalities and the people hundreds of millions of dollars. They entered into contracts with the TVA based upon the fact that section 26 was in the law, that it would give TVA flexibility in operation, and those contractors, obligating the people, the municipalities, and the cities, ought to have the opportunity to come to the Congress itself, to a legislative committee, and present their side of the problem before such a basic change is made in the charter of the Tennessee Valley Authority. Of course we have Representatives in Congress from Tennessee, capable Representatives but they cannot presume to speak for the people of the Valley when there has been no opportunity of expression from the people.

Mr. RAINS. Mr. Speaker, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Alabama.

Mr. RAINS. The gentleman from Missouri a moment ago stated that the rule in the Appropriations Committee was that there could not be open hearings. Is that not all the better argument why this legislation and this particular bill should have been aired at open hearings?

Mr. KEFAUVER. Exactly.

Mr. RAINS. Before the Public Lands Committee, for instance.

Mr. KEFAUVER. I may say to the gentleman that four legislative committees of the Congress, the Military Affairs Committee of the House, the Agriculture and Forestry Committee of the Senate, the Committee on Expenditures in Executive Departments of the House, and the Banking Committee of the Senate, have worked this problem out after long and tedious hearings at which everybody had opportunity to be heard and where representatives of the people, the distributors, the Tennessee Valley Authority, and everybody who had an interest in this great project, could come and tell the members of those committees what they thought about it. They reached a satisfactory solution. Now here in executive session without any representative of the distribution systems or the people, they make this radical change, and in looking over the hearings questions on the amortization provision were not asked of any witness of the TVA when they appeared before the committee. There is no discussion on this legislation in this appropriation bill in the hearings that I have been able to find, even before the Committee on Appropriations.

There have been no hearings on the legislative provisions of the bill. A few casual references were made in the hearings to an amortization scheme which has since been abandoned, but there was no opportunity on the part of TVA to explain to the committee the effect that the bill would have upon its operations. Even more important, the people of the region have had no opportunity to present their point of view and to assert their rights not to be prevented by arbitrary fiscal requirements from securing adequate electric service. This is not the way to write sound legislation, and it is therefore no surprise that the legislative provisions of the bill are unsound. It discriminates without basis or justification against a great region of the country, which Congress has pledged itself to help rather than to hurt.

The TVA Act authorized long-term contracts with municipalities and cooperatives, and over 140 such contracts have been signed in reliance on the provisions of section 26, which were designed to provide the means for assurance of adequate electric service. Seven hundred and fifty thousand consumers are entirely dependent for this necessity of modern life upon the ability of TVA to carry out its commitments. Neither the consumers nor the municipalities or cooperatives which serve them would ever have allowed their welfare to become de-

pendent upon TVA power supply were it not for the provisions which Congress established to permit TVA to fulfill its obligations. A change in the rules of the game at this time would be a breach of the trust reposed in Congress by the people of the Tennessee Valley.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Iowa.

Mr. JENSEN. I am sure the gentleman does not want the RECORD to show that the Tennessee Valley Authority did not appear before this subcommittee on several occasions. Mr. Clapp, the Administrator, appeared.

Mr. KEFAUVER. Oh, yes. I have read the hearings, I may say to the gentleman.

Mr. JENSEN. We had full and complete hearings with the official body which governs TVA. If the gentleman as a citizen of the Tennessee Valley does not want a few men to run that great TVA, then I would suggest the gentleman introduce legislation to abolish TVA.

Mr. KEFAUVER. I do not see how the remarks of the gentleman are pertinent.

Mr. JENSEN. They certainly are pertinent. The Administrator speaks for TVA, lock, stock, and barrel. If the gentleman does not like that empire within an empire, it is his duty to introduce legislation to abolish that empire which is run by a dictator.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. KEFAUVER. Mr. Speaker, we in the Tennessee Valley are entirely satisfied and very happy with the management of the Tennesse Valley Authority. What we do object to is that the people, the representatives of TVA and anyone else who is interested have not had an opportunity to be heard on this language which hits at the very heart of the charter of the Tennessee Valley.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. KEFAUVER. I cannot yield to the gentleman.

Mr. JENSEN. I do not blame the gentleman.

Mr. KEFAUVER. I must finish my remarks.

Mr. RANKIN. I was going to say that, instead of being a dictator there, the Tennessee Valley Authority is simply carrying out the law passed by the Congress.

Mr. KEFAUVER. That is right. Let me point to another thing, and I do not know whether many of you have had a chance to read this section or not. Section 104 of this act, page 24, assumes a large part of the authority of the Committee on Expenditures in the Executive Departments.

If section 307 is enacted in the form reported by the committee, it would reconstitute section 104 of the Government Corporation Control Act so as to make that section substantially the same in language and in effect as committee print No. 2 of the original Whittington bill, H. R. 2177, issued June 6, 1945, by the House Committee on Expenditures. The original Whittington bill was not only unalterably opposed by TVA and all those dependent on the TVA power system but was affirmatively rejected by the House committee itself, which reported out H. R. 3660, the present law, as a substitute measure.

The amendment to section 104 proposed by the committee specifically contemplates the enactment of annual legislation limiting the use of corporate funds or other financial resources as Congress may determine, and provides that section 26 of the TVA act shall not be affected thereby except as specified in such legislation. Enactment of such an amendment to section 104 would be akin to an outright repeal of section 26. At the present time TVA is authorized to utilize the revenues from its power system for the operation and maintenance of that system and for the provision of necessary direct power facilities. All of the power commitments made by it in the Tennessee Valley have been predicated on the possession of that authority and on the ability to plan the wisest and best use of its power revenues for power system purposes. If this amendment is made effective, however, TVA and all of its municipal, cooperative, industrial, and other power customers would have to assume that as of July 1 of any year it might be deprived not only of the revenues needed for the provision or replacement of necessary capital items but of those required to meet production costs, pay rolls, and other operating expenses. In ultimate result, therefore, the amended section is open to the same objection as the original Whittington bill, which was so emphatically rejected, namely, that it serves to subject TVA, as well as other Government corporations, to the uncertainties of an annual charter which may or may not be renewed each year in whole or in part in the discretion of a congressional appropriations committee.

By the TVA Act and the various amendments which have been added to it from time to time, Congress has carefully and particularly enunciated the policies by which it is to be guided and the specific powers and duties which it is to exercise and discharge. By that act TVA was given a mandate to accomplish certain specific results in a specified geographical area as part of a long-range continuous program. It has been directed to construct a series of multiple-purpose dams and reservoirs on the Tennessee River and its tributaries, to control the destructive floods on that river system, to provide a 9-foot navigable channel on the Tennessee from Knoxville to its mouth, to generate electric power at those projects, to market that power by means of transmission lines and substations to be constructed and maintained by TVA, and to contract with communities within transmission distance to supply their power requirements over long-term periods. As a part of this interrelated and integrated program Congress expressly authorized the acquisition by TVA of the privately owned generating and transmission properties previously serving large parts of the area.

In imposing this mandate upon TVA as a regional corporation, Congress has made a commitment to the people of the area that TVA's essential function of power supply will continue to be performed efficiently and without interruption. In accepting and executing this congressional mandate, TVA, under long-term contracts entered into over its 14 years of existence as specifically contemplated by the TVA Act, is committed to supply the full power requirements of 139 municipal and cooperative distribution systems, serving 750,000 consumers in an area of 80,000 square miles.

No one will deny that TVA has performed an excellent job in meeting its obligations under the above-mentioned power contracts. But neither will anyone claim that it could have performed such a first-rate job had it not been for the provisions of section 26 of the TVA Act. And this section, it must be remembered, does not confer any superpowers or authority upon that agency. On the contrary, it does nothing more than permit TVA to apply its operating revenues to the operation of its dams and reservoirs, to the operation and maintenance of its power system, and to the replacement of old and the provision of new direct power facilities necessary for the conduct of its power business. This authority is far less than that conferred as a matter of course upon the board of directors of any privately owned and operated utility system in the country. In delegating that authority to TVA, Congress has given it no more than the bare minimum of discretion essential to the efficient operation of a power business.

The Federal Government has invested several hundred million dollars in the multiple-purpose dams which have been build by TVA. The power from those dams is not only being absorbed by 750,000 consumers over an 80,000-square-mile area, but that area is dependent upon the continued and uninterrupted flow of that power for its very life. TVA power operations are now ably and efficiently conducted, and the amount of the Government investment in TVA power facilities is being and will continue to be returned to the Federal Treasury at a rapid rate. All this has been made possible by the relationships which have thus far existed between TVA and the distributors of TVA power, which have presented a splendid example of cooperation on the part of Federal and local agencies. That fine relationship can continue only so long as TVA's power customers are able to retain their confidence in the ability of TVA to carry out its power-supply commitments. It is perfectly apparent that no city in the TVA area can afford to let itself become dependent for electricity on a source of supply on which it cannot rely from year to year. If will destroy existing confidence in the Congress insists on taking action which continued ability of TVA to meet the continuing needs of its power customers, those customers will inevitably seek ways

and means of securing another source of power. It is not too much to say that the success or failure of the TVA program hinges on the provisions of this section 307. To enact that section into law would be to cancel out the work of 14 years.

Repeated efforts have been made to deprive TVA of the power to use its revenues to meet the essential requirements of its power system operations as authorized by section 26 of the TVA Act. Each time such proposals have been carefully considered by the Congress, and rejected. Each time Congress has concluded that it is not equipped to determine the operating needs of a power system, the operating expenses of which may vary as much as $15,000,000 between a wet and dry year. Each time Congress has determined that it should not reduce the already irreducible minimum of managerial discretion which it had delegated to the TVA Board of Directors. Each time Congress recognized that it could not wisely decide where or when or what kind of a new substation or transmission line might be needed. Each time Congress concluded that questions in this category do not present the smallest kind of a political or policy issue, but involve pure management decisions for which it should hold the TVA Board of Directors wholly responsible.

When the Corporation Control Act was enacted by the Seventy-ninth Congress, section 26 of the TVA Act was again carefully appraised and its essential character reaffirmed; and section 104 of the Control Act was so worded as to provide that none of its provisions should be construed as affecting the provisions of said section 26 in any way.

In reporting out the Corporation Control Act as it was finally enacted into law, the House Committee on Expenditures in the Executive Departments and the Senate Committee on Banking and Currency, using identical language, had the following to say concerning section 104:

> To insure that such legislation would not be used as a means of destroying any Government corporation or preventing it from carrying out and financing its authorized activities, this section includes a specific provision that it shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law.
>
> The section also provides specifically that no provision thereof shall be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. This language preserves intact the right of the Tennessee Valley Authority to utilize its receipts in carrying out certain operations and business activities as authorized under present law. The budget program of the Authority would be prepared and submitted on that basis and the Congress in passing on such program would take no action based on this bill which would interfere with such right or set a limitation on the use of such receipts for those purposes authorized under said section 26. The committee feels that the present arrangement established by law as to the use of the Authority's receipts is working satisfactorily and that if any occasion should arise hereafter for changing such arrangement, this should be done by an amendment to the substantive law.

Here we have two legislative committees of the Congress warning that the removal of the safeguards written into the original section 104 would constitute that section a means of destroying any Government corporation or preventing it from carrying out and financing its authorized activities. Here we have two legislative committees of the Congress stating that the present arrangement established by law as to the use of the Authority's receipts is working satisfactorily and that if any occasion should arise hereafter for changing such arrangements, this should be done by an amendment to the substantive law. In other words, two committees of this Congress to which have been entrusted the responsibility of passing upon the enactment and modification of substantive legislation have warned against any direct or indirect change in the provisions of section 26 of the TWA Act except after full hearings before a legislative committee, which after all is the regular and accepted procedure which Congress by its rules has provided for the accomplishment of such a result. This appropriation bill flies in the face of that warning in many particulars. It does so particularly and most flagrantly in proposing section 307. Certainly this Congress, having enacted important and essential legislation only after the most careful consideration, and after full hearings and debates, and after rejecting numerous similar proposals as unwise and ill-considered, does not intend to gamble the essential results and objectives of that legislation upon recommendations of an appropriations subcommittee, reached on a speculative basis with no hearings whatsoever.

But what happens here, gentlemen? In section 104, the members of the Committee on Expenditures in the Executive Departments may not have had time to look it over, but the Committee on Appropriations is assuming jurisdiction of the Expenditures Committee by saying that in the future you do not even have to have a closed rule in order to consider any limitation or any arrangement about the retirement of debt or the amortization of power projects; that is, that they shall be germane. They are transferring the jurisdiction of the legislative committee by section 104 directly to the Committee on Appropriations.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. SABATH. Mr. Speaker, I yield such time as he may desire to the gentleman from Alabama [Mr. JONES].

Mr. JONES of Alabama. Mr. Speaker, it is difficult for me to see how the Committee on Appropriations and the Congress can justify, under the watchword of economy, the reduction made in the budget recommendation for fertilizer experimentation and munitions developments at the TVA, Muscle Shoals, Ala., plant. Heretofore, in other appropriation bills we have recognized, as we should, the urgent necessity for research for the military, looking, of course, to the defense of our country. Recognizing, as all of us must, that the first line of defense of this Nation in every war has been the fertility of the soil of the farms of America, how can we now become so short-sighted in the name of economy as to support a reduction in the funds necessary to carry on the experimentation work needed for the preservation and further development of the farm lands of our Nation? This attitude and the action of the Appropriations Committee in reducing the budget estimate for this work is certainly penny-wise and pound-foolish.

It is needless for me to remind the Members of Congress who represent agricultural districts that there is a great hue and cry among farmers today not only for more fertilizer with which to enrich their soil, but better fertilizer. The Muscle Shoals TVA fertilizer plant is dedicated to the development and test of new fertilizer products, in an effort to see whether farmers having materials in concentrated form can work out a program of farm management that will make soil fertility and conservation pay in the farm enterprise. This very worthwhile program is carried on by the Tennessee Valley Authority in test-farm demonstrations in conjunction with, and with the assistance of, county agents of the State extension service.

Mr. Gordon Clapp, Director of the TVA, in his testimony before the subcommittee, states that—

> We use about one-fifth of the plant capacity for distribution through the test demonstration farm program which has been set up in cooperation with the extension services of the States, principally in the valley, but also in a number of States outside the Tennessee Valley.

It has been said that civilization itself depends upon the 6 inches of topsoil on the face of the earth. We have made great progress along the road to soil conservation in this country; however, I am one who believes that we have only begun a fight which must be carried on if we are to preserve the productive capacity of the farms of America. We not only must prevent the erosion of our farm land, but we must find support, and advocate every possible means for the enrichment of our soil. Where, then, Mr. Speaker, is the wisdom of hampering a program of research, in any particular, dedicated to the urgent necessity of finding means for increasing the productivity of the farms of America?

There was a time when the demand for commercial fertilizers was in a large measure localized in the Southern and Southeastern States. This situation no longer exists. The Department of Agriculture states that the average annual consumption of fertilizer in 1935–39 was 7,537,631 tons. There has been an increase in consumption of commercial fertilizer of approximately 1,000,000 tons each year from 1940, when the consumption was 8,249,256 tons. It is interesting to note that the notable increase in consumption has been in the North Central and Western States, where it is two to three times the prewar level. From these figures it is evident that the need and demand for more and better commercial

fertilizer is of interest, not only to the farmers of the South, but to those of the Middle West and the far West, as well.

The Department of Agriculture in August 1944, recommended that Government ammonia plants, with a rated capacity of 300,000 tons of nitrogen be converted for the production of nitrate fertilizer and ammonia derivatives as soon as the war conditions would permit. By August 1946, plans for the use of these individual plants were well worked out. The TVA plant at Muscle Shoals, Ala., was supplying a large part of this very needed ingredient for commercial fertilizer. Last spring, in an effort to meet the ever-increasing demand for commercial fertilizer, on the part of the farmers of this country, and at the insistence of the Members of Congress, the Department of Agriculture stated that full cooperation was being given to Government agencies, meaning the TVA, and private producers to obtain the maximum production of fertilizer, and to expand facilities where feasible. And yet, here we are today, in the face of an extreme shortage, failing to recognize the need for further development of research in the commercial-fertilizer field, curtailing the essential expenditures necessary of the one plant which is charged with the duty, by law, of giving to the farmers of this country, the type and kind of fertilizer their soils need.

Mr. SABATH. I have no further requests for time, Mr. Speaker.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. JENSEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 2 hours, the time to be equally divided and controlled by the gentleman from Tennessee [Mr. GORE] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Iowa.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3756, with Mr. ANDERSON of California in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. JENSEN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, at the outset of my remarks I wish to pay high compliment to the members of this subcommittee on Government Corporations of the Committee on Appropriations, of which I have the honor of being chairman. Last year for the first time this bill was considered by the Congress. The bill, which is known as the Government Corporations Control Act, was passed in 1945. Hence it was necessary for the Congress to name this committee to look into the fiscal functions of these many Government corporations.

Until this year there were only five members of this subcommittee, the able gentleman from Texas [Mr. MAHON], the able gentleman from Mississippi [Mr. WHITTEN], the able gentleman from Tennessee [Mr. GORE], the minority members of the committee, with whom it is a pleasure to work, and my right-hand man, the gentleman from Missouri [Mr. PLOESER], a most able and conscientious public servant, and myself. Due to the fact that there was a lot of work to be done in relation to the duties of this committee, at the outset of this Congress I requested that the subcommittee be increased to seven members. We now have with us on the committee our able colleague, the gentleman from Oklahoma, Mr. GEORGE SCHWABE, and our very able colleague, the gentleman from New York, Mr. FRED COUDERT, both of whom have been most diligent and cooperative and have rendered valuable service.

We also have with us this year as clerk of the committee, Mr. Claude Hobbs. Claude has done a great job for the committee. Ken Sprangle also helped us considerably as clerk, although he is clerk of other committees. Then we had our very efficient Chief Clerk, Mr. George Harvey, who is always available on call.

I have the highest regard for the staff which assisted us in this very important job of looking into the Government corporations which have borrowing and lending authority of our taxpayers' dollars in the amount of over $30,000,000,000 and all the power that goes with it over our economy.

We asked for a rule on this bill because we are asking for some additional authority and jurisdiction which we feel Congress needs and must have in order properly to look into the operations and the functions of this widespread program of lending and spending of this huge sum of the people's money, any time we, the people's representatives, see fit to do so. We have asked in this bill for authority to look into not only their administrative functions but also to keep close supervision over their lending and spending authority.

When the Government Control Act was originally passed, the report submitted to the Congress by the Committee on Expenditures in the Executive Departments stated that all Government corporations, both fully and partially owned, were to be brought under the jurisdiction of the Congress. But through some fast footwork by spokesmen of some of the partially owned Government corporations they were not included in the bill. So we are asking that several of the partially owned Government corporations also be brought under the jurisdiction of Congress. I cannot imagine that anyone who believes in representative government and in the Constitution of the United States feels that the representatives of the people should not have the authority to look into all the functions of government.

We have in this bill for administrative expenses for these departments $41,649,700, which was a reduction from the budget request of $14,847,550. For other items, including some administrative expenses, as well as construction for the TVA and some other items as set out in the report which I will insert in the RECORD following my remarks, we have allowed $36,097,580, which is $14,039,920 below the budget estimate, a 28-percent reduction in the budget request.

We have purposely made this report quite lengthy. You will note the report consists of 52 pages. Our reason for making the report quite complete and comprehensive is because there are so many things the American people and the Members of Congress would like to know about concerning the activities of these Government agencies, and we felt it right and proper to explain quite in detail in this report just when these corporations were organized; the kind of charter they have; when the charter expires, and also the amount of their borrowing authority, and many other pertinent facts.

Mr. Chairman, I could at this time go through this bill and talk about many things and thus take up the time of the House. But I presume that most of the items will be discussed later. There are some things I wish to call to the attention of the Members of the House and the American people at this time. Those of you who were present heard the gentleman from Tennessee [Mr. KEFAUVER], for whom I have the highest regard, but who, like the rest of us, occasionally is wrong. This is one case where the gentleman from Tennessee is wrong. I know he will tell you that he and I have been in close agreement on a number of bills and that we do respect each other. But the gentleman just stood on this floor and said:

> Why were not many people of the Tennessee Valley and the officials of the municipalities, and so forth, permitted to come before the committee and testify and give their ideas about this, that, and the other?

When the TVA was organized a board of three members was appointed, with almost complete autocratic power over the business of the TVA. I am sure no one will disagree with me on that. They appointed a chairman of that board. The present Chairman is Mr. Gordon Clapp, and I want to say at this time that Mr. Clapp made as good a presentation as any witness that I have heard before a committee of Congress, of which I am or have been a member. He gave testimony willingly and knew what he was talking about; Gordon Clapp knows that I do not approve an authority in any river valley in the United States, because I do not approve of empires within empires, especially in our United States of America. Gordon Clapp knows, as I told the board while in Knoxville last year visiting that great

project, that I had gone along with TVA, as most of the other Members of Congress have, and that I did not propose to introduce a bill to abolish TVA, but that I certainly would fight to the last ounce of my strength to stop another authority such as TVA being instituted on any other river valley of America.

Mr. RANKIN. Mr. Chairman, will the gentleman yield right there?

Mr. JENSEN. I yield.

Mr. RANKIN. Does the gentleman know of another river valley in America which does not have an authority that has developed its water power, promoted navigation, and controlled its floods? If so, I should like to have the gentleman point it out.

Mr. JENSEN. May I remind the gentleman that no river valley in America has had almost $900,000,000 of the American people's money to do that kind of work. You can do a lot of things when you have almost unlimited funds to spend at will.

Mr. RANKIN. I can show you other streams on which hundreds of millions have been spent and they still have not controlled their floods. It will be the high dams on the Tennessee that will prevent a disastrous flood on the lower Mississippi this year, if we escape one.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. PLOESER. I think it is a little early to observe about the control of floods, because the Tennessee Valley Authority themselves say they have not done that. They are seeking new funds and new dams in the hope they will get them under control. So I would not take all the credit for complete control of floods until it is an accomplished fact.

Mr. RANKIN. I did not say complete control; but they are moving in that direction, and they have prevented one or two disastrous overflows on the lower Mississippi, and saved the city of Cairo at one time.

Mr. JENSEN. Some folks who live in the Tennessee Valley say "Yes, of course they have stopped floods because they have inundated most of the land with their lakes that flooded before TVA." Of course, that surely is an exaggeration. The gentleman from Tennessee and the gentleman from Mississippi, who are members of this committee, have counseled with us, yes, compromised with us, until we are in almost complete agreement with the provisions in this bill. I wish to say the feeling of this committee is that the Tennessee Valley has done a good job in the commercial fertilizer field and that it is a national benefit.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. JENNINGS. As the Representative in Congress from the Second District of Tennessee, which is in the heart of this development, I wish to commend the gentleman from Iowa for his fair attitude in this matter and the provisions in this bill with respect to the repayment of the money which the Government used for this power development into the Treasury over a period of 40 years. In my opinion this will be easily met. It is really putting into law what has heretofore been the practice of the Tennessee Valley Authority. I am glad to see that this matter is not before the House in any controversial aspect but that it is the result of a compromise. I believe that as time goes on there will be increased production of power that will augment the income of this authority and that within the period fixed by the gentleman's committee all of this money will be paid back into the Federal Treasury so far as the cost of the power facilities are involved.

Mr. JENSEN. I appreciate the statement by my very fine friend and able colleague from Tennessee.

Mr. KEFAUVER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. KEFAUVER. The gentleman has stated that it is contemplated that the money is to be amortized over a period of 40 years, yet the report on page 12 states that it is contemplated that the Congress approving the Authority's budget each year will specify the amount to be returned to the Treasury during the ensuing year. So as I understand it this does not settle anything on a fixed basis. It says 40 years, but according to the report and according to the bill itself, the Appropriations Committee is given the power to take such an amount of money that they could make them pay it back in 20 or 25 years.

Mr. JENSEN. If the gentleman would read the bill and the report he would not make that statement. The language is very plain and specific. For the edification of the gentleman and for the information of the House I should like to read the language.

Mr. KEFAUVER. May I ask the gentleman the meaning of the language of the third sentence on page 12 reading:

> It is contemplated that the Congress in approving the Authority's budget each year will specify the amount to be returned to the Treasury during the ensuing year.

It does not mean 40 percent. Really, it does not mean anything.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. JENSEN. Mr. Chairman, I yield myself 10 additional minutes.

Mr. Chairman, the Congress of the United States up to the fiscal year 1948 has appropriated the sum of $371,870,759 for power facilities for the Tennessee Valley Authority.

Up to that time the Tennessee Valley had paid back in two payments from power receipts and also in six payments on the bonds which the Reconstruction Finance Corporation holds against them, an amount of $23,631,519, all of which can be found on page 11 of the report, leaving a balance of $348,239,240. That is the amount we have specified in this bill for TVA to pay back into the Treasury of the United States over a period of 40 years under a plan which will not adversely affect the activities of the TVA.

We say that each year they shall pay back 40 percent of their net income on power revenues, which means 40 percent of their net power earnings; that they shall pay in each 10-year period 25 percent of $348,239,240, and that each Congress shall justify an amount which they feel TVA should pay that year. That is because of the fact that dry years may reduce their revenues. We are giving them latitude in which to operate.

Mr. KEFAUVER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Tennessee.

Mr. KEFAUVER. I am sure the gentleman and the members of the committee have the best of intentions about the matter. The gentleman said they would have to pay back 40 percent. I call the gentleman's attention to the language in line 9, page 8, that they shall pay back not less than 40 percent. That leaves it in the discretion of the Appropriations Committee to make them pay back 90 or 95 percent.

Mr. JENSEN. If the gentleman has no confidence in the members of the committee or Members of Congress, then I would say he has reason to get up on the floor and argue that way.

Mr. KEFAUVER. I am not expressing any lack of confidence in the members of the committee but I just wondered if that "less than" was an inadvertence, whether it should be in the bill. Other committees may come along years afterward that I would not have confidence in.

Mr. JENSEN. The gentleman from Tennessee, Mr. ALBERT GORE, is a member of this committee. I am sure you will accept his judgment.

Mr. KEFAUVER. I would take Mr. GORE's word for any matter, as I would the word of the gentleman from Iowa, for whom I have the very highest respect, as well as the other gentlemen of the committee.

Mr. JENSEN. I can assure the gentleman that this is not snap judgment, that we sat for weeks and weeks working out what we thought was a fair, just, and reasonable pay-back schedule for TVA and on other items in this bill.

Mr. KEFAUVER. Is it the idea of the gentleman that they pay back 40 percent of their net each year, or not less than 40 percent, and it may be considerably over 40 percent as decided upon by the committee from year to year? I want to know which it is.

Mr. PLOESER. If there is no objection I would like to have the privilege of answering that. We had a choice of working out some flexible amortization plan, or we had the choice of a rigid, fixed amortization plan whereby they would pay a fixed charge for 40 years until they amortized the investment. I personaly prefer that type of amortization that can be fixed on operations. I think the plan as proposed is a simple and in some manner an ingenious plan. It divides the 40 years into four periods of 10 years each in which the Tennessee Valley Authority is to seek in that period to make at least a 25-percent amortization. Now, because of climatic conditions, having a great bearing on the operation of these dams and power projects,

it was thought that we should make it sufficiently flexible so that there would not be a fixed charge over and above the $2,500,000 bond retirement each year. The way it works, the net income, or what some might call net profits, after all expenses are paid and after the $2,500,000 on bond retirement is paid, that net income is divided, 60 percent retained in the operating fund of the TVA and 40 percent returned to the Treasury. Forty percent is the minimum. There may be years in which this operating income is of sufficient size that it would be easy for TVA to make a greater payment the 40-year amortization program. This is a plan that has been agreed upon by everyone. If the gentleman has anything better that he cares to offer, certainly we are open minded and will be glad to consider it, even though it is a little late in the day.

Mr. KEFAUVER. I may say to the gentleman that I had no opportunity to appear before the subcommittee.

Mr. PLOESER. Neither did the gentleman ask for an opportunity.

Mr. KEFAUVER. You had no open hearings, and we had no way of knowing that you were writing an amendment to section 26. The people of my section would like to have come.

Mr. PLOESER. If the gentleman will read the report on the appropriation bill for 1947, there he will observe that this committee recommended a 40-year amortization program last year and expressed its intent to devise such a program, and all we have done this year is work out that on which we gave you 12 months' notice. I have never seen, in the years I have served on the Committee on Appropriations, any Member of the House denied a hearing. You had 12 months' notice. The hearings proceeded as they normally do, season after season, and you were most welcome. We did not go around and solicit you individually because, very frankly, we are not looking for any more work than we have.

Mr. KEFAUVER. I will say to the gentleman that the House has always refused to put in legislation on section 26 in appropriation bills, and it has always fought down the Senate amendments that were put in by that body from time to time. Certainly, I had no knowledge that they expected to legislate on section 26 in this appropriation bill, and I also know that a good many people down in the valley have been somewhat concerned about not having had a chance to present their point of view about the matter.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. JENSEN. Mr. Chairman, I yield myself 10 additional minutes.

The gentleman from Tennessee [Mr. KEFAUVER] said he had no idea that we were going to operate on section 26. If this operation on section 26 of TVA disturbs the gentleman, I might suggest that the gentleman keep his ears and eyes wide open, because from now on this Congress will operate on a lot of things that need operating on in Government. We are going to cut out a lot of cancers so that they do not destroy the body politic of America. So, I would suggest that the gentleman watch very closely the operations which we are going to perform on the rot that has grown on our body politic in America during the past 14 or 15 years.

Mr. JONES of Ohio. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Ohio.

Mr. JONES of Ohio. On page 11 of the committee report it appears that there is $371,000,000 invested in the TVA, and it shows $23,631,000 representing bonds, the security for a loan from the Reconstruction Finance Corporation. Is the $23,631,000 all that interest is being paid on out of this investment for TVA?

Mr. JENSEN. The original bond issue which the Reconstruction Finance Corporation holds draws interest and will continue to draw interest until paid out.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Tennessee.

Mr. GORE. The bonds held by both the Reconstruction Finance Corporation and the Treasury, in the total amount of $65,000,000, bear interest.

Mr. JONES of Ohio. Is the balance of $348,000,000 represented by direct appropriations to the TVA, on which no interest is paid?

Mr. GORE. The $348,000,000 which is required to be paid under the amortization provisions of this bill is composed of three parts, one, appropriated funds; two, a transfer of facilities, the Muscle Shoals facility, for instance, built in World War I; and, three, the bonds which are now held by the Treasury. Those held by the Reconstruction Finance Corporation have already been retired.

Mr. JONES of Ohio. In reference to the alleged amortization over a period of 40 years for the TVA, in reality, whether you call it amortization or not, it represents a payment of interest over a 40-year period of 2½ percent annually on the investment, and the United States Treasury is never reimbursed for the capital amount.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Mississippi.

Mr. WHITTEN. While this bill provides for those payments during the first 40 years, it follows that since this Authority is owned by the Federal Government its earnings thereafter will also belong to the Federal Government.

Mr. JONES of Ohio. Then, if this is to take the place of an interest charge of 2½ percent on the capital investment in the TVA, why do you not just say that forever, ad infinitum, you will pay 2½ percent, rather than limit it to 40 years and leave the impression there will be no interest charge after 40 years?

Mr. WHITTEN. I do not know whether there is any particular point in saying what will happen at the end of 40 years, insofar as most of us here today are concerned, but it is a fact that under the basic law the Authority belongs to the Federal Government, and it will belong to it at the end of 40 years. Whatever it may take in belongs to the Federal Government. The then Congress can do what it may see fit to do with regard to the annual income. In other words, it just is not broken down as to what is interest and what is capital stock. We just say, frankly, that they can make this repayment over 40 years, and it is termed here the payment of the original investment. You could term it interest if you saw fit. The point of it is that such of their funds as can be repaid and keep the authority running on a proper basis should be repaid and will be repaid under this. You can extend it beyond the 40 years when that time comes or you can do it here. I do not see any particular reason for interfering with that. The point I call attention to is that this is different from any other project in the country. Once the original investment is liquidated or amortized, this does not belong to someone else, it still belongs to the Federal Government and the income from it belongs to the Federal Government.

Mr. JONES of Ohio. The point I wanted to make was that when the United States makes an investment in a wealth-producing project such as TVA, if we collect only what amounts to 2½ percent interest, and that is what these payments are over a period of 40 years—it would be 2½ percent of the investment per year to make it pay out in 40 years—we are not collecting the amount of the capital investment, and we are never getting repaid the actual capital amount, because for every dollar the United States has invested it must pay its bondholders the long-term rate of interest, which is about 2½ percent.

It seems to me there is no point in the fact that when the 40 years is up the facility still belongs to the Federal Government because all you have paid in on this project is the 2½ percent interest on the Government investment.

Mr. JENSEN. I can really understand your concern about this matter, but I think it is well that the Congress be informed as to the difference between this project and other federally financed electric power generating projects.

For the past 10 or 12 years the Congress of the United States has been appropriating all these millions of dollars to the TVA. Congress said in effect, "Here it is. Take it. Go down there and spend it at will." And so they did. They never were given even the slightest idea that they would have to pay back a penny of interest or a penny of principal. Further, I believe everyone who has investigated and made some study of the activities of the TVA will tell you that they have done a good job in the development of greatly needed commercial fertilizer. That is a national benefit. It benefits every person in America directly and indirectly. At the present time it is benefiting the starving people in many foreign lands where it is being shipped and used. So TVA is in a different category. You cannot treat this program as you

treat other hydroelectric projects. It makes no difference in the final analysis whether these payments by TVA as provided in this bill are called interest payments or payments on principal.

The fact is that in this bill we are collecting as much each year and will continue to collect as much each year under the repayment program as the TVA can safely pay and still operate in the best possible manner.

Mr. JONES of Ohio. I notice in the TVA audit on page 3 the auditors state that an enterprise is self-supporting only when the revenues are at least equal to the sum of the costs properly chargeable against its revenues.

Some of these costs would be interest charges, amortization of the initial cost, the replacements and depreciation. I congratulate the committee on getting this money back into the Treasury.

Mr. JENSEN. I am sure of that.

Mr. JONES of Ohio. The TVA has been heralded as a yardstick for power rates throughout the United States. Now it develops, if, as the gentleman says, that this is the most that the TVA can bear, then some of these ordinary costs and fixed charges are not included in the proposed pay-back schedule over a 50-year period, such as amortization of initial cost, which would be 1.3 percent; replacements, 1.18 percent; making a total over-all of 4.71 percent, just for amortization and interest alone. So that if it is understood that some of these fixed charges are out of rates and are not returned to the Treasury, then the theory that the TVA is a yardstick is exploded. That is the point I wanted to make, that some of these charges at least are not being provided for in the legislative provision, and the TVA should not be held as a yardstick. As a matter of fact, then, this payment over a 40-year period is at the rate of 2½ percent a year and is really only an interest charge. That would be my understanding of the way this legislative provision attempts to dispose of the property.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr PLOESER. Let me observe again, as the gentleman from Tennessee [Mr. KEFAUVER] also observed, there is flexibility in the program which gives the Appropriations Committee a new look each year. It is their purpose to take care of these things. If the surplus should be such that they could afford to amortize more rapidly, that is fine. They would not object.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. GORE. The distinguished and able gentleman from Ohio [Mr. JONES], for whom I have the highest regard and warmest personal affection, as he knows, does not quite have the correct picture with respect to the financial structure. The gentleman will understand that the total earnings of the TVA is considerably in excess of that part which has been returned to the Treasury, either in return of appropriated funds or in return of bonds. That part which has not been returned to the Treasury has been used to make additions to and improvements in the facilities which are owned by the Government, and the fact is that the real value of the Tennessee Valley power program as a going concern has been financed 24 percent by earnings. If the gentleman wants to regard that 24 percent of the present value of a going utility as interest, he may do so. If he wants to regard it as return on investment, he may do so. Likewise, that which goes back to the Treasury.

As it is set up under the TVA Act and as the committee has conceived this action, the principal investment which the Government has made through appropriations and transfers and bonds will be returned in principal. The remainder, which does not come back in the form of net income every year to the Treasury will be used in the improvement of and in the addition of transformers, generators, and transmission lines, to the end that when the principal is returned to the Government, the people of the United States will own a going concern, free of debt, far larger than it is now. So, over-all, the profits which TVA has earned can be regarded both as principal and interest and will be shown to be a sound and lucrative return on the investment. They thereby increase the earning capacity of the TVA. Mind you, all of the net income of the TVA is the property of the Government. That net income has shown a very rapid increase. From 1940 to 1948, the accumulated earnings amounted to $116,000,000. Now, if the gentleman wants to regard that as interest, then it is a very attractive and lucrative rate of interest.

Mr. JENSEN. We are getting a 40 percent interest rate out of their net power profits.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. WHITTEN. I would like to point out that the gentleman from Ohio [Mr. JONES], in his statement took it for granted that the maximum payment would be 40 percent of net income. I should like to point out that for the next year itself, of the estimated $20,000,000, ten and one-half million will be repaid. So that the repayment in 40 years is the minimum. Actually, however, they will pay in less than that, but will pay in accordance with their ability to pay. The coming year they will pay $10,500,000 out of an income of $20,000,000.

Mr. JONES of Ohio. Mr. Chairman, will the gentleman yield that I may answer?

Mr. JENSEN. I yield.

Mr. JONES of Ohio. The point I am trying to make is that in this legislation you have not attempted to set up a formula for the pay-out of TVA; that this is a compromise figure for getting all you feel that the traffic will bear from the income of TVA and has no relationship to a fixed formula for pay-out schedules for capital investment in TVA.

Mr. WHITTEN. I might say there has been no effort to work out a formula such as the gentleman might indicate. I say this is all they can pay to keep it a good business, that is, to develop this into a going concern as it should be with increases to the capital plant, that this is good business to repay it. So the committee thought on the basis set out in the bill; but this figure was not arrived at with the thought in mind thereby to fix a standard such as the gentleman mentioned.

Mr. RANKIN and Mr. D'EWART rose.

Mr. JENSEN. Please permit me to yield to the gentleman from Montana [Mr. D'EWART], who has been seeking recognition for some time.

Mr. D'EWART. My question is regarding the 60 percent that is retained by TVA. I understand under this act TVA will retain 60 percent of $348,000,000 to be used as they see fit.

Mr. JENSEN. No, no; not 60 percent of their revenues from power.

Mr. D'EWART. As I understand it they will retain 60 percent of the net to do with as they see fit.

Mr. JENSEN. No; not exactly as they see fit.

Mr. D'EWART. My question is, Is it reappropriated?

Mr. JENSEN. They have to come before the Congress each year to get permission to spend for capital improvement on power facilites if this bill becomes law.

Mr. D'EWART. Will it be reappropriated?

Mr. JENSEN. Yes; their unexpended balance will be reappropriated each year. I may say that I really believe the American people would be quite happy if they knew that all the dollars this Congress has appropriated in all the past years for Federal hydroelectric power plants could be returned to the Treasury of the United States in 40 years under the same plan as we have worked out for TVA. I believe the American people would be pretty happy if they knew they could expect that from every federally financed power producing plant in the country.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to my distinguished friend.

Mr. PLOESER. Even in the light of the gentleman's current statement I think it is proper to say to the gentleman from Ohio that it was not the intent of the subcommittee to define this method which we applied to TVA as a yardstick for any other project.

Mr. JENSEN. No; most definitely not.

Mr. PLOESER. That was not our intent and we would not ask the approval of the House of this bill making it a yardstick.

The committee in drafting the repayments to the general fund of the Treasury from TVA power income did not attempt to set a formula for a pay-out schedule or to establish minimum annual financial requirements for the TVA. We merely attempted to write legislation to capture as much money as we thought TVA could safely pay into the Treasury under their present rate structure. Whether you call this repayment of money over a period of 40 years amor-

tization or interest at 2½ percent on the capital investment over a 40 year period is immaterial. The point is that we collect the money. We did not mean to absolve the TVA from setting up fixed charges for their annual operation, such as depreciation, a fund for replacements or interest, as such, separately. All we did was to collect the most money we could by compromise with all the members of the committee without disposing of any of these questions. This action of the committee is not to be regarded as a formula of minimum requirements for Government-owned power projects. This situation is unique—therefore we cannot consider this formula a yardstick.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. RANKIN. The gentleman from Ohio spoke of the rate of 2½ percent as interest. We lent money for rural electrification at 2 percent and it is understood—it was testified before the committee, I believe—that the Government got its money at 1½ percent. So that at even the figure given by the gentleman from Ohio it would amortize the amount of the interest.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. JENSEN. Mr. Chairman, I yield myself 10 additional minutes and I hesitate to consume so much time but I do want to clear up this question, if possible.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I am pleased to yield to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. The gentleman from Iowa has referred to how happy our people would be if they knew certain things. The gentleman has also referred to net power revenues. Let me ask him this simple question: The people in my district would be interested to know whether or not on the proportion of taxes which they pay into the Federal Treasury or the bonds which they buy from the Federal Treasury with which to finance these power projects the money they put up will be refunded plus, say, 2 or 3 percent interest on the amount advanced.

Mr. JENSEN. Under the Reclamation Bureau's plan of repayment, the money going into power facilities is reimbursable, with 3 percent interest; but I may say that about 3 years ago a solicitor of the Interior Department decided it was not necessary to send the interest to the Treasury of the United States, but to just keep it and use it at will. That is the main fight we have had in the Interior Department Appropriations Committee. That interest component should be sent into the Treasury of the United States, according to law. I may say that the gentleman from Colorado [Mr. ROCKWELL] has introduced legislation which spells out a directive that this interest component shall be sent to the Treasury of the United States. That bill, however, calls for a rate of interest of 2 percent.

Mr. CRAWFORD. Unless the Government receives back the principal advanced plus interest on the principal which must be gathered together under the rate-making formula which is applied in the sale of the power sold to the people in the particular locality, then the other taxpayers of the Nation do not receive just payment by reason of the fact that they subsidize the electric power rates received by those who are buying from power-producing machinery of the Government?

Mr. JENSEN. I am sure the gentleman has heard me make almost that identical speech at least a dozen times on the floor of this House, and I am very glad to have it reexpressed by my very able colleague from Michigan who is so exceptionally well versed on financial matters of every nature. I am happy that he has spoken.

Mr. CRAWFORD. Is the Appropriations Committee moving in the direction of accomplishing that very thing, along with the other legislative committees of the House?

Mr. JENSEN. Indeed it is. The Government lent the TVA all of these millions of dollars and said: "We will just let you have it." There was not a word said about paying it back. But in my studied opinion the TVA is in a different category than other projects of similar nature where a pay-out plan was agreed to before the appropriations were made.

Mr. CRAWFORD. That means the taxpayers and the bondholders in the gentleman's district and in the other 434 districts represented in this House will be treated fairly, that it is not socially right or morally just or right from any other standpoint to force one group of taxpayers to subsidize the rate of another group.

Mr. JENSEN. Mr. Chairman, now I will talk about Federal housing, which is a very live question at the present time. Last year when the committee was under Democratic leadership a request was made for a full investigation of the Federal housing program from top to bottom. Mr. Robert E. Lee, an FBI agent, was selected to head this investigation. Every member of the Subcommittee on Government Corporations signed the request for this investigation. It started last July and was finished some 6 months later.

The report was then submitted to the committee shortly before we sat this year and I may say it is a most startling and critical report of many of the activities of the Federal Public Housing Authority in a great many instances. In fact, to such an extent that time will not permit me to go into the matter at this time. However, at a later time soon I shall ask that a comprehensive summary of the report by the investigating staff be placed in the CONGRESSIONAL RECORD so that all may read. A separate volume of the committee's hearings on all Federal housing is now available in which you find much information contained in the report mentioned.

I gave a release to the newspapers today in which I pointed out a number of things in the investigator's report:

[From the office of Hon. BEN F. JENSEN, chairman of the Subcommittee on Government Operations of the House Appropriations Committee, room 256, Old House Office Building]

A comprehensive, confidential report made for the House Appropriations Committee on Public Housing as administered by the Federal Public Housing Authority made public today shows conclusively that that agency has failed miserably to carry out the provisions of the United States Housing Act.

The report is the result of a 6 months' investigation for the Appropriations Committee, headed by Robert E. Lee, who was loaned to the committee by the Federal Bureau of Investigation.

High lighting the report's conclusions was the startling fact that more than 31 percent of all tenants of public housing were totally ineligible for such public assistance, yet the FPHA had taken virtually no action to rectify this situation.

The FPHA also failed to dispose of wartime housing and has instead inaugurated a socialized scheme of disposition to mutual organizations which completely ignore any veterans' preference, unless the veteran was already an occupant, according to the report. As the result of these findings, it was necessary for the Banking and Currency Committee of the House to bring out legislation which has already been introduced and about to come to the floor, which will give the veterans preference for purchase as well as rental.

In addition the FPHA has adopted a policy providing that local authorities build up unreasonable cash reserves at the expense of the Federal subsidy for alleged vacancy and collection losses and other contingencies that may or not materialize. This amount approximates $40,000,000.

Under the United States Housing Act, for every dwelling unit built, there should be one slum dwelling unit eliminated. This has been almost completely ignored and the slums have continued to develop and grow, the report says.

In the face of the teriffic housing shortage in the United States, 8,110 new prefabricated housing units were sold to France by the FPHA. This was early in January 1946, just at a time when veterans were returning by the millions and were desperately in need of houses.

Storerooms of FPHA were found to be replete with propaganda material to influence passage of public housing legislation. This, despite the fact that section 201 of title 18, United States Code specifically provides criminal penalties for the use of appropriated funds to influence legislation.

The FPHA records were in such "atrocious condition" that a nationally known accounting firm (Price, Waterhouse & Co.) were retained by the General Accounting Office to make an audit, declined to do so after inspecting the books on the ground that the fiscal facts could not be ascertained from their records. One of the FPHA auditors, in describing the condition of the records, said:

"A great many deficiencies existed in accounts for all programs which were not being corrected because of improper staffing. Postings for current fiscal year have been very incomplete, and in many instances are so inadequate that the accounts failed to convey proper meaning * * * the lack of adequate fund controls has been the cause of a large number of errors and is, in the opinion of the auditors, responsible for the lack of internal control of rental-office fiscal activity.

"The auditors are cognizant of the serious nature of these criticisms regarding the work of the finance and accounts division as reported herein, but when it is realized that virtually every account in the general ledger is either in error, inaccurate, or incomplete, and that after several months of operation the cause of the condition has not been remedied or eliminated, there is no alternative as to the conclusion that may be reached," the auditor declared.

The report also criticized what it termed "extravagant personnel policies resulting in overstaffing and duplication of effort." It urged the closing of all regional offices because they were "wet nursing" the local owners who had adequately demonstrated their ability to carry out the objectives of the act without any Federal paternalism.

The veterans' emergency housing program is a dismal failure by reason of delays, cutbacks, and high costs, necessitating the FPHA coming back to Congress requesting additional funds to carry out commitments to local groups, the report declared. The figures presented have indicated that some 20 percent of appropriated funds are absorbed in administrative costs, while 36 percent of its administration personnel drew over $4,500 a year or more in salaries.

The report continued: "Administrative controls in central and regional offices are practically nil concerning such items as travel, overtime, communications, etc. There has been definite indication that the Agency appears partial and paternal to the United Public Workers of America (CIO)."

This report was ordered by the Seventy-ninth Congress as a result of the dissatisfaction of the subcommittee of the Appropriations Committee on Government corporations with the justifications presented last year. At that time, of course, the Democrats controlled the committee.

In one instance, in the San Francisco area, allegations were made that building materials were fraudulently given to private builders by FPHA employees; that political contributions were solicited and obtained by FPHA; that regional offices gave lucrative contracts for servicing surplus material to individuals who had no facilities and took no responsibility.

In San Diego, employees of the FPHA use their official position to intimidate the local housing authorities into giving preferred treatment to CIO strikers, the report charged. In one instance, an FPHA desk made available to Mr. Lee was found crammed with copies of the People's World, the local Communist paper.

Many FPHA bulletin boards carry propaganda urging pressure on Congress on behalf of the CIO unions and castigating Congress for its attempts to shackle labor. In some instances, Communists, including one Communist newspaper editor, were found housed in public housing despite the fact that they were not veterans.

Commenting on this situation, the Honorable Charles K. Fletcher, Republican, of California, whose San Diego district embraces the largest directly operated Government housing program, commented on the House floor yesterday: "This is only a small sample of what the Lee report discloses regarding the San Diego area. Get it and read what it says about your congressional district. You will be much surprised and disgusted with the administration of the FPHA. Perhaps then you will know why the House Banking and Currency Committee is reporting a bill to the floor asking us to take the disposal of war housing from the hands of FPHA."

The Honorable BEN F. JENSEN, chairman of the subcommittee on Government corporations of the Appropriations Committee also made a short speech on the floor yesterday calling attention to the fact that this report would be brought to the attention of Congress during discussion of the bill.

We will be fair with every Government agency, but things have been going on that smell mighty bad, and it is the people's business to know and they shall know. I am sure that my good friend and member on this committee, the gentleman from Mississippi [Mr. WHITTEN] will have something to say about this when he takes the floor today. Is is simply a matter that has to be straightened out sooner or later, and we aim to straighten it out as quickly as we can. In this bill we have made an attempt to straighten out a lot of the difficulties by certain language in the bill and by reducing their requests for funds in order to remove from the pay rolls some fellows who sit around and have so much time to think up a lot of stuff, bad for America.

We have the Inland Waterways Corporation which was instituted shortly after the First World War. It operates from New Orleans up the Mississippi and up the Missouri. It has been losing money most every year since its inception, and so the question was whether we should liquidate it or not. I am happy to say that the committee was very fortunate in having at their service the Small Business Committee of the House, which made a very complete survey and investigation of the Inland Waterways Corporation. They made a report to the committee which contained certain recommendations, and those recommendations and that report will be placed in the RECORD at this point. The committee has adopted the recommendations made in this report which will appear in the RECORD of this date. I want to compliment the Small Business Committee of the House for the good job they did. The chairman of that committee I am pleased to say is our able colleague, a member of this committee, the gentleman from Missouri [Mr. PLOESER].

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from New York.

Mr. JAVITS. I did not realize that the gentleman was going to pass by the housing issue so quickly.

Mr. JENSEN. Oh, we will talk about that some more this afternoon. I am sure, but I hope the gentleman will read the hearings also.

Mr. JAVITS. May I bring the gentleman back to that point and ask this question? Did the committee consider two points; one, whether these housing agencies could be equipped to do something about getting more housing, especially for veterans and, second, whether the way in which their appropriations are handled will equip them better toward that end or will it deprive them of any ability to do more than they are doing now about it?

Mr. JENSEN. I might also say that the American people have invested in all kinds of Federal housing schemes over $14,000,000,000 in the past 15 years in addition to the millions spent for administration, yet we have the housing shortage with us today, and it will continue to be with us until the shackles are taken completely off private producers and home builders.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1948

Mr. JENSEN, from the Committee on Appropriations, submitted the following report:

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Government corporations and certain independent agencies for the fiscal year ending June 30, 1948, and for other purposes.

ESTIMATES

The budget estimates of appropriations for the objects embraced by the bill are contained in the President's budget message, pages 957–1024, 1093–1190, 1235–1347, and House Documents 219, 228, and 237.

SCOPE OF THE BILL

The Government Corporations Control Act of December 6, 1945, which requires that all wholly owned Government corporations submit annual budgets to the Congress, specifies by name such corporations as were in existence at the time that act became law on December 6, 1945.

The accompanying bill presents to the House the recommendations of the Committee on Appropriations, respecting the budgets submitted for the fiscal year 1948, in accordance with the provisions of such act, with certain exceptions.

The budget submitted for the Reconstruction Finance Corporation and its subsidiaries has not been acted upon inasmuch as the act authorizing the Reconstruction Finance Corporation expires on June 30, and legislation to extend its life is now pending in Congress. Pending determinations on this legislation, it is not possible to estimate accurately the requirements of the Reconstruction Finance Corporation. This budget will be considered in a subsequent bill to be reported, after the future of the Reconstruction Finance Corporation has been determined.

The Commodity Credit Corporation and the Federal Crop Insurance Corporation are in the Department of Agriculture and so directly related to the programs of the Department that they have been included in the Department of Agriculture appropriation bill, already passed by the House.

In order to indicate the current status of wholly owned Government corporations with regard to their legal lives as corporate entities and as agencies or instrumentalities of the United States, the following summary tabulation is presented. Those corporations already liquidated are not included in the tabulation. As of the latest date for which available, information has been included regarding pending legislation affecting the corporations with respect to their legal lives. Inasmuch as many of the numerous bills introduced in Congress contain incidental references which may affect Government corporations, the information regarding pending legislation in the table should not be considered as necessarily complete.

Government corporations

Name	Termination date under provisions of existing law or charter	Pending legislation
Banks for Cooperatives	Indefinite	
Commodity Credit Corporation [1]	June 30, 1947 [2]	S. 350 (passed Senate Apr. 8, 1947). H. R. 30.
Defense Homes Corporation [1]	Indefinite [3]	
Export-Import Bank of Washington [1]	do [4]	S. 993 (passed Senate Apr. 21, 1947). S. 414 (insurance fund).
Federal Crop Insurance Corporation	do	S. 1326.
Federal Deposit Insurance Corporation	do	H. R. 974; S. 1070.
Federal Farm Mortgage Corporation	do	H. R. 3330; S. 925.
Federal home-loan banks	do	H. R. 2799, H. Rept. 413.
Federal intermediate credit banks	do	
Federal land banks	do	H. R. 3330; S. 925.
Federal National Mortgage Association	do	
Federal Prison Industries, Inc	do	
Federal Public Housing Authority	do [5]	
Federal Savings and Loan Insurance Corporation	do	H. R. 2798, H. Rept. 411, H. R. 2800.
Home Owners' Loan Corporation	When purpose accomplished.	
Inland Waterways Corporation	Indefinite	
Institute of Inter-American Affairs [1]	do	
Inter-American Educational Foundation, Inc.[1]	do	
Prencinradio, Inc.[6]	May 14, 1946 [8]	
Institute of Inter-American Transportation [6]	Aug. 21, 1946 [8]	
Panama Railroad Company [1]	Indefinite	
Production Credit Corporations	do	
Reconstruction Finance Corporation	June 30, 1947 [7]	H. R. 2535 (surplus property); S. 217.
Regional Agricultural Credit Corporation	Indefinite	
RFC Mortgage Company [1]	do	
Rubber Development Corporation [1]	June 30, 1947	
Smaller War Plants Corporation	Dec. 31, 1946	
Tennessee Valley Associated Cooperatives, Inc.[1]	Indefinite	
Tennessee Valley Authority	do	S. 1277.
U. S. Commercial Company	June 30, 1947 [7]	
Virgin Islands Company [1]	Indefinite	H. R. 3108 and S. 1183.
War Damage Corporation	June 30, 1947 [7]	H. R. 74.
Warrior River Terminal Co.[1]	Indefinite	

[1] These corporations were created under the laws of a State, Territory, or possession of the United States, or under the laws of the District of Columbia, and under sec. 304 (b) of the Government Corporation Control Act, 59 Stat. 602, their status as agencies of the United States expires June 30, 1948, and they are directed to be dissolved.

[2] As an agency of the United States (continued to June 30, 1947, by Public Law 30, approved Apr. 12, 1945, 59 Stat. 30). Delaware charter provides for perpetual existence.

[3] In process of liquidating.

[4] Constituted an independent agency with indefinite life by the act of July 31, 1945, Public Law 173 (59 Stat. 526).

[5] Formerly U. S. Housing Authority. Executive Order No. 9070, Feb. 24, 1942, created the National Housing Agency and consolidated therein the U. S. Housing Authority, to be administered as the Federal Public Housing Authority under the direction and supervision of the National Housing Administrator. Said order is to be in force and effect so long as title I of the First War Powers Act remains in force.

[6] Now in dissolution.

[7] Public Law 656, approved Aug. 7, 1946 (60 Stat. 901) provides for the termination of this Corporation on June 30, 1947.

[8] Certificate of dissolution filed with the secretary of state ,State of Delaware, on date indicated.

The following statement sets forth the net withdrawals from the Treasury, in round figures, of all the wholly owned Government corporations, including Commodity Credit Corporation and Federal Crop Insurance, but excepting the Reconstructing Finance Corporation, as submitted in the budget for 1948 and subsequently amended:

Net withdrawals from U. S. Treasury by wholly owned Government corporations (except Federal Loan Agency) and credit agencies (revised)

[In millions]

	Actual, 1946	Estimated, 1947	Estimated, 1948
Appropriation expenditures (net)	$568	$302	−$4
Capital and surplus subscriptions, less returns	609	309	−3
Cancellation of notes of Commodity Credit Corporation [1]		921	642
Interest payments to U. S. Treasury	−27	−17	−25
Borrowings from U. S. Treasury, less repayments and cancellations	−682	−347	328
Expenditures from trust accounts, less receipts	7	9	−6
Change in cash balances with U. S. Treasurer	−629	85	−5
Net withdrawals from U. S. Treasury	−154	1,262	927

[1] Offset by reduction in borrowings from the U. S. Treasury in equal amounts.

The following is a consolidated balance sheet of all such corporations as of June 30, 1946, 1947, and 1948:

Financial condition, revised as of June 30, 1946, 1947, and 1948

[In millions]

	Actual, 1946	Estimate, 1947	Estimate, 1948
ASSETS			
Loans receivable	$2,295	$3,490	$4,461
Land, structures, and equipment	2,733	2,343	1,956
Commodities, supplies, and materials	619	261	358
Investments	392	375	390
Cash	775	679	685
Appropriated funds	552	230	182
Advances and accounts receivable	741	277	104
Other assets	15	16	24
Total assets	8,122	7,671	8,160
LIABILITIES AND CAPITAL			
Bonds, debentures, and notes payable	3,121	2,707	3,014
Deferred and undistributed credits	221	90	13
Other liabilities	1,940	1,400	1,294
Total liabilities	5,282	4,197	4,321
Paid-in capital and surplus	4,860	6,085	6,853
Earned surplus	−2,020	−2,611	−3,014
Total	8,122	7,671	8,160

The following is a statement of the funds to be received and expended by such corporations for the fiscal years 1946, 1947, and 1948:

Sources and application of funds, revised, by fiscal years

[In millions]

	Actual, 1946	Estimated, 1947	Estimated, 1948
FUNDS APPLIED			
To acquisition of assets:			
To make loans	$1,686	$2,967	$3,274
To purchase investments	100	20	48
To purchase commodities	2,316	1,729	894
To add to fixed assets	94	455	94
To acquire other assets	1	8	13
To operating costs:			
To pay cost of commodities sold	51	67	85
To pay other operating expenses	236	265	226
To pay subsidies and contributions	848	23	13
To retirement of borrowings and capital:			
To retire outstanding obligations to U. S. Treasury	3,420	3,152	1,816
To retire outstanding obligations to the public	988	1,376	1,302
To return capital and pay dividends	169	127	428
To increase working capital	459		
Total	10,368	10,189	8,193
FUNDS PROVIDED			
By realization of assets:			
By repayment of loans	1,754	1,790	2,273
By sales of investments	109	170	150
By sales of commodities	3,033	2,048	797
By sales of fixed assets	12	5	6
By operating income	352	420	431
By borrowing and capital:			
By borrowing from the U. S. Treasury	2,738	2,804	2,455
By borrowing from the public	712	1,413	1,239
By new capital and paid-in surplus	705	345	10
By appropriations	953	992	694
By decrease in working capital		202	138
Total	10,368	10,189	8,193

The committee desires to call attention to the total borrowing authority of wholly owned Government corporations, which as of March 31, 1947, was slightly in excess of $30,000,000,000. The amount of outstanding obligations as of the same date, approximately $11,500,000,000, reduces to about eighteen and a half billion the balance of such borrowing authority outstanding as of March 31. It should be noted that the $18,500,000,000 outstanding is subject to possible reduction of approximately $5,700,000,000, as indicated in the footnotes appended to the statement which follows.

While much of the authority of Government corporations to borrow funds is subject to certain restrictions, such as borrowing for specific purposes only, the total amount is staggering nevertheless. The committee feels that the Congress should maintain a vigilant scrutiny over this aspect of our fiscal structure in connection with its watch over the public debt of the Nation and in connection with its consideration of matters related to our national finances in general.

The following tablation was supplied by the United States Treasury Department on the basis of the latest information obtained

from the individual Government corporations:

Borrowing authority, outstanding obligations, and balance of borrowing authority of wholly owned corporations of the U. S. Government as of Mar. 31, 1947

Corporation	Borrowing authority	Outstanding obligations
Commodity Credit Corporation	$4,750,000,000.00	$955,542,227
Defense Homes Corporation	44,204,208.00	44,146,208
Export-Import Bank of Washington	2,500,000,000.00	271,900,000
Federal Farm Mortgage Corporation	[1] 2,000,000,000.00	2,621,500
Federal Intermediate Credit Banks	933,253,370.90	348,995,000
Federal National Mortgage Association	13,762,382.87	0
Federal Public Housing Authority (United States Housing Act)	726,196,000.00	350,002,000
Home Owners' Loan Corporation:		
Guaranteed as to principal and interest	[2] 1,838,950,325.00	578,289,000
Guaranteed as to interest only		114,875
Inland Waterways Corporation	5,009,059.48	0
Institute of Inter-American Affairs	(3)	0
Institute of Inter-American Transportation	(3)	0
Inter-American Educational Foundation, Inc	(3)	0
Panama Railroad Company	7,000,000.00	0
Prencinradio, Inc	(3)	0
Reconstruction Finance Corporation and subsidiaries	[4] 17,241,570,623.22	8,902,143,850
Regional Agricultural Corporation of Washington, D. C.	(3)	0
Tennessee Valley Associated Cooperatives, Inc	(3)	0
Tennessee Valley Authority:		
Guaranteed	56,500,000.00	56,500,000
On credit of United States	2,000,000.00	2,000,000
Virgin Islands Company	[5] 209,302.00	209,302
Total	30,118,655,271.47	11,512,463,962
Less: Intercorporate items:		
Due to RFC by Defense Homes Corporation	−44,204,208.00	−44,146,208
Due to RFC by Tennessee Valley Authority	−2,000,000.00	−2,000,000
Net total	30,072,451,063.47	11,466,317,754
Total borrowing authority	30,072,451,063.47	
Less outstanding obligation	11,466,317,754.00	
Balance of borrowing authority	18,606,133,309.47	

[1] Does not reflect reductions in borrowing authority of an unspecified amount recommended by the President.

[2] In addition, the Corporation has authority to issue bonds for refunding of outstanding bonds. The authority of the HOLC to make new loans expired June 12, 1936.

[3] No amount stated.

[4] Includes indefinite borrowing authority to the amount availed of less cash repayments and notes canceled. Included $7,737,000 authorizations administratively canceled by the Corporation. Reduction of $2,500,000,000 in borrowing authority covered in proposed new charter of RFC.

[5] Indicates outstanding obligations. While the Corporation is authorized in its charter to borrow, the amount of such borrowings is not specified.

Reductions in personnel

Wherever reductions in appropriations require reductions in personnel it should be stated that such reductions in personnel must be undertaken at the earliest possible date. If it is necessary to dismiss any such persons after June 30, 1947, the departments must understand that terminal leave costs will be borne by 1948 appropriation. Dismissals prior to June 30, 1947, will require expenditure of 1947 appropriations for terminal leave.

No deficiency estimate for such purpose for either 1947 or 1948 will be entertained.

Loyalty of employees

The committee has endeavored to advise the heads of the various corporations and agencies which appeared before it that Federal funds are not to be used to pay salaries or expenses of persons antagonistic to our form of government. To that end the committee intends to hold the head of each corporation and agency personally responsible for immediately dismissing and in the future refusing to employ any person who is not completely loyal to our form of government or who belongs to any organization which advocates the overthrow of our Government by force or violence.

War Damage Corporation

Information supplied by the Reconstruction Finance Corporation at the request of the committee indicated that as of April 30, 1947, the War Damage Corporation had to its credit $210,751,618.65 representing the excess of its income over expenses. Also, it was stated that such amount would be turned over to the Treasury in due course. The War Damage Corporation has completed the purpose for which it was created, and is no longer engaged in the business of insuring against loss from war damage. Therefore, the bill contains a provision requiring that the amount indicated above be promptly paid into the Treasury and applied to reduction of the national debt.

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington was organized as a District of Columbia banking corporation pursuant to Executive Order 6851, dated February 2, 1934, and was continued as an agency of the United States by act approved January 31, 1935, and subsequent acts. The bank was established to stimulate the international trade of the United States. The act of September 26, 1940, increased the bank's lending authority from $200,000,000 to $700,000,000. In a message to Congress in June 1945, the President indicated that, with the slowing down and termination of lend-lease, the bank should be empowered to assist liberated countries during the transition from war to peace. Congress subsequently passed the Export-Import Bank Act of July 31, 1945, increasing the lending authority of the bank from $700,000,000 to $3,500,000,000. The same legislation removed the prohibition on loans by the bank and persons participating with the bank to governments in default to the United States Government; made the bank an independent agency; created a statutory bipartisan Board of Directors; and arranged its financing directly from the Treasury instead of through the Reconstruction Finance Corporation. The Board of Directors consists of the Secretary of State and four full-time members appointed by the President of the United States by and with the advice and consent of the Senate, one of whom is designated by the President as chairman.

During the fiscal year 1946 loan authorizations totaling $655,000,000 were made to foreign countries to cover the termination of the lend-lease program, although a large part of the disbursements under such authorizations, $279,100,000, were made in fiscal 1947. Credits to provide dollar exchange to foreign countries for immediate reconstruction of damages suffered from the war were also authorized by the bank in 1946 and 1947, although disbursements of such credit will extend into fiscal 1948. As of April 23, 1947, the total unobligated lending authority of the bank amounted to $815,119,550.81. The committee feels that loans in the categories just referred to, which are based largely upon political considerations, are not in keeping with the purpose for which the Export-Import Bank was organized. While there might have been considerations in the national interest for making such loans during the period immediately following the end of hostilities, and before the International Bank for Reconstruction and Development was prepared to transact business, the committee feels very strongly that the Export-Import Bank should forthwith revert to its traditional function of engaging only in such banking activities as directly stimulate the foreign trade of the United States. The World Bank is now a going concern, and major loans for reconstruction and rehabilitation should be referred to that bank rather than be handled by the Export-Import Bank. In any case, where it may appear in the national interest to extend large loans to foreign countries, such should be approved by the Congress in each instance.

As was pointed out in the hearings, the bank seeks to place loans with private lending agencies before making direct loans. It also endeavors to sell outstanding loans from its portfolio without recourse whenever possible. The committee highly endorses such practices and urges that the bank make the greatest effort to avoid competing with private capital.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$1,216,512,900	$904,802,400
Expenses	3,028,700	[1] 13,383,000
Retirements of borrowings and capital and distribution of surplus	27,700,000	171,100,000
Increase in working capital		30,614,600
Total funds applied	1,247,241,600	1,119,900,000
Funds provided:		
Realization of assets	53,400,000	159,600,000
Revenues	32,426,434	72,000,000
Borrowing and capital subscriptions	1,106,800,000	888,300,000
Decrease in working capital	54,615,166	
Total funds provided	1,247,241,600	1,119,900,000

[1] Includes administrative expenses estimated at $842,000, and reduced to $800,000 by committee.

Of the item "Acquisition of assets," $904,802,400 represents the amount to be loaned in 1948. The item "Realization of assets" indicates the principal amount of loans to be collected.

In the fiscal year 1948 the total amount to be loaned by the bank will be less than its total new loans in the present fiscal year, since more than half of its lending authority is already being utilized. The fiscal year 1948 marks the beginning of the period when collections of loans will play a large part in the bank's activities. Owing to the importance of protecting the public money already loaned by the bank, the committee has granted on increase of $20,000 over the present year in the bank's administrative expenses. In recommending a total of $800,000 for 1948, however, the committee has reduced the budget estimate of $842,000, which is considered excessive.

PANAMA RAILROAD COMPANY

The Panama Railroad Company was incorporated by an act of the Legislature of the State of New York on April 7, 1849, and was operated under private control until 1881, when the original French Canal Company acquired most of the 70,000 shares of its stock. This company and its successor, the New Panama Canal Co., continued to operate the railroad company as a common carrier and also as an adjunct to their attempt to construct a canal, until 1904, when their stock (68,888 shares) passed to the ownership of the United States as a part of the assets of the New Panama Canal Co.,

which were purchased for the sum of $40,000,000, as authorized by the act of Congress approved June 28, 1902. The remaining 1,112 shares were purchased from private owners in 1905 at an average cost of approximately $140 per share.

The name of the corporation is not descriptive of its functions. Although by name a railroad company, it operates harbor-terminal facilities, a telephone system, two hotels, several commissary stores, a dairy, two coaling plants, and a steamship line. Of these activities, all are in the Canal Zone except the steamship line which operates between the Canal Zone and New York. In 1939 three vessels of 10,000 gross tons each were built at a total cost of $13,200,000. They normally maintain a weekly service between New York and Cristobal, but in 1941 these vessels were requisitioned for use by the Maritime Commission and the War Department in the prosecution of the war.

All three vessels have now been returned to the railroad company. Two are now operating, and the third, which required major realterations, should be back in service very soon.

The railroad, comprising 50 miles of mainline track between the cities of Panama and Colon, was the only means of transshipment of freight or of passengers, inasmuch as the Canal is suitable only for oceangoing commerce, until the construction of the trans-Isthmian highway which was built during the war by the United States Government. What effect truck and bus service over this highway will have on the business of the railroad remains to be seen. The opinion is expressed by the company that development of highway facilities will never entirely replace the services of the railroad, particularly for heavy or bulky shipments. While it is likely that the completion of the new highway will reduce the revenues of the railroad without proportionate reductions in operating expenses the Railroad Company is prohibited by treaty from operating busses and truck lines over the highway, which passes through portions of the Republic of Panama. A company in the Republic of Panama presently is in the process of constructing a hotel in the city of Panama. When this is completed it should be possible for the railroad company to reduce its activities in this field. The hotel business of the Company has not been profitable except during the war years.

Under section 304 of the Government Corporation Control Act (Public Law 238, 79th Cong.) the Panama Railroad Company intends to seek reincorporation in the Eightieth Congress. The present functions of the company as an adjunct to the Panama Canal and as an international common carrier are important and are required by provisions of public treaties and notes accessory thereto to be performed by a public agency of the United States.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$1,108,869	$1,706,700
Expenses	45,373,001	[1] 40,128,600
Payment of dividends	1,250,000	700,000
Total funds applied	47,731,870	42,535,300
Funds provided:		
Revenues and cancellations of liability	47,513,099	41,952,200
Decrease in working capital	218,771	583,100
Total funds provided	47,731,870	42,535,300

[1] Includes administrative expenses estimated at $779,700 and reduced to $750,000 by committee.

The committee has reduced the budget estimate of $779,700 for administrative expenses by $29,700 to $750,000. Total administrative expenses, including deficiencies, in 1947 amounted to $760,000. Thus, the amount provided for 1948 is a slight reduction from that available in 1947.

At the beginning of the 1947 fiscal year, it was estimated that the company would show a net deficit for the year. The committee is happy to note that the picture has now changed so that a net profit of approximately $500,000 will be earned. It is hoped that the estimated profit of $395,760 for 1948 can also be increased.

TENNESSEE VALLEY ASSOCIATED COOPERATIVES, INC.

The Tennessee Valley Associated Cooperatives, Inc., was incorporated January 25, 1934, under the laws of the State of Tennessee, for the purpose of receiving and administering a grant of funds made by the Federal Emergency Relief Administration to the State of Tennessee. The funds were made available to assist in organizing, fostering, and financing a chain of self-help cooperative enterprises needed to improve the economic welfare of the lower-income families in the Tennessee Valley area; to assist in the development of cooperative enterprises in the Tennessee Valley area through educational services to individuals and associations concerning the principles of cooperative enterprise; to determine which of the various types of cooperative organizations could advantageously be created and utilized in the area; and to accumulate data and evaluate the services which might be economically rendered by such organizations as well as other scientific data and information useful and valuable from an economic standpoint. The directors of the Tennessee Valley Authority served as the incorporators of Tennessee Valley Associated Cooperatives, Inc., and as its first board of directors, but in so doing, acted in their private capacity as individuals rather than in their official capacity as Tennessee Valley Authority directors. The present directors of Tennessee Valley Associated Cooperatives, Inc., have no present connection with the Tennessee Valley Authority. No act of Congress or Executive order or Federal statute specifically authorized the creation of the Tennessee Valley Associated Cooperatives, Inc.

This corporation will cease to be an instrumentality of the United States on June 30, 1948, under the provisions of the Corporation Control Act of 1945. The committee has been unable to ascertain any sound reason for continuing this entity as a Government corporation, and has therefor provided administrative expenses only for its liquidation.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$15,000	15,000
Expenses	3,000	3,000
Increase of working capital	4,600	4,550
Total funds applied	22,600	22,550
Funds provided:		
Realization of assets	17,700	17,700
Revenues	4,900	4,850
Total funds provided	22,600	22,550

The corporation owns preferred stock in local cooperative enterprises to the value of $33,285 and on June 30, 1947, will have loans outstanding to cooperatives to the amount of $238,480. It is estimated that these loans are worth approximately $125,000.

TENNESSEE VALLEY AUTHORITY

The Tennessee Valley Authority is a corporation created by act of Congress on May 18, 1933. It was established "to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes."

To accomplish these purposes the corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi drainage basins. Insofar as may be consistent with these navigation and flood-control objectives, it was directed to provide and operate facilities for the generation and sale of electric energy.

The corporation was also specifically authorized to take over the World War I munitions-plant facilities in the vicinity of Muscle Shoals, Ala., and to utilize and enlarge these facilities to develop and demonstrate new forms of fertilizer under practical farm conditions and to provide munitions for military purposes. In addition, the President determined, by Executive Order 6161 (June 8, 1933) that the Tennessee Valley Authority should make the surveys, plans, experiments, and demonstrations contemplated by the act to further the proper use and development of the natural resources of the Tennessee River Basin and adjoining territory.

The committee considers that the Tennessee Valley Authority is now substantially complete as a going concern. It is recommended that major additions to its facilities and expansions of its activities in the regions it serves be proposed to and acted upon in the future by the Congress.

In its report on the Government corporations appropriation bill for 1947, the committee stated that the portion of the investments which represent the cost of power-producing plants and facilities in the Tennessee Valley Authority should be amortized over a period of 40 years, and that the Treasury of the United States should be reimbursed insofar as possible for such costs. The goal was, and is, that provision should be made for orderly restoration of the funds provided by the taxpayers of the country as a whole so as to leave a large operating facility owned, free of debt, by all the people. A great deal of study and analysis of relevant considerations has been undertaken, and the committee has included a provision in the accompanying bill to effectuate this goal. Since, owing to variable factors such as volume of stream flow, which affects the amount of electricity generated by water power and sales of electricity, which vary with many factors, including fluctuations in general business activity, it is virtually impossible to know just what the Authority's net income from power operations will be in future years. Also, costs of producing electricity vary, especially when inadequate stream flow requires the purchase of coal for steam-operated generators. Therefore the committee has proposed a plan which requires that a fixed percentage of annual net income from power operations be paid into the Treasury each year. The following figures on the cost of power-producing facilities, prepared by the Tennessee Valley Authority, were used to determine the amount to be paid into the Treasury:

Appropriations for power plant through June 30, 1946	$287,771,841
Transfers of property from War Department	19,026,418
Bonds sold to Treasury and Reconstruction Finance Corporation	65,072,500
Total funds provided by U. S. Treasury	371,870,759
Deduct:	
(1) Funds returned to U. S. Treasury through June 30, 1937:	
Portion of sec. 26 payments provided by power receipts:	
December 1945	[1] 7,087,741
December 1946	[2] 7,971,278
Total	15,059,019
Bond retirements: [3]	
Fiscal year 1944: Sec. 15, series A, bond No. 1, held by RFC, retired Sept. 1, 1943	2,000,000
Fiscal year 1945: Sec. 15, series B, bond No. 3, held by RFC, retired June 15, 1945	2,000,000
Fiscal year 1946: Sec. 15, series A, bond No. 2, held by RFC, retired Sept. 1, 1945	1,000,000
Sec. 15, series B, bond No. 1, held by RFC, retired Mar. 15, 1946	1,300,000
Fiscal year 1947: Sec. 15 (a), series A, interim certificate, held by Treasury, retired Dec. 15, 1946	272,500
Sec. 15, series B, bond No. 2, held by RFC, to be retired June 15, 1947	2,000,000
Total bonds retired from power receipts	8,572,500
Total principal payments from power receipts to Treasury	23,631,519
Outstanding balance of funds provided by Treasury for power power plant as of June 30, 1947	348,239,240

[1] Total payment was $12,597,744, including receipts from other than power operations.
[2] Total payment was $10,336,264, including receipts from other than power operations.
[3] Exclusive of bond interest.

The amount of $348,239,240 is to be paid into the Treasury in not to exceed 40 years; $2,500,000 of outstanding bond principal is to be paid and deducted from net income from power operations each year, and not less than 40 percent of the remaining net power income is to be paid each year until a total of $348,239,240 has been paid. But not less than one-fourth of such amount is to be paid in each 10-year period after June 30, 1948. It is contemplated that the Congress, in approving the Authority's budget each year, will specify the amount to be returned to the Treasury during the ensuing year. It is also proposed that new appropriations for power facilities will be repaid to the Treasury on an amortized schedule not to exceed 40 years after such facility comes into operation.

The committee earnestly believes that this provision is a forward and progressive step in the history of the Tennessee Valley Authority. A schedule of repayments is thus provided whereby flexibility permits prosperous years to cushion payments to be made in less profitable years without destroying the basic provisions of section 26 of the Tennessee Valley Authority Act. Under this plan it is believed that the public interest will be protected without denying the management of the Authority adequate leeway in proposing what disposition shall be made of a portion of power proceeds.

The Authority's budgetary program for the fiscal year 1948 is presented in the following:

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
From appropriated funds:		
Acquisition of assets	$20,328,000	[3]$32,585,000
Expenses	9,225,000	[2] 7,850,000
Increase in working capital	10,853,000	----------
(Deduct adjustment for depreciation)	(500,000)	(500,000)
Total appropriated funds applied	39,906,000	39,935,000
From corporate funds:		
Acquisition of assets	24,737,000	22,788,500
Expenses	28,390,000	30,951,000
Retirement of borrowings and return of earnings to Treasury	12,272,500	10,500,000
Total corporate funds applied	65,399,500	64,239,500
Total funds applied	105,305,500	104,174,500
Funds provided:		
From appropriated funds	39,906,000	[3]39,935,000
From corporate funds:		
Realization of assets	2,481,000	1,564,000
Revenues	57,535,000	58,945,000
Decrease in working capital	5,383,500	3,730,500
Total corporate funds provided	65,399,500	64,239,500
Total funds provided	105,305,500	104,174,500

[1] Reduced by committee to $28,365,000.
[2] Limited by committee to $7,156,000.
[3] Reduced by committee to $35,021,000.

The item "Acquisition of assets," from appropriated funds, covers continuation of construction of South Holston and Watauga Dams, and construction and acquisition of additions and replacements to chemical plant. The figure $32,585,000 includes the unexpended balance of $15,484,183 which the bill authorizes to be carried over from 1947 appropriations, and $19,684,479 of the budget estimate for the 1948 appropriation, less $2,583,667 of 1948 unliquidated obligations. The committee has reduced the estimate of $27,057,500 for the 1948 appropriation by $4,914,000. By limitation it has reduced the amount for dam construction by $2,000,000 and the amount for additions to chemical plants by $2,000,000. Expenditures for construction of these dams can be reduced by $2,000,000 in the next fiscal year without interfering with their economical completion. The reduction for additions to chemical plant represents deferment of capital additions but does not require a reduction of research in fertilizer development.

The item "Expenses," from appropriated funds, covers operating costs of navigation operations, flood-control operations, fertilizer and munitions resources and development, and resource development activities. The committee has reduced the amount of $7,850,000, as contained in the budget estimate, by $500,000, and intends that such reduction be applied to resource-development activities. The Authority proposed to devote $1,875,000 to fertilizer used in tests and demonstrations. The committee desires that $375,000 of the $500,000 referred to above be deducted, leaving $1,500,000 for fertilizer used in tests and demonstrations. The practice of furnishing fertilizer to the owner of a test farm for 4, 5, or more years without cost or at nominal cost should be changed. While the test farm serves a useful purpose for the compilation of performance data and for education of other farmers in the neighborhood, the recipient of test fertilizer also derives a direct and measurable increase in crop yields and profits. It is only reasonable that such farmers be required to pay at least part of the cost of the fertilizer. Most farmers would be happy to pay a reasonable cost for test fertilizer, particularly after the first year or two. The committee desires that a scheme be adopted whereby the recipient of test fertilizer would pay perhaps nothing or a nominal amount the first year, perhaps 20 percent of the delivered cost the second year, 50 percent of such cost the third year, etc., and after the fourth year the total cost of the fertilizer used on his farm. Such a scheme can be varied according to particular conditions, but owners of farms used for fertilizer tests and demonstations should be graduated to the paying category as soon as possible. Also, steps should be taken to avoid giving any one farmer the benefits of free or unduly cheap test fertilizer over extended periods to the exclusion of all other farmers in the neighborhood or area. The benefits should be spread from one farm to another.

The $125,000 balance of the $500,000 reduction in resource and development activities is to be applied so as to reduce the amount used for fertilizer demonstrations and farm-management assistance and rural organization and cooperative development activities, thus making the total funds devoted to these two activities not more than $860,000.

The Authority proposed to purchase 421 new automobiles in 1948. The committee has reduced the number to be purchased to 221, and has accordingly reduced the appropriation by $220,000. It is intended that these new cars be only for replacement of vehicles on hand, and that those in the most uneconomical operating condition be disposed of and replaced.

Section 102 of the Government Corporation Control Act requires that the budget program submitted by each wholly owned Government corporation shall include a statement of administrative expenses. Schedule B-6 of the budget program presented by the Authority covers its proposed administrative and general expenses for the fiscal year 1948, in amount of $4,805,000.

This amount should be reduced and a total of not more than $4,105,000 should be used for administrative and general expenses, including all costs of activities set out in schedule B-6 of the budget, except the operation of Norris and Wilson villages. In a statement obtained from the Authority after its budget program had been submitted, it was pointed out that the total estimate of $4,805,000 for administrative and general expenses comprised $1,798,000 of appropriated funds and $3,007,000 of corporate funds. The committee has provided in title I of the bill $1,409,000 of appropriated funds to be used for administrative and general expenses, and it desires that a total of not more than $2,696,000 of corporate funds be used for such expenses.

The bill does not carry a legislative limitation but the intent of the committee is clear that the Tennessee Valley Authority man-

agement shall not exceed this amount of $4,105,000 for administrative expenses. This amount is composed of various items as specified in this report. The Tennessee Valley Authority management is directed to conform to such limitations, both as to appropriated and corporate funds (in the aggregate). The reduction in appropriated funds to be used for such expenses was computed approximately in proportion to the deductions applied to funds appropriated for construction and operating costs, except penalty mail costs. The entire reduction of $5,000 from estimated penalty mail costs was made from appropriated funds. The portion of administrative and general expenses applicable to appropriated funds available for construction was reduced $154,000, and the portion for operating costs (resource and development activities) was reduced $35,000, a total of $194,000.

The expense of operating Norris and Wilson villages is not properly an administrative expense, in the opinion of the committee. Since no information was obtainable as to what portion of the expenses of operating Norris and Wilson villages is appropriated funds, an arbitrary determination of one-half, or $195,000, has been made. The expense of operating the villages should be separately presented in future budget programs, with sufficiently detailed data to accurately reveal their financial status, including the sources of funds used and objects of expenses in connection with their operation. The committee can see no justification for maintaining Norris and Wilson villages as an activity of the Authority unless they can be put on a self-sustaining basis. Unless they are put on a self-sustaining basis they should be promptly disposed of by the Authority. The Authority should present a definite proposal to such end at the time its 1949 budget is considered. Apart from excluding the expenses of operating these two villages, the committee expects the administrative and general expenses to be reduced by $310,000. The expense of maintaining an information staff appears to be larger than necessary and, except for the technical library service, is considered to be superfluous to the Authority's activities.

This direction by the committee does not prevent the Authority from allocating its administrative and general expenses to the cost of its various programs and activities for cost-accounting purposes. The statement of administrative expenses in future years should show a detailed break-down of such expenses by projects, programs, and activities and should distinguish appropriated funds from corporate funds.

The following statement showing the application of appropriated and corporate funds for the fiscal year 1948, on the basis of the budget as submitted, was requested by the committee after completion of the hearings:

TABLE I.—*Statement of appropriated funds, fiscal year 1948*

	1948 appropriation estimate	1947 unexpended balance	Less 1948 unliquidated obligations	Total funds applied	Administrative and general expense
Acquisition (and retirement) of fixed assets:					
Construction:					
Navigation, flood-control, and power facilities:					
Upper Holston projects (multipurpose)	$5,253,979	[1] $12,760,765	$2,105,244	$15,909,500	$690,000
Other multiple-use facilities	3,205,500	587,119	62,119	3,730,500	159,500
Other navigation facilities	550,000			550,000	31,000
Investigations for future projects	90,000			90,000	3,000
Total	9,099,479	13,347,884	2,167,363	20,280,000	883,500
Chemical plant	8,661,000	1,960,353	250,353	10,371,000	306,000
General plant	735,268	60,183	10,183	785,268	20,500
Total construction	18,495,747	15,368,420	2,427,899	31,436,268	1,210,000
Purchase of general equipment:					
General plant:					
Transportation equipment	989,011	102,489	142,489	949,011	
Other general equipment	176,721	13,279	13,279	176,721	
Total purchase of general equipment	1,165,732	115,768	155,768	1,125,732	
Retirements:					
Chemical plant	25,000			25,000	
General plant	−2,000			−2,000	
Total retirements	23,000			23,000	
Total acquisition (and retirement) of fixed assets	19,684,479	15,484,188	2,583,667	32,585,000	1,210,000
Operating costs:					
Navigation operations	305,000			305,000	24,000
Flood-control operations	62,000			62,000	7,000
Fertilizer and munitions research and development	1,483,000			1,483,000	157,000
Resource development activities	6,000,000			6,000,000	400,000
Total operating costs	7,850,000			7,850,000	588,000
Adjustment for depreciation charged to construction and clearing accounts	−500,000			−500,000	
Total fixed assets and operations	27,034,479	15,484,188	2,583,667	39,935,000	1,798,000
General inventories (excluded in funds applied statement)	23,021	68,466	68,487	[2] (23,000)	
Total appropriated funds	27,057,500	15,552,654	2,652,154		1,798,000

[1] Includes all of the unobligated balance from 1947 ($12,056,521).
[2] Excluded from funds applied in accordance with instructions for preparation of budget documents.

TABLE II.—*Application of corporate funds, fiscal year 1948*

	Total funds applied	Administrative and general expense
Acquisition (and retirement) of fixed assets:		
Construction:		
Navigation, flood-control, and power facilities:		
Indirect construction costs recovered from income	$135,500	
Power facilities	24,621,000	$769,000
Total construction	24,756,500	769,000
Retirements: Navigation, flood-control, and power facilities: Power facilities	−1,968,000	21,000
Total acquisition (and retirement) of fixed assest	22,788,500	790,000
Operating costs:		
Power operations	14,826,000	1,076,000
Chemical plant operations	10,623,000	690,000
Maintenance of idle chemical properties	18,000	
Operation of multiple-use facilities	4,446,000	450,000
Reimbursable services	1,038,000	1,000
Total operating costs	30,951,000	2,217,000
Retirement of bonds	2,500,000	
Payment to U. S. Treasury	8,000,000	
Total funds applied	64,239,500	3,007,000

The committee desires that a similar statement be submitted in the budget justification of the Authority when consideration is given to its budget program for the fiscal year 1949.

DEPARTMENT OF JUSTICE

Federal Prison Industries

Federal Prison Industries, Inc., was created in 1934 to establish and operate industries in the United States penal and correctional institutions for the production of articles and commodities for consumption in the institutions or for sale to the departments and independent establishments of the Federal Government, and not for sale to the public in competition with private enterprise. These industries are required to be diversified so as to minimize competition with private industry and free labor. One of the major purposes of the Corporation is to provide inmates "a maximum opportunity to acquire a knowledge and skill in trades and occupations which will provide them with a means of earning a livelihood upon release." They are paid wages, on a very low scale, for their employment during incarceration and in the case of those who have dependents a large share of their earnings is sent home to assist in the support of such dependents. This payment in many cases greatly relieves the hardship otherwise experienced by families of prisoners.

Net earnings by the Corporation from January 1, 1935, to June 30, 1946, total $18,457,802. It paid a dividend of $4,774,000 to the Treasury during the fiscal year 1946. This amount equals the original capital of the Corporation plus the net value of property transferred from other Government agencies without exchange of funds through June 30, 1945. It is to have paid an additional dividend of $6,225,293 prior to June 30, 1947, and plans to pay another $3,000,000 prior to June 30, 1948.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$825,000	$970,000
Expenses	8,927,994	[1] 8,944,340
Dividend payments to U. S. Treasury	6,225,293	3,000,000
Total funds applied	15,978,287	12,914,340
Funds provided:		
Revenue	10,097,994	10,090,259
Decrease in working capital	5,880,293	2,824,081
Total funds provided	15,978,287	12,914,340

[1] Includes administrative expenses, estimated at $240,000, and reduced to $225,000 by committee.

The item "Acquisition of assets" includes construction and improvement of buildings used for the industry's plant and acquisition of machinery and equipment under the Corporation's program of providing diversified employment. The Corporation's estimate of administrative expenses for the fiscal year 1948 have been reduced to $240,000 from $268,826 in 1947. Inasmuch as certain positions have been unfilled for some time, the committee feels that a small additional reduction can be made without jeopardizing the efficiency of the Corporation's operations. Therefore its administrative expenses for 1948 have been limited to $225,000.

The financial statements presented to the committee were very clear and understandable and the committee commends the management for its clarity of presenting financial data. The committee also is of the opinion that the Federal Prison Industries has made a good record in general. It is hoped that this favorable record can be maintained in the future.

INLAND WATERWAYS CORPORATION

The chartering of the Inland Waterways Corporation in 1924 was an outgrowth of needs which became apparent in inland water transportation during the period of the First World War. By the Federal Control Act of March 21, 1918, the Director General of Railroads was authorized to expend necessary funds for the purchase, construction, utilization, and operation of transportation facilities on inland waterways. In accordance with this authority, the Director General commandeered substantially all privately owned vessels on the inland waterways and initiated a construction program of new floating equipment. Under the terms of the Transportation Act of 1920, the functions exercised by the Railroad Administration were transferred to the Secretary of War and operated as the Bureau of Inland and Coastwise Waterways Service. By 1924 it had become evident that this operation could not be effectively carried on by a typical Government administrative bureau. Accordingly, by an act of Congress, June 3, 1924, the Inland Waterways Corporation was created. The Corporation was operated under the direction and supervision of the Secretary of War until 1939, when it was transferred to the Department of Commerce.

The Corporation originally had an authorized capital stock of $5,000,000. In 1928, this was increased to $15,000,000. Of this amount, $12,000,000 actually has been appropriated through the Secretary of the Treasury and made available to the Corporation. In addition to this capital stock of $12,000,000, the Corporation has paid-in surplus in excess of $10,000,000. This paid-in surplus consists of the 1924 appraised value of the equipment and facilities turned over to the Corporation by the War Department at the time of its creation. The Corporation has no authority to issue bonds or other long-term debt obligations.

At the time the budget program for the fiscal year 1947 was under consideration, the question was raised by the Secretary of Commerce as to whether or not the barge line should be sold regardless of the fact that all conditions of the act had not been met. The committee at that time recommended that the Corporation should not be sold until all of the requirements of the law had been met.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$2,255,000	$2,200,000
Expenses	8,275,538	[1] 8,374,900
Increase in working capital	----------	189,000
Total fund applied	10,530,538	10,763,900
Funds provided:		
Realization of assets	2,653,936	1,123,000
Revenue	7,815,400	9,640,900
Decrease in working capital	61,202	----------
Total funds provided	10,530,538	10,763,900

[1] Includes administrative expenses in amount of $418,000.

The item "Acquisition of assets" includes approximately $1,000,000 for the purchase of an articulated unit of a boat and a number of barges. One such unit is to be purchased in 1947. The principal new feature is that the front of the boat and the ends of the barges are square so that they will fit flush together. Basin tests of a model of this articulated unit indicate the possibility of phenomenal increases in efficiency and consequent economies. After the unit to be purchased in the fiscal year 1947 has been tested, and if the tests are successful, an additional unit is to be purchased in 1948. The balance of the $2,200,000 is to be used for further modernization of floating equipment, including acquisition of additional barges and installation of three Diesel engines in operating boats.

Objections have been voiced regarding the Government's continuing to operate a barge line in competition with other carriers. In view of this fact and the fact that the barge line has not been operating at a profit, and since a comparatively large investment in new and improved equipment is proposed, the question of whether the Corporation is to continue its operation has been given consideration by the committee. The Select Committee on Small Business of the House had contemplated making a study of this question. Therefore this committee requested the Small Business Committee to expedite its consideration of the matter. After conducting hearings in various cities affected by the operations of the barge line, the Small Business Committee furnished to this committee a report with recommendations. A copy of that report is to be found on pages 54–58 of part 3 of the hearings. This committee concurs in principle in the recommendations expressed in the report of the Small Business Committee. On the assumption that the barge line will be continued as a going concern for at least several years, whether under Government or private management, the committee has approved the Corporation's budget program without change. It is refreshing to note that although the barge line is handling an increased volume of business it has at the same time reduced its administrative expenses from a total of $640,000 in the fiscal year 1947 to $418,000 in 1948. The management of the Corporation at present is in the hands of an alert and able person, Mr. A. C. Ingersoll, Jr., and the committee is hopeful that the Inland Waterways will set an excellent example for other Government corporations to follow. If the Government must remain in business there is no good reason why its commercial activities should not be conducted on a sound and profitable basis.

Warrior River Terminal Company

The Warrior River Terminal Company was incorporated January 18, 1926, under the laws of the State of Alabama, as the Port Birmingham Railway Company. By amendment to its charter February 12, 1926, the name was changed to Warrior River Terminal Company. Since June 19, 1926, all capital stock of this Corporation has been owned by the Inland Waterways Corporation.

This company was formed for the purpose of acquiring the standard-gage switching line extending from the river bank at Port Birmingham to Ensley, Ala. This facility was acquired on May 1, 1926. The purchase of the stock of this company by the Inland Waterways Corporation was necessitated by the unsatisfactory interchange relations between Warrior River barge-line operators and the railroad, this road being the only means available to river operators for receiving freight from and delivering freight to the Birmingham district.

The company originally had an authorized capital stock of $150,000. Only $100,000 of this amount had been paid in at the time the Inland Waterways Corporation acquired ownership of the outstanding stock. By amendment to the company's charter the capital stock was increased to $1,250,000 in 1931, all of which was issued and purchased by the Inland Waterways Corporation. Both of the purchases of stock made by the Inland Waterways Corporation were approved by the Interstate Commerce Commission. In addition to its capital stock, the Corporation also has paid-in surplus in the amount of approximately $100,000. This paid-in surplus represents a grant from the Federal Emergency Relief Administration of Federal Works for replacement of trestles with steel spans. The company has no outstanding bonds or other long-term debt obligations.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$201,465	$250,000
Expenses	253,270	[1] 299,900
Increase in working capital	265	----------
Total funds applied	455,000	549,900
Funds provided:		
Revenue	455,000	500,500
Decrease in working capital	----------	49,400
Total funds provided	455,000	549,900

[1] Includes administrative expenses in amount of $20,100.

The item "Acquisition of assets" for 1948 covers the purchase of 50 coal cars. The Company has paid a dividend of $75,000 per annum each year to and including 1946. However, due to reduced net earnings during the war years and subsequently, it is not anticipated that a dividend will be declared in 1948.

The report of the Small Business Committee with respect to the Inland Waterways Corporation also makes recommendations regarding the disposition of the Warrior River Terminal Company. The committee concurs in the recommendations of the Small Business Committee as made in its report.

DEPARTMENT OF THE INTERIOR

Virgin Islands Company

The Virgin Islands Company was established in 1934 to aid in effecting the economic rehabilitation of the Virgin Islands and to promote the general welfare of the people. The United States Government purchased a number of properties, including sugar plan-

tations, two sugar mills, a distillery, a short railroad, and other properties, and formed the Virgin Islands Company, which was incorporated by an ordinance of the municipality of St. Thomas and St. John. An operating agreement between the Secretary of the Interior and the Virgin Islands Company provides for the operation of the various properties for the benefit of the people of the Virgin Islands. The distress of the people on the island of St. Croix was without compare at the time the company was established, and there is little doubt but that the situation has been greatly improved by the activities of the company which is the backbone of the economy of the island. The Company has never paid an actual profit, and the only activity which appears to be profitable is the rum distillery. The company has no Federal charter, and under section 304 (b) must either secure legislative authorization for its continuance after June 30, 1948, or go out of business.

A bill has been introduced in the House (H. R. 3108) for incorporating the Virgin Islands Corporation, the proposed successor to the present company. The Corporation would have a capital stock of $2,000,000 subscribed by the United States. It is proposed that this Corporation would make every effort to place the Virgin Islands on a self-supporting basis and enable the inhabitants to maintain an adequate standard of living. Development of tourist trade is one of the projects being planned to this end. In view of the ideal climate it is not impossible under proper management that a substantial volume of tourist trade could be built up over a period of several years. The committee is gratified to note that the Department of the Interior is seeking to find a solution for the economic plight of these island people.

The committee desires to reiterate the stand of the committee a year ago that "it is to be hoped that some means can be found to meet the needs of these people other than the operation of a distillery," and to express the hope that in the consideration of the pending legislation the whole question of the economy of the islands will be studied with this in view.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$11,300	$8,000
Expenses	946,900	[1] 1,046,700
Retirement of borrowings	20,000	100,000
Increase in working capital	187,900	183,000
Total funds applied	1,166,100	1,337,700
Funds provided:		
By paid-in surplus	800	
Revenue	1,165,300	1,337,700
Total funds provided	1,166,100	1,337,700

[1] Includes administrative expenses in amount of $20,000.

Relatively minor expansion of the plant and equipment of the company is contemplated in 1948, as evidenced by the item "Acquisition of assets."

During the fiscal year 1946, programs carried on by the Company resulted in a net loss of $78,509. For the fiscal years 1947 and 1948, the profit is estimated to be $199,300 and $268,400, respectively, before providing for income taxes which are estimated to be $60,000 and $85,000, respectively. This increase in profits results from the estimated increase in sales of sugar and rum. The operations of miscellaneous programs are expected to continue at a loss during 1947 and 1948. The sales from electricity are expected to produce enough revenue in 1948 to cover the cost of sales and provide a small profit. The net from the sale of rum, if realized as estimated, will finance the losses on the miscellaneous programs, plus other expenses.

During 1946 the income almost equaled the expenditures on the sugar program, and it is expected that the income will at least equal the expenditures in 1947 and 1948. However, inadequate rainfall is an ever-present contingency and adverse weather conditions may easily result in the loss of an entire year's crop.

The budget program has been approved as submitted, including $20,000 for administrative expenses in 1948, the same amount provided for the fiscal year 1947.

NATIONAL HOUSING AGENCY

Office of the Administrator

The National Housing Agency was created by Executive Order 9070, issued February 24, 1942, and represented a consolidation of the civilian housing programs previously vested in 16 Government agencies.

The Agency consists of: The Office of the Administrator, which is responsible for assisting in the formulation of Federal housing programs, for supervising the execution of national housing policy, and for over-all coordination of the Agency's activities; the Federal Home Loan Bank Administration, with responsibilities for the supervision of building and loan and similar financial institutions and the establishment of credit facilities to protect their liquidity; the Federal Housing Administration, with statutory powers to insure mortgage loans made by private financial institutions on privately constructed and owned dwellings; and the Federal Public Housing Authority, which provides financial assistance, pursuant to the United States Housing Act of 1937, in the construction and maintenance of low-rent, slum-clearance housing projects and supervision in varying degrees over their management, and is also engaged in reerection, management, and disposition of temporary emergency housing under the veterans' housing and the public war-housing programs.

The Agency includes several activities which have been defined by section 101 of the Government Corporation Control Act as wholly owned Government corporations subject to the provisions of that act; namely, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the United States Housing Corporation, which are administered within the Federal Home Loan Bank Administration; the Defense Homes Corporation; and the Federal Public Housing Authority (or U. S. Housing Authority).

During the first phase of the veterans' emergency housing program—from February 8, 1946, until the President revised the program in December—the Office of the Administrator carried out the major functions of the Housing Expediter, during a period when the same individual was both Administrator and Expediter. When the veterans' emergency housing program entered its second phase, the President made separate appointments to the post of Administrator and Expediter.

The budget estimate submitted for the Office of the Administrator amounted to a total of $1,215,000 of obligations for the fiscal year 1948. The amount for comparable activities during the 5½ months from January 11, 1947, was $745,500. The estimate for 1948 reflected the new organization pattern of the Office of the Administrator subsequent to the separation of the function of the Housing Expediter from the National Housing Agency by Executive Order 9820, effective January 11, 1947. The following summary statement was included in the justification presented by the Administrator of the proposed 1948 budget program:

"The Office of the Administrator has a responsibility under Executive Order 9070 for the basic research and fact finding which is necessary to discharge the responsibilities of the Federal Government in the field of housing as vested by law in the National Housing Agency. It exercises general supervision over the programs and general administration of constituents of the Agency. It is performing a broader coordinating function of all major activities of the Federal Government relating to housing through the work of the Coordinating Council which was established by the National Housing Administrator and meets with him at regular intervals.

"The Administrator has, under provisions of the Lanham Act, primary responsibility for all funds appropriated for public war housing and veterans' housing, and for supervising the management and disposition of all such housing. In keeping with the functional allocation of activities within the National Housing Agency, the execution of this responsibility has been largely delegated to the Federal Public Housing Authority. Ultimate responsibility for this program remains, nevertheless, with the National Housing Administrator.

"The Office of the Administrator serves as a point of contact on matters concerning or affecting housing activities of the Federal Government for the Congress, other Federal agencies, State and local governmental units, the building and construction industry, the general public, and foreign governments."

The means of financing the budget proposed for 1948 was presented by the Administrator as follows:

Transfers from constituents of NHA:	
Federal Home Loan Bank Administration	$67,500
Federal Housing Administration	180,000
Federal Public Housing Authority	202,500
Total from constituents	450,000
Lanham Act, title V appropriation	100,000
Operation, management, and disposition, public war housing	665,000
Total	1,215,000

The separate functions and programs are carried out by the various constituent units of the Agency, yet it proposes to use $1,215,000 to superimpose a kind of master planning entity on top of these constituents each of which maintains its own planning, coordinating, and administrative staff. While it is true that these constituent units are all concerned with a common element, housing, the activities of each is quite different from the others. The Federal Home Loan Bank Administration and its constituent units perform essentially a program of banking and extension and protection of credit. The Federal Housing Administration is an insurer. The Federal Public Housing Authority carries out what fundamentally is a social program. These activities are unrelated in more ways than they are similar.

The committee is unable to justify to the House the program presented for the Office of the Administrator, and accordingly has effected a drastic reduction in the funds available for 1948. The entire structure of Government corporations and independent agencies is today so confused with interagency borrowing, lending, and transfers of funds that the most able of financiers and accountants are hard put to comprehend the over-all picture. In order that at least one segment of this confused situation may be clarified, the committee has provided that all the funds available to the Office of the Administrator, $100,000 for the fiscal year 1948, shall be in the form of a direct appropriation

from the Treasury, and from no other source. Such amount is adequate to preserve the administrative and policy supervision of the Office of the Administrator, and the committee proposes that unless legislative provision is made to authorize and specify the duties and functions of the Office of the Administrator, the fiscal year 1948 is to be the last year of its existence.

Office of the Housing Expediter

The position of Housing Expediter was created in the Office of War Mobilization and Reconversion on December 12, 1945, primarily for the purpose of developing emergency measures to deal with the acute housing shortage as it affected veterans of World War II. The first Expediter was appointed on that same date. By Executive Order 9686, issued January 26, 1946, the President set forth in detail the functions and powers of the Housing Expediter including a direction that he formulate an emergency program and recommend necessary legislation. The Veterans' Emergency Housing Act, approved May 22, 1946, created the Office of the Housing Expediter, and included authorization for allocations and priorities, the use of premium payments to stimulate production of building materials, and the guaranty of markets for prefabricated houses and new type building materials. The same person, as authorized by the act referred to, was appointed to serve in the dual capacity of Housing Expediter and Administrator of the National Housing Agency. By Executive Order 9820, issued January 11, 1947, these two functions were separated. By Executive Order 9836, issued March 22, 1947, all housing functions previously carried on by the Civilian Production Administration were transferred to the Office of the Housing Expediter. These include all of the administrative duties with respect to the limitations on nonessential and deferrable construction, the allocation and channeling of raw materials, and granting of priorities assistance to producers. In addition, the Office of Housing Expediter is charged with administering the compliance with all its regulations and orders.

The original estimate of salaries and expenses for the Housing Expediter, presented by the Budget Bureau, for the fiscal year 1948 amounted to $12,450,000. This was subsequently revised downward to $7,765,000, as shown on page 465 of part 1 of the hearings. This revision anticipated substantial relaxation and elimination of controls for the remainder of the calendar year 1947, and liquidation of the agency by January 1, 1948 was contemplated under the revised budget program. The committee is convinced that the program of trying to expedite the construction of residential housing has not been successful. It is doubtful that the funds expended have expedited construction at all, and more doubtful that the public has received real value for its funds so used. Reports are prevalent that building materials have become available in a volume that is beginning to saturate the market, and that price reductions in many lines are in the offing because supply is beginning to exceed demand. For these reasons, and because strong sentiment has been expressed in the Congress to the effect that this function should be terminated, the committee requested the Expediter to prepare an estimate of the cost of liquidating that office as of June 30, 1947. The estimate appears on page 474 of part 1 of the hearings. The exact amount of this estimate, $3,539,080 is provided in the accompanying bill.

Federal Home Loan Bank Administration

The Federal Home Loan Bank Administration was created by Executive Order 9070 to administer the functions, powers, and duties of (1) the Federal Home Loan Bank Board, created by the Federal Home Loan Bank Act of 1932, and of its members; (2) the Board of Trustees of the Federal Savings and Loan Insurance Corporation; (3) the Board of Directors of the Home Owners' Loan Corporation; and (4) certain functions, powers, and duties with respect to the United States Housing Corporation which was established to provide housing in World War I, and which is now fully liquidated.

The Federal Home Loan Bank Administration is administered by the Federal Home Loan Bank Commissioner. Under the Commissioner, the operations of the Federal Home Loan Bank System are directed by a governor and those of the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation are each directed by a general manager.

Federal Home Loan Bank System

The Federal Home Loan Bank System is composed of 11 Federal home-loan banks, which are mixed-ownership corporations and therefore not required to submit budgets under the Corporation Control Act, and various building and loan associations, savings and loan associations, cooperative banks, homestead associations, insurance companies, and savings banks. There were formerly 12 such banks, but 2 were combined on March 29, 1946, reducing the number to 11. This system performs substantially the same function in the field of home-mortgage credit which the Federal Reserve System performs as a credit reserve for commercial banks and the Federal land banks perform in the field of farm finance. The only item related to this system which is carried in the bill is the limitation on administrative expenses, estimated at $1,965,000, and reduced by the committee to $1,250,000.

Federal Savings and Loan Insurance Corporation

The Federal Savings and Loan Insurance Corporation was established under title IV of the National Housing Act of June 27, 1934, as a means of restoring and maintaining confidence in the thrift and home-financing institutions of the savings and loan type. Recognizing the importance of available credit for purposes of stimulating recovery from heavy depression and of providing a permanent and reliable source of funds for economical home financing, the Congress provided the safety of insurance up to $5,000 for each account of investors in approved institutions.

The authorized and paid-in capital stock of the Corporation amounts to $100,000,000 and is held by the Home Owners' Loan Corporation in accordance with an act of Congress. The Home Owners' Loan Corporation is entitled to dividends on this stock at a rate equal to the interest rate on the bonds received in payment therefor, such dividends to be cumulative. Dividends were paid from June 27, 1934, to June 30, 1935, since which time they have been accumulated at the rate of $3,000,000 per year. Deferment of dividend payments was for the purpose of accelerating the building of loss reserves with resulting strengthening of the insurance program. Because of the dividend obligation as well as the basic insurance liability of $5,771,876,000 on 2,490 insured savings and loan associations as of June 30, 1946, the Corporation does not contemplate the return of any Government capital during 1948.

While the Corporation has authority to borrow money on notes, bonds, and debentures, there were no such obligations outstanding as of June 30, 1946. In addition to the capital stock, surplus reserves amounted to $67,350,194 on June 30, 1946, and will reach a total of $74,869,000 by June 30, 1948.

The committee wishes to point out that the Federal Savings and Loan Insurance Corporation acts as insurer for savings in institutions whose assets total approximately $5,750,000,000. The home mortgage debt of the country at the beginning of the current calendar year was in excess of $24,000,000,000, an all-time high. It is common knowledge that home prices are highly inflated. Competition between institutions for making loans contributes to inflating home values, and officials of mortgage-lending institutions too often supplement their salaries by commissions received in placing fire insurance on the homes covered by their mortgage loans.

In view of the period of time which has elapsed since premium rates and the ratio of reserves to cover losses was established for insuring deposits in savings and loan institutions, and the factors set out above, the proper legislative committee should undertake a thorough study of the insurance extended by the Federal Savings and Loan Insurance Corporation. The officials of the Corporation should exercise their full discretion under the law to refuse to insure any institutions whose officials sell insurance or receive other fees (which thereby may directly or indirectly influence loan judgment) in addition to their salaries.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$10,893,000	$17,787,000
Expenses	2,111,500	[1] 2,655,000
Total funds applied	13,004,500	20,442,000
Funds provided:		
Realization of assets	1,002,200	7,978,000
Revenue	11,230,600	12,046,800
Decrease in working capital	771,700	417,200
Total funds provided	13,004,500	20,442,000

[1] Included administrative expenses estimated at $670,000, and reduced to $532,000 by committee.

The Corporation has purchased $3,500,000 worth of Government securities in 1947, and estimates that it will purchase an additional $6,000,000 in 1948. Insurance premiums amounted to $7,263,000 in 1947 and are estimated at $8,090,000 in 1948. Contributions to insured institutions amounted to $1,501,000 in 1947 and are estimated at $1,929,000 in 1948. The estimate for administrative expenses in 1948 was $670,000, which has been limited by the committee to $532,000.

Home Owners' Loan Corporation

The Home Owners' Loan Corporation was established under the act of June 13, 1933, as an emergency instrumentality of the Federal Government for the purpose of refinancing the mortgages of distressed urban home owners and to stem the flood of foreclosures resulting from the unprecedented economic collapse of the early thirties, and charged with the responsibility of taking over mortgages on small nonfarm homes, the owners of which were in actual default and who could not otherwise escape foreclosure.

The authority of the Corporation to acquire mortgages of distressed home owners and other obligations and liens secured by real estate in exchange for cash or bonds of the Corporation expired June 12, 1936. Since that time the principal function of the Corporation has been to service the loans and to take over properties where necessary and dispose of them to the best interests of the Corporation. Through this process the Corporation is, and has been, proceeding with the liquidation of its assets.

The total amount of the Corporation's authorized capital—$200,000,000—was subscribed and paid for by the Secretary of the Treasury. The Corporation has authority to issue $4,750,000,000 in bonds, and on June 30, 1946, $743,111,625 of such bonds were outstanding. It is expected that by June 30, 1948, the total bonds outstanding will have been reduced to $300,999,625.

It was originally anticipated that this Corporation would suffer considerable loss, but it now appears that the actual loss eventually to be taken will be only a fraction of

the amount loaned. The total obligations of the Corporation at one time exceeded $3,400,000,000, and it is now estimated that the deficit as of June 30, 1948, will be $50,620,300.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$1,390,000	$1,335,000
Expenses	10,990,000	[1] 8,013,000
Retirement of borrowings	239,112,000	203,000,000
Total funds applied	251,492,000	212,348,000
Funds provided:		
Realization of assets	218,963,000	189,368,000
Revenue	29,394,000	20,268,000
Decrease in working capital	3,135,000	2,712,000
Total funds provided	251,492,000	212,348,000

[1] Includes administrative expenses estimated at $3,723,000, and reduced to $3,000,000 by committee.

The Corporation has had no authority to make new loans except on resale of property to which title has been acquired through foreclosure for 11 years and exists only for the purpose of servicing those loans still outstanding. This task lessens as the years pass and the administrative expenses should be progressively reduced. The committee has reduced the estimate of $3,723,000, by $723,000, to $3,000,000. The committee is of the opinion that it is possible to sell all of the outstanding loans on the books at the present time at not less than face value without recourse. It should be possible to make such sales by areas or States, selling en bloc all the mortgages in a given area. The loans are for the most part paid down to where they are backed by sound mortgage collateral, and should be readily salable in large lots. Every effort should be made to expedite the liquidation of these loans without waiting for them to mature.

FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration was established June 27, 1934, under the provisions of the National Housing Act, to encourage improvement in housing standards and conditions, to promote a stable home mortgage market, and to stimulate the flow of private capital into the field of home financing through the insurance of mortgages on dwellings. During the present year, the Federal Housing Administration has operated under three titles of the National Housing Act. These are title I, which authorizes partial insurance by the Federal Housing Administration of character loans made for renovation improvement, and within certain limitations, construction of both residential and nonresidential properties; title II, which provides for insurance of home mortgages up to 80 to 90 percent of the appraised long-term value of both new and existing small homes and new rental housing projects; and title VI, which parallels title II, but provides for appraisals on a current cost basis and higher coverage for emergency housing. Title VI was used during the years 1941-45 for insurance of privately financed war housing and was reinstated by the Congress in the spring of 1946 (Public Law 388, 79th Cong.) for insurance of veterans' housing. During normal times the Federal Housing Administration operates exclusively under titles I and II. The authority to insure new business under both titles VI and I, will expire on June 30, 1947, unless legislation extends such authority beyond that date. This will restrict insurance of new construction to title II, but will permit some refinancing under title VI and the usual insurance of existing construction under title II. None of the titles of the National Housing Act contemplates that the Federal Housing Administration either build houses or lend money.

All operating expenditures of the Federal Housing Administration in connection with the programs authorized by titles I, II, and VI of the National Housing Act are financed from the resources of the four insurance funds, namely, the title I insurance fund, the mutual mortgage insurance fund, the housing insurance fund, and the war housing insurance fund. Expenditures of the Federal Housing Administration include: (1) Payment of claims for insurance under the modernization and property-improvement program authorized by title I of the act; (2) payment of charges to the several housing insurance funds resulting from the acquisition, management, and disposal of foreclosed properties acquired under the mortgage-insurance programs; and (3) administrative expenses of the departmental field staffs of the Federal Housing Administration. The net worth of all the various insurance funds on December 31, 1946, was $134,000,000, of which all but an initial contribution of $15,000,000, from funds of the Reconstruction Finance Corporation, has accrued from insurance operations. It is estimated that this net worth will increase to approximately $160,000,000 by June 30, 1948.

Through December 31, 1946, a total of $4,000,000 in dividends had been paid out to members of mutual insurance groups who have paid their mortgages in full. The annual rate of these dividends at the present time is $1,500,000. This so-called mutuality under which dividends are paid is, in the opinion of the committee, a misnomer, since those entitled to receive dividends are not liable for a pro rata share of losses. The committee recommends that legislation be enacted to correct such a situation.

During its 12½ years of operation the Federal Housing Administration had insured loans amounting to nearly $10,000,000,000. As of June 30, 1946, $4,203,000,000 of these loans were outstanding. In view of the fact that this agency has been in existence during a period when the trend of real property values has been almost constantly rising, and fortunately has never been confronted with a period of declining residential prices, it is recommended that the appropriate legislative committee undertake a reexamination of the ratio of reserves maintained against loss contingencies.

The estimate presented for administrative expenses in the fiscal year 1948 was $24,000,000. The amount for 1946 was $11,416,543; and for 1947, $17,624,000. The committee has limited such expenses in 1948 to the same amount as for 1947.

FEDERAL PUBLIC HOUSING AUTHORITY

The Federal Public Housing Authority is one of the three constituent units of the National Housing Agency provided for by Executive Order 9070, issued February 24, 1942, under authority contained in title I of the First War Powers Act, 1941. Under the Executive order, the functions of a number of agencies concerned with defense and low-rent housing were consolidated into the Federal Public Housing Authority, with responsibility for the development and management of housing built with public funds.

The agencies and activities included in the consolidation were:

The United States Housing Authority.

The slum-clearance projects of the Public Works Administration.

Defense housing of the United States Housing Authority.

The Division of Defense Housing of the Federal Works Agency.

The Division of Mutual Ownership of the Federal Works Agency.

The defense-housing program of the Public Buildings Administration.

The housing of the War and Navy Departments (except projects on military and naval reservations).

The nonfarm housing of the Farm Security Administration.

Defense housing of the Farm Security Administration.

The Defense Homes Corporation.

The functions of the Authority are divided into 6 major groups which are presented separately.

After the hearing on this bill last year, the committee had an investigation conducted with respect to the activities and budgetary requirements of local housing authorities and, in general, to make a thorough check of the need for payment of rent subsidies with a view to keeping at a minimum the amount of Federal expenditures. The services of a small staff of trained and competent investigators were utilized for a period of more than 6 months. In the course of such investigation much light was thrown upon the activities of the central and regional offices of the Federal Public Housing Authority, which does not speak well for the manner in which this agency of Government has been managed and operated. The chief of the investigative staff and his assistant were called before the committee during the course of its hearings for interrogation with respect to their findings, and the testimony can be found beginning at page 314 of part 2 of the hearings. The Commissioner of the Federal Public Housing Authority was also interrogated regarding the questionable conditions and practices existent in the operations of the Authority.

The hearings are replete with instances of poor administration in the past and with questionable policies and practices at present.

The General Accounting Office made arrangements for an outstanding commercial accounting firm to undertake an audit survey of the books of FPHA. The report made to the General Accounting Office revealed on the part of FPHA an accounting situation so badly confused that a true audit could not be undertaken. It has been stated that virtually every account in the general ledger is either in error, inaccurate, or incomplete, and that after several months of operation, because the conditions have not been remedied or eliminated, there is no alternative to the conclusions that may be reached.

It was brought out in the hearings that steps are presently being taken to correct this inexcusably bad accounting situation.

Instances of embezzlement of the funds of local housing projects by employees thereof came to the committee's attention. While in each of such known instances restitution of losses was effected and no Federal funds were lost, the Commissioner of FPHA insisted that it was incumbent upon him to determine whether any Federal criminal statute had been violated. The committee is of the opinion that such determination should properly be made only by the Attorney General and has requested him to investigate the embezzlements in question.

There are indications that labor unions are exercising an undue influence in at least some of the personnel actions taken by officials of FPHA. A case in point is cited on page 328 of part 2 of the hearings. A female employee of the Authority at San Diego, Calif., published a pamphlet on behalf of a labor union of Government employees attacking the management and publicizing her victory in an efficiency-rating appeal.

There are indications that travel performed at Government expense by employees of FPHA has been very loosely controlled and that the making of long-distance-telephone calls at Government expense has been subjected to

abuse. The letting of construction contracts by FPHA officials has been shown to be questionable in some instances. Reports of inefficiency and incompetence in FPHA regional offices have reached the committee from several reliable sources.

The proportion of high-salaried personnel on the rolls of the FPHA is much higher than the over-all average for the Government as a whole and is much higher than that existent in any other Government agency which has come to the attention of the committee. Thirty-six percent of the total personnel of FPHA receive salaries above $4,500 per annum, and the list of titles of the so-called specialists employed is startling. This, in connection with other considerations enumerated, has motivated the committee to effect a substantial reduction in the administrative expenses of FPHA. By reducing its percentage of high-salaried personnel, this agency can maintain an adequate and efficient staff for carrying out its proper functions. The committee has included a provision in the bill limiting the number of persons paid in excess of $4,500 per annum to 20 percent of the total in order to bring the number of higher-paid personnel in line with sound business practices.

In its hearings, which are published, the committee has sought to obtain and point out the facts regarding what appears to be in many respects a deplorable condition in a Government agency. The present Commissioner of FPHA cannot be held responsible for errors or irregularities which occurred prior to his incumbency in that position. Being apprised of such matters, the Commissioner is expected to institute such changes as may be necessary to put the FPHA house in order during the fiscal year 1948.

The estimate of administrative expenses of the Authority for the fiscal year 1948 was $15,600,000. This has been reduced by the committee to $10,400,000, an amount more nearly in keeping with the work the Authority is required to perform, and this sum is more than adequate to support all activities of FPHA in 1948 which are necessary in the public interest. The committee expects all reductions in personnel to be made in relation to activities other than those necessary to the proper handling and accounting for the public funds and property entrusted to the FPHA.

Public war-housing program

In order to sustain the defense-production program, the Congress during 1940 enacted the following legislation authorizing the provision of housing for defense workers: The Second Supplemental National Defense Appropriation Act, 1941, Public Law 781, approved September 9, 1940; and the Lanham Act, Public Law 849, approved October 14, 1940. Subsequently, authorizations and appropriations for temporary shelter for defense workers and in-migrant war workers were provided by Public Laws 9, 73, 140, 375, and 353. These acts provided for financing the required emergency housing entirely from Federal funds in localities in which an acute shortage of housing existed or impended and where such housing would not be provided by private capital.

Titles I and IV of the Lanham Act, as amended, authorized $1,515,000,000 for the development of war housing, and additional authorizations of $320,000,000 were made under Public Law 9, as amended. As of June 30, 1946, allotments amounting to $1,560,000,000 had been made to the Federal Public Housing Authority from appropriations under these authorizations.

Section 303 of the Lanham Act, as amended, authorized the use of income derived from project operations to pay expenses for project operation and maintenance. It also provided for the establishment of a $25,000,000 reserve for expenses in connection with the disposition operations of projects constructed with Lanham Act funds. This reserve has been established from the net income from project operations and sales proceeds from the disposition of terminated war housing. Of this reserve $24,000,000 has been allocated to this program and $1,000,000 to the homes conversion program.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$37,440,924	$52,142,470
Expenses	55,291,200	50,210,200
Retirement of borrowings and capital	33,441,970	74,824,332
Increase in working capital	25,109,242	
Total funds applied	152,283,336	177,177,002
Funds provided:		
Realization of assets	71,065,636	109,841,830
Revenues	81,217,700	65,669,800
Decrease in working capital		1,665,372
Total funds provided	152,283,336	177,177,002

Project revenues are estimated in gross for 1948 at $65,669,800, which amount is partly offset by $23,797,800 estimated as direct operating expenses of the projects.

The committee feels that the policies and methods which have been followed by FPHA in disposing of war housing, and especially sales of such housing to mutual ownership groups, are not in the public interest. Legislation is now pending (H. R. 3492) to transfer the entire function of disposing of this housing to another Government agency. The committee endorses the provisions of H. R. 3492 and urges that it be enacted by the Congress at the earliest possible date.

Homes conversion program

The homes conversion program was originated in calendar year 1942, under the provisions of the Lanham Act, and initiated by the Home Owners' Loan Corporation.

Development activities were largely completed prior to the transfer of this program to the Federal Public Housing Authority. Management responsibility was so transferred on August 1, 1944, the concluding development responsibility on July 1, 1945.

The purpose of the program was to provide urgently needed additional housing for war workers by remodeling existing structures, such as large single-family residences, warehouses, factory buildings, and similar structures, into multiple-unit family dwellings, with a minimum expenditure of critical war materials and manpower.

The program was financed in the development stage entirely from war-housing appropriations, at a cost of approximately $90,000,000. Since physical development activities have been completed, there will be no further use of war-housing appropriations except to settle existing obligations. Section 303 of the Lanham Act, as amended, authorizes the use of operating income to meet all operating expenses and to establish a reserve for disposition. Of the total reserve of $25,000,000 so authorized, $1,000,000 has been apportioned to this program. Operating income is adequate to meet all operating expenses and to return to the Treasury a substantial portion of the Government's initial outlay.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$304,164	$201,300
Expenses	15,923,500	10,860,400
Retirement of borrowings and capital	9,242,882	10,263,694
Increase in working capital	579,754	
Total funds applied	26,050,300	21,325,394
Funds provided:		
Realization of assets	4,746,800	6,585,600
Revenue	21,303,500	14,441,300
Decrease in working capital		298,494
Total funds provided	26,050,300	21,325,394

At the end of the fiscal year 1946 there were 48,296 housing units under management and this figure will probably be reduced to 21,352 at the end of fiscal year 1948.

It is the policy of the Federal Public Housing Authority to negotiate cancellations of leases as rapidly as possible, when—

(1) the property cannot be made to produce a net profit before charges for amortization of capitalized cost; or

(2) the owner desires to obtain cancellation and is willing to purchase the unexpired lease term at a price satisfactory to the Government.

Wherever cancellations are negotiated, a stipulation is made which requires continued occupancy preference for veterans.

It is estimated that from revenue receipts and operating balances $10,263,694 from fiscal year 1947 operations will be returned to the Treasury in 1948, and $9,242,530 from 1948 operations should be returned in 1949.

Veterans' reuse housing program

The acute housing shortage, which became a grave national emergency with the return of millions of men from the armed forces, created severe hardship for veterans and their families unable to obtain shelter. It also caused distress to families of servicemen, and to veterans unable to secure the educational benefits provided by law because of the lack of housing at schools and colleges. The Congress therefore added title V to the Lanham Act on June 23, 1945, and amended that title December 31, 1945. An additional authorization to provide temporary housing for veterans was granted in Public Law 336, approved March 28, 1946. Under the authority contained in title V, the Federal Public Housing Authority is providing temporary housing for veterans and servicemen to local governments, educational institutions, local public agencies, and nonprofit organizations. This is accomplished by relocation or conversion of existing federally owned structures, including Federal Public Housing Authority temporary war housing and surplus facilities, such as barracks and quonset huts obtained from other Federal agencies without reimbursement. Re-use makes temporary housing available quickly and at a minimum cost, and conserves new building materials for permanent residential construction. Reimbursement is made under title V to local bodies that had incurred relocation expenses in providing temporary housing for veterans' re-use prior to the act of December 31, 1945, and for those local bodies desiring to develop their entire projects.

On December 28, 1945, the Congress appropriated $191,900,000 to the National Housing Agency to carry out the purposes of title V and supplemented this by an additional appropriation of $253,727,000 on April 22, 1946,

making a total of $445,627,000. A total of $436,697,814 is to be transferred to the Federal Public Housing Authority to provide temporary dwellings for veterans.

It is hoped to provide through Federal financing and within the available funds, approximately 180,800 temporary dwelling accommodations through the re-use of federally owned structures. About 9,600 accommodations were provided by local bodies, which undertook removal and re-use prior to the appropriation of funds for this program and the local bodies will be reimbursed. Local bodies desiring to develop their entire programs on a reimbursable basis are expected to provide approximately 700 accommodations. The balance of 170,500 federally financed accommodations are being developed by the Federal Public Housing Authority under contracts with local bodies.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$390,360,101	$31,697,576
Expenses	796,700	937,400
Total funds applied	391,156,801	32,634,976
Funds provided:		
Revenue	8,345,000	11,586,000
Appropriations	10,570,814	
Decrease in working capital	372,240,987	21,048,976
Total funds provided	391,156,801	32,634,976

After giving effect to anticipated project net income, projected operations result in net program losses amounting to $360,645,142 and $54,340,626 respectively for the fiscal years 1947 and 1948. The bulk of the direct program costs are incurred during the fiscal year 1947. Project costs are carried on the books of account as assets until title to the projects is transferred to the local bodies, at which time the assets are written off and the loss is recorded.

Completion of the program has been seriously retarded by shortages of the materials and equipment required to place the reused structures in livable condition. Costs have risen substantially over original estimates as the result of: (1) Inability to secure the contemplated number of surplus temporary war-housing structures, because of continued high occupancy, thus leading to a greater use of surplus military structures, (2) delays in delivery of materials and equipment and lack of adequate labor supply, and (3) increase in labor rates and in costs of materials and equipment.

Defense Homes Corporation

The Defense Homes Corporation was incorporated under the laws of the State of Maryland on October 23, 1940, by direction of the President. Executive Order 9070 transferred the Corporation and its capital stock to the National Housing Agency to be administered by the Federal Public Housing Authority. The purpose of this organization was to provide housing accommodations of a permanent nature in defense areas for use by defense workers during the emergency, such housing to be disposed of subsequent to the emergency at prevailing market prices.

The Corporation is expected to have accomplished total liquidation of its assets by June 30, 1947. The Federal Public Housing Authority informed the committee that the Corporation would probably return to the Treasury as profits from operations and disposition of assets an amount in excess of $5,000,000. However, the committee has been informed that sales of some of the larger housing units of the Corporation were not made for cash, but on the basis of the Corporation's receiving a relatively small cash payment and notes covered by purchase money mortgages. These notes extend for many years, and in view of the type of construction involved it is felt that any computation of profits should be deferred until the notes are paid or sold. Inasmuch as the Corporation owes a substantial sum in the form of notes to the Reconstruction Finance Corporation, and since the Reconstruction Finance as principal creditor has a claim against the assets of the Corporation, the committee has provided in the bill that all the capital stock of the Defense Homes Corporation shall be transferred to the Reconstruction Finance Corporation. Provision has also been made for the transfer to the RFC of all assets, liabilities, and records of the Corporation. The RFC is to have full charge of the liquidation, including selection of personnel to be used for that purpose. This should result in the taxpayers getting an accurate picture of the net results of the Defense Homes Corporation when it is completely liquidated.

Instead of the budget estimate of $12,300 for administrative expenses in 1948, the committee has provided an amount not to exceed $3,000 which is to be available for payment of terminal leave only.

United States Housing Act program

The United States Housing Authority, which was transferred to the Federal Public Housing Authority under Executive Order 9070, was created on September 1, 1937, by Public Law 412 to provide low-rent housing for families of low income who could not otherwise afford decent, safe, and sanitary dwellings. This basic act, known as the United States Housing Act of 1937, authorized the authority to make loans to local public housing agencies to aid in financing slum clearance and the development of low-rent housing projects. To bring rents in the completed dwellings within financial reach of families in the lowest income groups, the Authority was empowered to make limited annual contributions, provided that the community would also make contributions toward the operation of the projects.

An important amendment to this act was added by Public Law 671, approved June 28, 1940. Under this amendment the unused portion of the borrowing authorization provided in the United States Housing Act of 1937 was made available for the construction of permanent housing to be used primarily for housing war workers for the duration of the war. In accordance with this purpose, the projects initiated under Public Law 671 have been occupied chiefly by war workers who pay prevailing rents for comparable accommodations. On a Presidential finding that such projects are no longer needed for housing war workers, however, the projects are required to be converted to low-rent use. Most of these projects have already received Presidential approval for conversion. As private housing becomes available for occupants whose incomes exceed the maximum allowable for tenants in low-rent projects, these occupants will be replaced by low-income families. These projects will then be on a basis of operation comparable to that of Public Law 412 projects.

An addition to the locally owned low-rent program is possible through the sale of federally owned permanent war-housing projects developed under the Lanham Act, Public Law 849, approved October 14, 1940. The Lanham Act requires the disposition of all war-housing projects but permits transfers for low-rent use only when specifically authorized by Congress. In keeping with this provision of the act, it is the intention of the Federal Public Housing Authority to request authority of Congress for such transfers in those cases in which a community, through its local housing authority, desires to take over a project suitable for low-rent housing and the local government approves and supports the request.

Besides the locally owned projects which constitute the greater part of the low-rent program, the Federal Public Housing Authority has under management some federally owned projects. The main group of federally owned housing projects consists of those developed by the Public Works Administration Housing Division, which were subsequently transferred to the Authority by the President under a provision of the United States Housing Act. This transfer was effected under Executive Order 7732, dated October 27, 1937. The Public Works Administration projects were constructed by the Federal Government with appropriated funds, and consequently the capital cost of these projects is not repayable. They are operated in the same manner as locally owned low-rent projects, except that they are not eligible for annual contribution subsidies nor are any necessary since no debt service is required.

Another group of federally owned housing projects consists of Public Law 412 projects in Ohio. The Federal Government had to take title to these projects as a result of a decision by the Ohio Supreme Court, which denied tax exemption and eliminated the local contributions required under the United States Housing Act. These projects will return to local ownership when State legislative action is taken to permit their operation in accordance with the Housing Act.

Federally owned projects also include a small group of Public Law 671 projects. In order to expedite construction of housing urgently needed during the war, it was necessary for the Federal Government to engage in some direct construction under Public Law 671. These projects will be sold to local housing authorities for low-rent use, but it is not possible to finance the sale of the entire group of projects because of the legislative limitation on the amount of annual contributions that may be committed. As long as the Public Law 412 Ohio projects and the Public Law 671 projects remain under Federal ownership, they are not eligible for annual contributions.

The Authority was created as a "body corporate of perpetual duration" with $1,000,000 in capital stock subscribed by the Treasury. The United States Housing Act, as amended, provides a borrowing and a lending power amounting to $800,000,000 and limits the total annual contributions for which the Authority may contract to a maximum of $28,000,000 per year. Funds borrowed by the Federal Public Housing Authority under Public Law 412 were to be used for loans to local housing authorities covering not more than 90 percent of the development cost of individual housing projects. The Public Law 671 war amendment permitted loans to cover 100 percent of the development cost or direct construction by the Federal Government.

By June 30, 1946, the Authority had borrowed $398,000,000, of which $38,000,000 had been repaid, leaving $360,000,000 outstanding. Long-term loans of $348,097,000 had been made to local housing authorities, of which $71,045,000 had been repaid by refunding operations and $1,408,000 by advance repayments. Another $2,507,217 was outstanding on short-term advance loan notes. Thus, the outstanding balance of loans receivable from local housing authorities, as of June 30, 1946, amounted to $278,151,217. An amount of $41,120,540 had been used for direct Federal Public Housing Authority construction of war-housing projects under Public Law 671. From private sources local housing authorities had obtained $376,990,000. This amount is made up of $147,594,000 in bonds and $229,396,000 in temporary-loan notes, secured by a Federal Public Housing Authority pledge to redeem them at maturity, if necessary. The total paid-in capital of $195,596,284, as of June 30, 1946, consists of capital stock amounting to $1,000,000, funds and property

transferred from the Public Works Administration Housing Division amounting to $140,746,284, and cumulative appropriations for the payment of annual contributions on low-rent projects in an amount of $53,850,000.

The major activities under the United States Housing Act program may be divided into two groups: (a) Those connected with the development and capital financing of low-rent projects; and (b) those concerned with the management of projects and the payment of subsidies in the form of annual contributions.

Development and capital financing operations

Locally owned project—Public Laws 412 and 671: Under the United States Housing Act, low-rent-housing activities are primarily a subject for local determination and control, the role of the Federal Government being limited chiefly to providing technical and financial assistance. Accordingly, title to locally owned projects and primary responsibility for their operation rests with local housing authorities established under the laws of the political subdivisions in which they are located.

Federal assistance can be provided only under conditions prescribed by the United States Housing Act. The local housing authority is required to establish that the locality has a real need for public low-rent housing; ascertain that at least 10 percent of the development cost can be financed from private capital; provide, by tax exemption, a local subsidy equal to at least one-fifth of the annual contribution to be provided by the Federal Public Housing Authority; assure the elimination of one slum unit for every new dwelling unit built; observe statutory dwelling cost limitations; and provide for an economical system of management operations. The local authority must also select and acquire a suitable site, secure proper zoning, prepare site and architectural plans, award the construction contract to the lowest responsible bidder, and supervise and inspect construction.

In furnishing technical and financial assistance, the Federal Public Housing Authority is responsible for reviewing and inspecting the operations of local authorities to assure compliance with the act. The Authority exercises this responsibility by enforcing the provisions of contracts under which it provides loans and agrees to pay annual contributions. The loans to local authorities bear interest at the rate of one-half of 1 percent above the going Federal rate on long-term bonds. Financial aid in the form of short-term loans is made available to local authorities during the early phases of project development. Permanent financing, which normally occurs after construction is approximately 75 percent complete, is accomplished by the sale of two types of bonds—A bonds sold to private investors on the basis of competitive bids and B bonds sold to the Federal Public Housing Authority for the balance of the development cost. The entire loan and annual contribution authorizations provided in the act have been committed, but actual construction of a number of projects was deferred because of the war.

Approximately 90 percent of the short-term financing requirements during fiscal years 1947 and 1948 will be supplied by private investors at lower interest rates than the Federal Public Housing Authority is required by law to charge. The Authority's participation in short-term financing is estimated to be $2,396,750 in fiscal year 1947 and $3,568,250 in fiscal year 1948.

Refinancing of Public Law 412 projects now permanently financed will have a net effect of reducing the Federal Public Housing Authority's B bond holdings by $21,610,000 in fiscal year 1947 and $2,200,000 in fiscal year 1948. Net refunding operations are expected to decline to $2,200,000 during fiscal year 1948 since the Authority's efforts, insofar as permanent financing operations are concerned, will be directed toward the permanent financing of Public Law 671 projects. By June 30, 1948, it is anticipated that all the Public Law 671 projects with fiscal years beginning October 1 and January 1 will be permanently financed and also 75 percent of those with fiscal years beginning April 1 and July 1. This will result in the purchase of $5,256,000 of B bonds during fiscal year 1947 and $15,036,000 in fiscal year 1948. Emergency corrections of war-caused construction deficiencies will also necessitate the purchase of an estimated $300,000 of B bonds during fiscal year 1947 and $300,000 during fiscal year 1948. It is estimated, further, that there will be permanent financing of reactivated projects in fiscal year 1948 which will result in the purchase of $176,000 of B bonds.

The net effect of all anticipated transactions in B bonds will be a decrease of $16,054,000 as of June 30, 1947, and an increase of $13,312,000 as of June 30, 1948.

Federally owned projects: No new direct development by the Federal Public Housing Authority is contemplated, but there will be an estimated expenditure of funds amounting to $3,575,782 in fiscal year 1947 and $1,437,492 in fiscal year 1948 for the liquidation of outstanding obligations, for final contract settlements, and for emergency corrections of war-caused deficiencies.

Management operations

Locally owned projects—Public Laws 412 and 671: As in the case of development operations, the local housing authority is required in the management of these projects to observe certain rules which are concerned with the eligibility of tenants, with rent-income ratios, with standards of physical operation and maintenance, and with accounting practices. The Federal Public Housing Authority reviews management operations of the local housing authority and audits its books to assure compliance with these rules.

Low-rent projects owned by local authorities have three sources of income: (a) rental income, (b) a contribution by the local community, and (c) a Federal annual contribution. Rental income of the projects depends upon the rent-paying ability of the tenants, since a system of graded rents varying according to family income is generally used. In normal low-rent operation, the rental income is not sufficient to meet the project expenses, including operating costs, payment of interest, and amortization of capital costs. This deficit is met by the local and Federal contributions. The contribution by the local community is in the form of tax remission or exemption and represents the difference between full normal taxes and the actual payment in lieu of taxes made by the project. The remainder of the deficit is met by the Federal Government, with the limitation that the local contribution must be at least 20 percent of the Federal contribution and the limitation that the Federal contribution may not exceed the maximum contribution set in the contract for financial aid. In all cases the maximum Federal contribution that may be paid is an amount equal to the yield at the going Federal rate of interest at the time the contract is made plus 1 percent upon the total development cost of the project.

The Federal annual contribution actually paid equals the operating deficit of a project, after giving effect to the local subsidy. The operating deficit is determined by subtracting the total income from the total expenses. Total expenses consist of operating expenses; amounts reserved in the period for repairs, maintenance, and replacements, and for vacancy and collection losses; and the amounts expended for debt service and payments in lieu of taxes.

Thus an increase in the amount of operating expenses and other items that are deducted from rental income of and local contributions to local housing projects, results in a proportional increase in the amount of contributions which the Federal Government is expected to pay to maintain their low-rent character.

It has been ascertained that there is some laxity in checking on the income of tenants in low-rent projects. (See pp. 314–316 of pt. 2 of the hearings.) Failure to assess every tenant the amount of rent he should pay based on his current income results in raising the amount of the Federal contribution. A large amount of impounded liquid funds is being held by the authorities of local housing projects as reserves which have been built up and continue to increase as charges to operating expenses, thereby increasing the Federal contribution. These reserves aggregate at least $40,000,000. The various categories are working capital reserve, reserve for repairs, maintenance, and replacements, reserve for vacancy and collection losses, debt service reserve, reserve for working capital, reserve for operating improvements, and reserve for contingencies. Statements describing these reserves are to be found beginning on pages 106 and 321 of part 2 of the hearings. While charging these reserves as expenses is permitted under the contracts between FPHA and the various local housing projects, such practice is not expressly authorized by law with respect to locally owned housing projects. Although the general counsel of FPHA has submitted an opinion contending that these reserves are legally authorized (p. 266 of pt. 2 of the hearings) the committee feels that such policy is of doubtful legality. In any event the committee cannot subscribe to the payment of full contributions to local projects holding reserves which are beyond all proportion to the financial requirements for maintaining their low-rent character. Accordingly, a limitation has been imposed upon the appropriation for the payment of contributions in the fiscal year 1948, requiring that no contribution shall be paid to a local project unless the amount otherwise due or payable is reduced by one-half the amount of reserves outstanding on its books. Also, the budget estimate of $7,200,000 for the appropriation for payment of Federal contributions has been reduced by the committee to $2,200,000. The committee recommends that the proper legislative committee undertake a thorough study and review of this entire reserve policy with a view to recommending any legislation which may be necessary to enforce the intent of the Congress in this matter.

Another policy of the FPHA permits local housing projects to make voluntary payments in lieu of taxes in excess of the rate specified in its contract up to 10 percent of what is designated as shelter-rent. This practice, the committee feels to be of doubtful propriety and legality, and it has been provided in the bill that the funds appropriated for contributions cannot be used for payments to local projects making payments in lieu of taxes in excess of the rate specified in the original contract with FPHA. Information regarding payments in lieu of taxes is to be found beginning on pages 202, 232, 252, and 317 of part 2 of the hearings.

Owning to the doubtful legality of the afore-mentioned practices, the committee has imposed a further provision on the funds appropriated for contributions to local housing projects whereby all payments of such funds are subject to audit and final settlement by the Comptroller General of the United States. Heretofore the Comptroller General has not had such power with respect to these contributions and could not hold up payments of doubtful propriety. Any question as to the legality of such payments

will now be resolved by the Comptroller General.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$14,398,532	$21,093,742
Expenses	14,489,678	17,408,444
Retirements of borrowing and capital	20,000,000	4,905,019
Total funds applied	48,888,210	43,407,205
Funds provided:		
Realization of assets	24,853,700	4,718,900
Revenues	13,184,773	12,367,274
Borrowings and appropriations	8,300,000	23,300,000
Decrease in working capital	2,549,737	3,021,031
Total funds provided	48,888,210	43,407,205

SUBSISTENCE HOMESTEAD AND GREENTOWNS PROGRAM

Executive Order 9070 of February 24, 1942, transferred to the National Housing Agency (Federal Public Housing Authority) "all functions, powers, and duties of the Farm Security Administration relating to such housing projects as the Administration determines are for families not deriving their principal income from operating or working on a farm." The Farm Security Administration projects were developed out of funds appropriated by section 208 of the National Industrial Recovery Act of 1933, and the Emergency Relief Appropriation Act of 1935. The original purpose of these projects was threefold, (1) to rehabilitate families in distress by providing them with a homestead on which they could supplement income received by seasonal industrial work, (2) to demonstrate a method of redistributing what was considered an overbalance of population in industrial centers by constructing small suburban communities insulated from encroachments by a Greenbelt of farms and forests, and (3) to provide work relief and to increase employment by providing useful projects.

Thirty-one subsistence homesteads, three greentowns (Greenbelt, Greenhill, and Greendale), and eight undeveloped projects were transferred to the Federal Public Housing Authority under Executive Order 9070. In addition a number of loans to cooperative business enterprises connected with these projects, were transferred from the Farm Security Administration. The eight undeveloped projects were immediately declared surplus and turned over to Public Buildings Administration for disposal. The interest of the Federal Public Housing Authority in 16 of the subsistence homestead projects sold to tenant associations prior to the transfer of these projects pursuant to Executive Order 9070 is represented by mortgage holdings. Through June 30, 1946, 1 project of 50 units and 3 individual units had been declared surplus. In addition, 738 individual unit sales had been negotiated. As of July 1, 1946, 14 subsistence homestead projects and 3 greenbelt towns were under direct operation by the Federal Public Housing Authority.

Development of this program was financed from appropriated funds, and assets representing $65,906,689 of such funds were transferred to the FPHA. Administration of these projects is carried on under the terms of the Bankhead-Black Act of 1936, which provides that operating income may be used for operation and maintenance. These funds have also been used to cover disposition expenses, in accordance with annual acts appropriating these operating revenues.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Expenses	$1,613,200	$1,476,100
Retirement of borrowings and capital	3,202,728	1,686,224
Total funds applied	4,815,928	3,162,324
Funds provided:		
Realization of assets	1,794,800	1,590,781
Revenue	1,749,805	1,490,450
Decrease in working capital	1,271,323	81,093
Total funds provided	4,815,928	3,162,224

The Federal Public Housing Authority is now in the process of disposing of all units taken over from the Farm Security Administration. Projects are being sold either as units to individual tenants or in their entirety to tenant homestead associations, depending on whether or not maintenance and operation of community facilities is involved. Sales prices are being determined in conformity with commitments made by the agency of the Federal Government which originally had jurisdiction over these projects, or, in the absence of such commitments, are being based on the fair market value of the property. The terms of the sale provide for repayment of the purchase price over a period not to exceed 40 years, with interest at 3 percent. Advance repayments of the principal are being encouraged. Schools, streets, and other public ways will, where appropriate, be dedicated to local governments. Utility installations and community, commercial, and service facilities now owned by the Federal Government will be disposed of in a manner to assure their continued operation. Land and other properties held in connection with the program and not otherwise being disposed of will be declared surplus to the War Assets Administration as rapidly as possible.

As of June 30, 1946, 3 projects of 605 units had been disposed of, while other projects had been partially disposed of to the extent of 136 units. During fiscal year 1946, lease-purchase contracts were executed for 138 individual units, and 1 project of 50 units, made untenable by floods, was declared surplus. During the fiscal year 1947 it is anticipated that lease and purchase contracts will have been executed for 203 units and 516 units will have been sold. Lease and purchase contracts will be executed for 317 units during the fiscal year 1948, and 46 units will be sold. Dedication of community facilities and public ways is expected to be completed during the fiscal year 1947.

No disposition of housing units of the greentowns is contemplated by the Federal Public Housing Authority during the fiscal year 1948. The committee recommends that the appropriate legislative committee give consideration to reviewing the status of these towns and to possible transfer of the duty of their disposal to another Government agency.

DEPARTMENT OF AGRICULTURE

Federal Farm Mortgage Corporation

Economic conditions in the spring of 1933 were such that the demand for farm mortgage credit far exceeded the funds available. To provide additional farm mortgage credit, Congress passed the Emergency Farm Mortgage Act of 1933, effective May 12, 1933. Section 32 directed the Reconstruction Finance Corporation to make available to the Land Bank Commissioner the sum of $200,000,000 for the purpose of making loans to farmers on the security of a first or second lien on real or personal property in an amount which, together with prior encumbrances might not exceed 75 percent of the appraised normal value of the property.

With the progress of the lending program of the Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933, and of the Federal land banks for their own account, it became apparent that the fund made available to the Commissioner would not be sufficient to meet demands upon it. To meet this situation, the Federal Farm Mortgage Corporation was created on January 31, 1934, and began operations almost immediately. The Corporation is authorized to have succession until dissolved by act of Congress.

The Corporation was created for the following purposes: (1) To provide funds for making loans to farmers by the Land Bank Commissioner; (2) to make funds available to the Federal land banks to assist them in their financing during periods of emergency; and (3) to make loans to joint-stock land banks. To accomplish this, the Corporation is authorized to issue and have outstanding at any one time $2,000,000,000 of bonds fully and unconditionally guaranteed both as to principal and interest by the United States. Public Law 505, of July 12, 1946, extended the lending authority of the Corporation to July 1, 1947. New loans to farmers will not be made during the fiscal year 1948 unless the lending authority of the Land Bank Commissioner is extended beyond July 1, 1947 by legislation. It is expected that the activities of the Corporation in 1948 will be restricted to a program of liquidation.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$16,187,800	$25,413,900
Expenses	4,661,800	[1] 3,303,800
Retirement of borrowings and capital	53,214,400	10,490,000
Increase in working capital		3,224,900
Total funds applied	74,064,000	42,432,600
Funds provided:		
Realization of assets	62,236,700	36,262,300
Revenues	8,150,200	6,170,300
Decrease in working capital	3,677,100	
Total funds provided	74,064,000	42,432,600

[1] Includes administrative expenses estimated at $3,235,000, and reduced to $2,750,000 by committee.

Although no new loans to farmers are contemplated in 1948, it may be necessary for the Corporation to refinance some loans closed in the name of the Land Bank Commissioner prior to July 1, 1947. Such contingencies are not provided for in the 1948 budget.

The earned surplus of the Corporation as of July 1, 1947, is estimated to be $102,649,340.

Administrative expenses for the fiscal year 1948 were estimated at $3,235,000. This has been reduced by the committee to $2,750,000.

Federal intermediate-credit banks

The 12 Federal intermediate-credit banks were organized pursuant to the Agricultural Credits Act of 1923. The term of existence of the banks is unlimited.

The intermediate-credit banks serve as banks of discount to provide a permanent source of credit for local lending institutions to supply agriculture with the types of credit needed at reasonable rates of interest and with maturities adapted to the normal liquidating seasons of the industry. The banks do not make loans directly to individuals

or accept deposits of funds otherwise than as collateral security.

Each intermediate-credit bank operates under the direction of a district farm credit board of seven members, who are ex officio the directors of the Federal intermediate-credit bank, Federal land bank, district bank for cooperatives, and production credit corporation serving the district. Each unit has a separate staff of executive officers and employees, but a general agent and his staff, employed by the district board, serve as joint officers and employees of all four institutions, to coordinate their activities and furnish such services as legal, information, statistical, personnel administration, etc.

The total capital of the 12 banks, $60,000,000, was subscribed by the Secretary of the Treasury and the capital and unimpaired surpluses on June 30, 1946, totaled $92,376,317. It is expected that this figure will reach $94,286,617 by June 30, 1948.

During the year ended June 30, 1946, the banks made loans and discounted paper amounting to $909,298,726 and received repayments of $877,273,257. For 1947, lending activities are estimated at $961,574,100, with repayments of $922,926,900, and for 1948 at $1,007,341,700, with repayments of $985,485,800.

As of June 30, 1946, the banks had outstanding unmatured debentures and notes amounting to $310,895,000 and it is anticipated that these obligations will total $378,112,000 by June 30, 1948.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$969,312,600	$1,016,341,700
Expenses	4,775,400	[1] 5,299,500
Retirement of borrowings and distribution of surplus	577,325,600	673,536,600
Increase in working capital	7,339,400	1,640,900
Total funds applied	1,558,753,000	1,696,818,700
Funds provided:		
Realization of assets	930,665,500	994,845,800
Revenues	6,004,500	6,396,900
Borrowings	622,083,000	695,576,000
Total funds provided	1,558,753,000	1,696,818,700

[1] Includes administrative expenses estimated at $1,755,000 and reduced to $1,250,000 by committee.

Administrative expenses for the fiscal year 1948 were estimated at $1,755,000. This amount has been reduced by the committee to $1,250,000.

Production-credit corporations

The 12 production-credit corporations were chartered in 1933 by the Governor of the Farm Credit Administration pursuant to the Farm Credit Act of 1933. Establishment of the production-credit system was an outgrowth of various efforts to cure long-standing weaknesses in the short-term agricultural credit field. Experience had shown that insufficient capital, inadequate supervision, and the dependence on local resources generally for loanable funds for agricultural production were the chief weaknesses. These corporations each serve one farm-credit district.

In each district the farm-credit board elected or appointed as prescribed by law serves as the board of directors of the corporation. The principal functions of these corporations are to organize, partially capitalize, and supervise local cooperative production-credit associations. The active associations, of which there were 505 on June 30, 1946, together with the 12 corporations operating under the supervision of the Farm Credit Administration constitute a permanent system for making short-term agricultural loans to farmers and stockmen in all parts of the country and Puerto Rico.

The initial capital stock of each corporation was provided in the sum of $7,500,000 to be subscribed by the Governor and held by him on behalf of the United States. Payment for capital stock was made from a revolving fund of $120,000,000 provided for the purpose.

Additions to the initial capital stock were made by the Governor until March 1935 when the full $120,000,000 had been subscribed and subscriptions in that sum were maintained for most of the period from that time to March 1944. During that period a general redistribution of capital stock was made on three occasions while transfers affecting several corporations were made on two other occasions.

The capital of the corporations and most of their surplus is invested in class A stock of production-credit associations and in United States Treasury bonds. The income from the corporations' investments is used to pay expenses and to build reserves.

On June 30, 1946, the surplus of all the corporations aggregated $15,558,370, or 15.4 percent of their paid-in capital. This surplus not only safeguards the paid-in capital against impairment but directly influences the amount of paid-in capital required.

Pursuant to the policy of retiring the capital stock or corporations to the extent feasible, repayments were made to the revolving fund in the United States Treasury in the sum of $5,000,000 in April 1944, $6,700,000 in April 1945, and $7,050,000 in May 1946. On June 30, 1946, the aggregate paid-in capital of the corporations was $101,250,000.

The corporations have no specific borrowing authority and have never had occasion to resort to borrowed funds. Each of the corporations is a separate entity and operates within its own financial structure.

Because of the anticipated continued improvement in the financial condition of the production-credit associations through 1948, it is estimated that associations will retire class A stock owned by the corporations in an amount sufficient to enable the corporations to reduce their capital stock owned by the Government from $95,950,000 to $91,150,000 and thereby return $4,800,000 to the Treasury of the United States.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$8,558,500	$7,876,700
Expenses	1,650,000	[1] 1,702,000
Retirement of capital	5,300,000	4,800,000
Total funds applied	15,508,500	14,378,700
Funds provided:		
Realization of assets	13,676,700	12,478,300
Revenues	1,806,800	1,792,300
Decrease in working capital	25,000	108,100
Total funds provided	15,508,500	14,378,700

[1] Includes administrative expenses estimated at $1,702,000 and reduced to $1,600,000 by committee.

The local associations have used accumulated reserves to reduce materially the investment of production-credit corporations in their capital stock. As of January 1, 1947, 12 production-credit associations, having $50,000 or less of their stock owned by production-credit corporations, had fully returned such investment. The rapidity with which the total investment of this nature can be eliminated is affected by the volume of farmers' income generally. The estimate of $1,702,000 for administrative expenses in 1948 has been reduced by the committee to $1,600,000.

Regional Agricultural Credit Corporation

Following an extreme credit stringency during 1930–31, the Reconstruction Finance Corporation was created January 22, 1932, with authority to make loans to aid in financing agriculture, either directly or by way of discount or rediscount of obligations. The Emergency Relief and Construction Act of 1932 extended the power of the Reconstruction Finance Corporation by authorizing it to establish a regional agricultural-credit corportion in any Federal land-bank district (now Farm Credit Administration district) where the need existed. Under that authority 12 regional agricultural-credit corporations, 1 in each Federal land-bank district, were chartered during September and October 1932, to make loans to farmers and stockmen for agricultural purposes.

These corporations were supervised and controlled by the Reconstruction Finance Corporation until May 27, 1933, when such supervision and control was transferred to the Farm Credit Administration.

As a result of the creation of the production-credit system and the reestablishment of lending by commercial banks it became apparent that in some land-bank districts the lending activities of these corporations could be curtailed and in some cases discontinued without detriment to the farmers. Accordingly, the Farm Credit Act of 1937 authorized the consolidation or merger of the regional agricultural-credit corporations. By a series of mergers these corporations were merged into the Regional Agricultural Credit Corporation of Washington, D. C., the only regional agricultural-credit corporation now in existence. The last of these mergers occurred on January 31, 1944.

The capital stock of these corporations has varied in amount from $44,500,000 in 1933 to $100,000, the present capital stock outstanding. In addition to this capital stock which is owned by the Treasury, there is a paid-in surplus of $22,00,000, consisting of various amounts paid in by the, United States. There is a current deficit of approximately $7,700,000.

Condensed statement of sources and application of funds for the fiscal years 1947 and 1948

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$1,766,000	$1,685,000
Expenses	341,500	[1] 300,200
Increase in working capital	834,673	----------
Total funds applied	2,942,173	1,985,200
Funds provided:		
Realization of assets	2,491,773	1,612,000
Revenues	118,400	88,300
Capital and surplus subscriptions	332,000	----------
Decrease in working capital	----------	284,900
Total funds provided	2,942,173	1,985,200

[1] Includes administrative expenses estimated at $300,000, and reduced to $200,000 by committee.

Administrative expenses, estimated in the budget program at $300,000, for 1948 have been reduced to $200,000 by the committee.

DEPARTMENT OF STATE

Office of Inter-American Affairs

Five corporations were created by the Office of Inter-American Affairs to assist in carrying out the programs of this war agency. These were created under authority contained in the Third Supplemental National Defense Appropriation Act, 1942, the First Supplemental National Defense Appropriation Act, 1943, and the National War Agencies Appropriation Act, 1944, and were transferred to the Department of State by Executive order effective May 20, 1946. All of the corporations were incorporated under the laws of the State of Delaware. Prior to the fiscal year 1947, funds were provided from appropriations to the Office of Inter-American Affairs. These corporations have not been operated for profit, and losses reflected in the 1948 budgets represent depletion of capital.

Only two of the corporations, the Institute of Inter-American Affairs and the Inter-American Educational Foundation, will be operating actively in 1948 and the programs of both will be completed during the fiscal year 1949.

The committee has approved the budget estimate of funds to be appropriated for 1948, amounting to $7,000,000 for the Institute of Inter-American Affairs and $1,115,000 for the Inter-American Educational Foundation, which funds are for the payment of obligations authorized by law. Administrative expenses have been reduced from the estimate of $788,000 to $550,000 for the Institute of Inter-American Affairs. The estimate of $400,000 for administrative expenses of the Inter-American Educational Foundation, Inc., has been reduced to $250,000 in the bill.

The Institute of Inter-American Transportation and Prencinradio, Inc., are presently in the process of dissolution. The committee has provided that under the head of administrative expenses funds shall be available only for payment of terminal leave. Provision has also been made that such administrative duties and responsibilities as may be necessary during the course of dissolution are to be assumed by such officers and employees of the Department of State as the Secretary of State may designate and that such persons are not to be paid salaries additional to their departmental pay. A provision has also been included in the bill directing that final dissolution and liquidation of these Corporations is to be carried out as rapidly as practicable.

The Inter-American Navigation Corporation is completely liquidated.

Condensed statements of sources and application of funds for the fiscal years 1947 and 1948

INSTITUTE OF INTER-AMERICAN AFFAIRS

	1947, estimated	1948, estimated
Funds applied:		
Acquisition of assets	$1,557	$342
Expenses	9,118,516	[1] 6,929,252
Increase in working capital	----------	245,406
Total funds applied	9,120,073	7,175,000
Funds provided:		
Contributions and reimbursable operations	363,927	175,000
Appropriations	3,736,892	7,000,000
Decrease in working capital	5,019,254	----------
Total funds provided	9,120,073	7,175,000

INTER-AMERICAN EDUCATIONAL FOUNDATION, INC.

Funds applied:		
Acquisition of assets	$33,600	$9,600
Expenses	1,913,191	[2] 1,565,730
Total funds applied	1,946,791	1,575,330
Funds provided:		
Contributions from other American Republics	170,769	141,338
Appropriations	1,083,577	1,115,000
Decrease in working capital	692,445	318,992
Total funds provided	1,946,791	1,575,330

INSTITUTE OF INTER-AMERICAN TRANSPORTATION

Funds applied:		
Acquisition of assets	$300	$100
Expenses	290,046	[3] 15,700
Retirement of borrowings and capital	200,000	----------
Total funds applied	490,346	15,800
Funds provided:		
Realization of assets	5,583	----------
Decrease in working capital	484,763	15,800
Total funds applied	490,346	15,800

Condensed statements of sources and application of funds for the fiscal years 1947 and 1948—Continued

PRENCINRADIO, INC.

	1947, estimated	1948, estimated
Funds applied:		
Expenses	$30,464	[4] $21,487
Retirement of borrowings and capital	88,125	----------
Total funds applied	118,589	21,487
Funds provided:		
Realization of assets	87,125	16,786
Revenue	1,460	176
Decrease in working capital	30,004	4,525
Total funds provided	118,589	21,487

[1] Includes administrative expenses estimated at $783,000 and reduced to $550,000 by committee.

[2] Includes administrative expenses estimated at $400,000 and reduced to $250,000 by committee.

[3] Amount estimated for administrative expenses. Reduced by committee to $3,000 and limited to payment of terminal leave only.

[4] Includes administrative expenses estimated at $8,850, and reduced by committee to $2,000 for payment of terminal leave only.

AMENDMENT OF SECTION 104 OF THE GOVERNMENT CORPORATION CONTROL ACT

Section 104 of the Government Corporation Control Act (Public Law 248, 79th Cong.) reads:

"SEC. 104. The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations."

In reporting H. R. 3660, which became Public Law 248, the Committee on Expenditures in the Executive Departments made the following statement (H. Rept. 856, 79th Cong., p., 12) in explaining the procedure to be followed under section 104:

"It is contemplated that the budget programs as transmitted by the President to the Congress would include, as in the case of estimates of appropriations, language suitable for enactment as the authorizing legislation. Such programs, would be referred to the House Committee on Appropriations and, after hearings, be reported to the House, in the form of (1) simple authorizing legislation, showing that the Congress had considered and approved by the budget program but not setting a limitation on the corporate financial activities other than that provided by substantive law, or (2) legislation incorporating such specific limitations as necessary to enforce the will of Congress in the carrying out of the corporate financial activities or to conform such activities to the general financial program of the Government."

The Senate committee in reporting the same bill after its passage by the House (S. Rept. 694, 79th Cong., p. 5) made the following statement:

"The Congress will consider these budget programs and enact legislation making available such funds or other financial resources, with such directives and limitations, as it may deem necessary. In this manner Congress will for the first time have a systematic procedure for annually scrutinizing and passing upon the budgets of the Government corporations as it now does for the regular agencies of the Government."

The language of section 104, as it has been interpreted, leaves substantial doubt of the authority of the Committee on Appropriations to report to the House limitations on the activities and programs of the Government corporations, so the committee has included in the bill, for consideration by the House, a redraft of section 104 which will clarify the situation and put the Congress, in consideration of the annual budgets of the corporations, in position to place such limitations on the use of corporate funds as may be necessary to carry out the will of the Congress. It is not the committee's purpose or desire to go beyond the intention of the committees which wrote the original legislation as expressed in their reports quoted above. The committee does believe, however, that in view of the interpretations which have been placed on section 104, it is necessary to amend the section if it is to give effect to the intention of the act. Consideration of two annual budgets of the corporations brings the Committee on Appropriations to the conclusion that an annual review of the fiscal activities of the corporations is just as important as an annual review of the fiscal activities of administrative agencies. To clothe a Government corporation with broad powers extending over a long period of years is to place that corporation in position to carry on activities to a degree and in a manner not consonant with the general condition of the Federal finances and which may be entirely out of tune with the policies of the Congress. The Congress is the policy-making branch of the Government and, as such, cannot delegate that power unrestricted over a long period of time without surrendering an important function necessary to be retained if the Congress is to give the kind of attention to the people's business which the Constitution contemplates.

The Federal Treasury is no bottomless pit, and the present staggering debt, $258,000,000,000, makes it imperative that the Congress keep within its immediate control on a year-to-year basis all possible drains on the Treasury. To distinguish between administrative agencies for which direct appropriations are made annually and the corporations which are said to operate on their own funds but which in reality acquire those funds by drawing on the Treasury of the United States and to permit such corporations to draw on the public purse ad libitum is, in the judgment of the committee, somewhat illogical. A Government corporation is a Government agency, and if Government agencies should be restricted in their use of Federal funds, then the corporations cannot be left out of control.

MIXED-OWNERSHIP GOVERNMENT CORPORATIONS

The requirements of the Government Corporations Control Act for the submission of annual budgets are applicable to wholly owned Government corporations only. There are certain of the so-called mixed-ownership Government corporations (that is, corporations the stock of which is partially owned by the Government and partially owned by other interests) which, in the judgment of the committee, should be subjected to the same degree of control as the wholly owned Government corporations. The Government's financial stake in them is such that to leave them free of this control is to leave a large segment of the Government's business interests (which could result in heavy drains on the public purse) without the close supervision of the Congress, which can only be obtained through annual budget review.

Therefore the committee has included, as section 308 of the bill, an amendment to section 101 of the Government Corporations Control Act to provide for the submission of annual budgets by (1) the Central Bank for

Cooperatives and the Regional Banks for Cooperatives, (2) Federal Home Loan banks, and (3) the Federal Deposit Insurance Corporation.

Compliance with clause 2a of rule xiii

The following is submitted in compliance with clause 2a of rule XIII:

EXISTING LAW	IN PENDING BILL
Section 104 of Public Law 248, Seventy-ninth Congress (the Government Corporations Control Act): "SEC. 104. The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations."	Section 307 of the accompanying bill: "SEC. 307. Section 104 of the Government Corporations Control Act (Public Law 248, 79th Cong.) is hereby amended to read as follows: "'SEC. 104. The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for use such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. Except as provided in such legislation, the provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations, as such authority may be necessary to the execution of an approved budget program'."
Section 101 of Public Law 248, Seventy-ninth Congress (the Government Corporations Control Act): "SEC. 101. As used in this act the term 'wholly owned Government corporation' means the Commodity Credit Corporation: Federal Intermediate Credit Banks; Production Credit Corporations, Regional Agricultural Credit Corporations; Farmers Home Corporation; Federal Crop Insurance Corporation; Federal Farm Mortgage Corporation; Federal Surplus Commodities Corporation; Reconstruction Finance Corporation; Defense Plant Corporation; Defense Supplies Corporation; Metals Reserve Company; Rubber Reserve Company; War Damage Corporation; Federal National Mortgage Association; the RFC Mortgage Company; Disaster Loan Corporation; Inland Waterways Corporation; Warrior River Terminal Company; The Virgin Islands Company; Federal Prison Industries, Incorporated; United States Spruce Production Corporation; Institute of Inter-American Affairs; Institute of Inter-American Transportation; Inter-American Educational Foundation, Incorporated; Inter-American Navigation Corporation; Prencinradio, Incorporated; Cargoes, Incorporated; Export-Import Bank of Washington; Petroleum Reserves Corporation; Rubber Development Corporation; U. S. Commercial Company; Smaller War Plants Corporation; Federal Public Housing Authority (or United States Housing Authority) and including public housing projects financed from appropriated funds and operations thereof; Defense Homes Corporation; Federal Savings and Loan Insurance Corporation; Home Owners' Loan Corporation; United States Housing Corporation; Panama Railroad Company; Tennessee Valley Authority; and Tennessee Valley Associated Cooperatives, Incorporated."	Section 308 of the accompanying bill: "SEC. 308. Section 101 of the Government Corporations Control Act (Public Law 248, 79th Cong.) is hereby amended by adding at the end thereof the following: "'This title shall apply to the same extent as to wholly owned Government corporations and for the same purposes to the following mixed-ownership Government corporations: (1) The Central Bank for Cooperatives and the regional banks for cooperatives, (2) Federal home loan banks, and (3) Federal Deposit Insurance Corporation.'"

Comparison of appropriations for 1947, estimates for 1948, and amounts carried in the bill for 1948

Agency	Appropriations, 1947	Budget estimates, 1948	Recommended in bill, 1948	Increase (+) or decrease (−), bill compared with 1947 appropriations	Increase (+) or decrease (−), bill compared with estimates for 1948
Tennessee Valley Authority	$39,906,000	[1] $27,057,500	$22,143,500	−$17,762,500	−$4,914,000
Housing Expediter	[2] [4] 6,457,500	7,765,000	3,539,080	−2,918,420	−4,225,920
National Housing Agency:					
Office of the Administrator	([3] [5])	([6])	100,000	+100,000	+100,000
Federal Public Housing Authority	8,300,000	7,200,000	2,200,000	−6,100,000	−5,000,000
Department of State:					
Institute of Inter-American Affairs	3,456,710	7,000,000	7,000,000	+3,543,290	
Inter-American Educational Foundation, Inc	1,083,577	1,115,000	1,115,000	+31,423	
Total	59,203,787	50,137,500	36,097,580	−23,106,207	−14,039,920

[1] Exclusive of $15,552,654 unexpended balance of 1947 appropriation continued available in 1948.

[2] Received by transfer from "Salaries and expenses, Office of the Administrator and Expediter, National Housing Agency."

[3] Salaries and expenses in 1947 were obtained by transfer from constituent units of the National Housing Agency, in estimated amount of $745,500.

[4] Budget contemplated transfer of salaries and expenses from constituent units of National Housing Agency in estimated amount of $1,215,000.

[5] Represents 5½ months from Jan. 11, 1947 (the effective date of Executive Order 9820), to June 30, 1947.

Administrative expenses

[Limitations on amounts of corporate funds to be expended]

Agency	Allowed, 1947 (includes deficiencies)	Budget, 1948	Recommended in bill 1948	Bill compared with amounts allowed 1947	Bill compared with 1948 budget
Export-Import Bank	$780,000	$842,000	$800,000	+$20,000	−$42,000
Panama Railroad Company	760,000	779,700	750,000	−10,000	−29,700
Tennessee Valley Association Co-ops	2,500	2,500	[1] 2,500		
National Housing Agency:					
Federal Home Loan Bank Administration	1,641,000	1,965,000	1,250,000	−391,000	−715,000
Federal Savings and Loan Insurance Corporation	550,000	670,000	532,000	−18,000	−138,000
Home Owners' Loan Corporation	4,650,000	3,723,000	3,000,000	−1,650,000	−723,000
Federal Housing Administration	17,624,000	24,000,000	17,624,000		−6,376,000
Federal Public Housing Authority	19,900,000	15,600,000	10,400,000	−9,500,000	−5,200,000
Defense Homes Corporation	106,400	12,300	[2] 3,000	−103,400	−9,300
Department of Agriculture:					
Federal Farm Mortgage Corporation	4,050,000	3,235,000	2,750,000	−1,300,000	−485,000
Federal Intermediate Credit Banks	1,585,000	1,755,000	1,250,000	−335,000	−505,000
Production credit corporations	1,650,000	1,702,000	1,600,000	−50,000	−102,000
Regional Agricultural Credit Corporation	341,000	300,000	200,000	−141,000	−100,000
Department of Commerce:					
Inland Waterways Corporation	640,000	418,100	418,100	−221,900	
Warrior River Terminal Company	20,200	20,100	20,100	−100	
Department of the Interior: Virgin Islands Company	20,000	20,000	20,000		
Department of Justice: Federal Prison Industries, Inc	268,826	240,000	225,000	−43,826	−15,000
Department of State:					
Institute of Inter-American Affairs	774,400	788,000	550,000	−224,400	−238,000
Institute of Inter-American Transportation	50,500	15,700	[2] 3,000	−47,500	−12,700
Inter-American Educational Foundation	365,000	400,000	250,000	−115,000	−150,000
Prencinradio, Inc	11,000	8,850	[2] 2,000	−9,000	−6,850
Total	55,789,826	56,497,250	41,649,700	−14,140,126	−14,847,550

[1] For administrative expenses related to liquidation.
[2] For payment of terminal leave only.

Mr. WHITTEN. Mr. Chairman, I yield myself 10 minutes.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. I do not want to interrupt the gentleman's remarks, but I had hoped to ask the gentleman who immediately preceded the gentleman from Mississippi just what recommendation the committee is making on the Inland Waterways Corporation.

Mr. WHITTEN. It is following the report of the Committee on Small Business, which made the investigation. In effect, it amounts to this: The committee declares that the Inland Waterways Corporation should be operated by the Government but only so long as it may be necessary to get private interests to take it over and give assurance that they will carry on in the same way and give the same service as the Federal Government has done. As far as I know, there is no opposition from any side to that position. All of us would prefer that private enterprise rather than the Federal Government operate it, but if the Federal Government does have to operate it to insure the same service, then I do not know of anyone who is opposed to a continuance of its operation by the Federal Government.

Mr. Chairman, much discussion has been had here today with regard to the Tennessee Valley Authority. Sometimes being on a committee charges you with lots of responsibility you would not have if you were not on the committee. Frankly, I do not think there is anyone in the Congress who has any more interest in the operations of the Tennessee Valley Authority than I have. I know of no one who has any higher regard for the splendid job the people who are running it have done in its operation. I realize there are others in the Congress who are not believers in this Authority or that method of meeting the problems of the people of the Nation. There are members of this committee who are opposed to the creation of such authorities, but be it said for the members of the committee who are opposed to this type of approach that they have recognized that it is in operation and that it is a creature of law, that it has authority under the basic law, the legislative act which set it up. Recognizing that, they have cooperated with those others of us on the committee in an effort to work out a plan whereby the TVA could carry out its real responsibility in the Tennessee Valley area and continue to be the great organization it is.

This repayment plan that is provided in this bill, frankly is legislation. I doubt that I would have written it into the basic law. It is an amendment to the Tennessee Valley Act. There are many things in this bill that, if left to me, would not be as they are in the bill, but there are many things that except for the efforts of the majority and the minority to formulate a plan on a workable basis for the continued operations of these corporations would have been much worse than they are under this bill.

The Tennessee Valley Authority recognizes that it is to its interest and to the interest of those in other great river valleys of the country that the TVA amortize the investment in it and that the money be returned to the Federal Government on a workable, satisfactory basis. The bill provides that the TVA shall repay to the Federal Government each year $2,500,000, which it owes on its bonds, and in addition thereto shall pay annually not less than 40 percent of its net profit thereafter. The remainder, as authorized under the basic law creating the TVA, can be used for the improvement of its capital plant. This means that at the end of any period the Federal Government will have a more valuable plant. It also means that so far as the money that was put up by the Federal Government is concerned, it will be returned.

I should like to point out that each year the Tennessee Valley Authority will submit to the Congress its budget, it will show its net earnings, it will show to this committee and through the committee to the Congress how much money it has in its hands and can repay. May I point out also that next year they are repaying under the budget estimate $10,500,000 out of an estimated net profit of $20,000,000. May I also point out that as a protective feature, to see that the TVA is not crippled in any one year, it is provided that these funds must be paid by July 1, 1948, which means that if they should have a dry year and should not be able to make a sufficient profit, to maintain its operations and make payments, which we are glad to say they have made through the years up to this point, it would carry them to the point where the Congress would be in session and relief could be granted if need be.

We have tried, as friends of the TVA, to work out a plan with the majority of the committee. They yielded to that extent. At first some members thought that there should be a minimum payment each year. You can recognize that in some years of drought when the TVA would have to buy large quantities of coal that in such years they might not be able to make any certain definite payment. So the plan of a percentage payment was worked out.

To those Members of the Congress who do not believe in the TVA approach to meeting national problems and who are opposed to the creation of such authorities, I point out that this is an authority which is created by law and is now in operation. It is a stupendous operation. You should be for this repayment.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. RANKIN. Does my colleague think that this bill is in any way injurious to the Tennessee Valley Authority?

Mr. WHITTEN. I certainly do not. I believe it is also to the interests of those

who believe in this type of operation because if we handle this on a sound basis and if they do repay to the Federal Government as they indicate they should and would like to and carry this on a business basis, there is a much better chance for the same type of operation to spread over the great river valleys of this country. To those who are opposed to this type of operation I would say that certainly you cannot be opposed to what the committee has done here, which is to provide for the repayment of the money that the Government has spent, which is that much more than is set out in basic legislation setting up the authority.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. MILLER of Nebraska. Did the committee take into consideration the fact that the TVA and other Government organizations that now own property might have to pay a greater amount of money than they now pay in lieu of taxes and that, therefore, they might not be able to meet this repayment program that has been set up?

Mr. WHITTEN. The repayment program, if you will read it, provides for a minimum charge based on net profit. So if they have no net profit, you can immediately see that they are not required to meet the payments. But for each year of their operation they have had profits, and we can easily anticipate that they will continue to have them, and having it on the basis of their net earnings, in my judgment, would not cripple the TVA.

Mr. MILLER of Nebraska. The reason I say that is the Committee on Public Lands is holding hearings on how much money Government agencies should pay in lieu of taxes. The gentleman from North Carolina testified before our committee to the effect that the TVA was paying in lieu of taxes on property which it owned in the State of North Carolina at the rate of 12 cents per $100, while taxation on other property was at the rate of $1.32 per $100, and if they were paying the same rate as other groups were paying in lieu of taxes, perhaps they would not have sufficient funds to make the repayments as provided by the committee.

Mr. WHITTEN. I am sorry I cannot answer the gentleman in detail with reference to that matter for the reason that we have not gone into that subject matter. I would like to point out again that this is an appropriation bill. Those who spoke against the rule rather complained about the fact that we were going beyond the jurisdiction of the Committee on Appropriations and to some extent we are. But I am vitally interested in the point the gentleman raises. I believe the Federal Government owns entirely too much land throughout the country and some relief should be granted. But this committee, with regard to the repayment of funds invested thought it was to the interest of the TVA and of the Nation to work this out on a workable basis and insofar as that provision is concerned there is an encroachment on the jurisdiction of the legislative committee.

When you get into all these related and kindred problems, certainly they should go to the legislative committees rather than to the Committee on Appropriations.

Mr. SCHWABE of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. SCHWABE of Oklahoma. Is it not a fact that the subject matter under consideration, namely, the amortization of the investment in TVA power, was taken up with the TVA authorities, and we attempted to work out a program so that it would not cripple TVA in its functions and operations?

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. WHITTEN] has expired.

Mr. WHITTEN. Mr. Chairman, I yield myself five additional minutes.

I may say in that regard that this repayment provision as set out here was not sponsored by the TVA. Last year, at that time the committee—incidentally, under Democratic control—requested in its report that the TVA submit a plan for repayment. The particular plan that is evolved here, I would not want to charge as having been offered by the TVA. But I say, in all fairness to the majority members of this committee, that every effort was made to handle this matter in such a way as not to cripple the operations of the TVA. This action indicates that. While I would not want to take the responsibility for saying it has been approved by TVA, certain modifications were made in the original suggestion of majority members to eliminate what was thought by the TVA to possibly be crippling in effect.

Mr. SCHWABE of Oklahoma. But with the full knowledge of the TVA and to the extent that the committee thought they had obtained from the TVA authorities their judgment that it would not cripple the functions of the TVA?

Mr. WHITTEN. That is correct.

Now, again I would like to say that when you get the Federal Government operating through corporations, the very fact of having corporations is so that they can operate in a corporate way. There are many provisions in this bill which, if my judgment had been prevailing in the committee, I would not have made. But when the majority members agreed to go along and protect the right of the corporation to operate in a corporate way, it was my judgment that then I could agree, even though there might be some difference of opinion as to certain cuts in administrative expenses.

This bill is the composite judgment of the members of the committee. There are numerous other subjects carried in the bill. Time will not permit me to discuss them in detail.

With regard to the various corporations operating in the South American and Central American republics, all of the appropriations here are required under prior commitments. The committee only carried on those activities which the Government was committed to, and we provide the funds to carry out those essential activities. The Panama Railroad operates a business. We tried to give them sufficient money to run it in a businesslike way.

Then we come to the field of housing. There are several things that are hard to take, but if anybody will read the hearings before this committee, including the report of the investigators of the Appropriations Committee, you can clearly see why it was that this committee took the action it did with regard to the Federal Housing Administration.

I ask any of you, when you get letters and telegrams from back home, to read volume 2 of the hearings before this committee before you answer them, and you will clearly see why the committee took the action it did.

With regard to the Expediter's office, I, together with others, have in times past voted to continue that office, not so much in the belief that it would lead to correction of the deplorable housing situation but in the hope that it would lead to an improvement of the housing situation. We have tried to operate under this set-up and it has not worked, and the Expediter, recognizing this, has from week to week relaxed control of materials because he could see that the enforcement of it had clearly broken down. When the OPA ended, people over the country in many cases thought that ended all control of materials. The Expediter's office for months has permitted any individual to buy all the critical materials they could and pile them up on a vacant lot, and the CPA would merely reserve the right to withhold a permit to build. Of course, you cannot do anything to improve housing along that line and in that way.

Personally I felt that regardless of the high hopes of the administration and of the friends of housing and those who want to increase veterans' housing—and I think you are bound to reach the same conclusion—that much as they have tried, hard as they have tried and as much money as the Congress has appropriated, it has failed; and to follow the plans of the Expediter's office to let this agency go forward for 6 months longer is just needlessly dragging out that which is no longer doing any good. The Democrats did that with the OPA, over my vote, I might say, and it did the country no good and the party no good.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WHITTEN. Mr. Chairman, I yield myself two additional minutes.

I believe that with regard to housing we must make some new approach because that which has been made has not worked out. That was the conclusion of the committee in regulating the expenditures. Further, in regard to the FPHA, if you want to understand the basis for the committee action, read volume 2 of the hearings.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Mississippi yields back 1 minute.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. Chairman, I have listened with a great deal of interest to the statements of the chairman of the subcommittee and to my col-

league the gentleman from Mississippi [Mr. WHITTEN] and others. I am certain that they have the best of intentions of working out an acceptable arrangement whereby this investment can be amortized over a period of 40 years. Certainly no one ever had any intention that the investment should not be repaid at some time to the Federal Government. However, the plan in this bill is unfair and unsound as I shall point out.

Under the appropriation bill TVA would be required to pay each year as a minimum two and one-half million dollars for bond retirement, plus 40 percent of the balance of its net income. These payments are required to aggregate within the next 40 years $348,239,240, the net amount which has heretofore been invested by the Treasury in TVA power facilities. Any additional appropriations for power facilities are to be amortized in a 40-year period.

These amortization requirements are wholly unnecessary. Under the existing act TVA is required to pay into the Treasury all of its net proceeds not required for conducting its business operations. It cannot divert its proceeds to any other purpose. Without benefit of any compulsory minimum payment requirements TVA, in the last 2 years, has made payments in substantially the amounts which would have been required under the provisions of the bill. In fact, the requirements of the bill are ostensibly based upon TVA's own estimates for the future. However, its effect is to impose a fixed obligation upon the operations which will seriously impair TVA's ability to meet its requirements for expansion in years of unusually high capital requirements. The bill puts TVA in a financial strait-jacket, without securing any assurance thereby that the net amount of Treasury funds invested as of any time will be a single dollar less than would be the case under existing law. On the contrary, by preventing TVA from making expenditures when required in the interest of sound business discretion, the probability is that over the long run TVA will lose opportunities for new business and will be required to make capital expenditures on the basis of low initial cost at the expense of long-term economy. This shortsighted attitude is harmful to TVA, the Tennessee Valley and the power consumers dependent upon TVA, and bad for the United States Treasury.

Congress has given TVA an important responsibility to perform in building up the wealth and resources of the Tennessee Valley area. It must be remembered that as to the power program Congress has applied a double test of TVA performance, not only that it shall operate in the black, but also that it shall operate for the benefit of the people of the valley, that the power from the river projects shall be widely distributed at the lowest possible rates consistent with recovery of cost. The harmonizing of these two requirements, so that neither of them shall be submerged or disregarded, requires a considerable degree of financial latitude from year to year. The bill almost completely ignores the primary responsibility of TVA to contribute to the progress of the Tennessee Valley area. Large fixed payments must be made, regardless of the effect on TVA's ability to fulfill its functions. Congress thus necessarily prejudices the ability of TVA to carry out the governmental program established by the TVA act. There is no necessary conflict between the two requirements, as Congress recognized from the beginning, and as TVA has already demonstrated. TVA can meet both the program and financial tests, if Congress will continue to provide a suitable legislative framework. In the present bill, however, Congress has shortsightedly emphasized the immediate dollar returns, without long-term financial advantage to the Government, and at the expense of program accomplishments.

The 40 percent of net income requirement, together with the requirement that TVA retire its bonds at the rate of not less than $2,500,000 per year, would mean that the actual percentage of net revenues which TVA is required to pay into the Treasury, in the form of bond retirements or as direct cash dividends, would be substantially in excess of 40 percent. With a net income of $20,000,000, as in fiscal 1947, TVA would be required to pay over nine and one-half million into the Treasury, or 47½ percent. If 1947 had been a year of low stream flows, the income could be as little as $5,000,000, in which case the bill would require total payments of $3,500,000, or 70 percent. With a net income of $15,000,000 the bill would require payment of $7,500,000, or 50 percent. These figures show the extent to which Congress has deprived TVA of the money which in some years may be necessary to carry on its business.

The requirements of the bill are far more strict than the committee can justify on any theory. In the hearings, the subcommittee chairman recognized the need for flexibility by suggesting an amortization schedule on a 10-year basis so that the payments into the Treasury could fluctuate from year to year as long as the 10-year payment requirement was met. This flexibility has somehow been lost in the drafting of the bill. In addition to the requirement that TVA pay off a quarter of the power investment in 10 years, under the bill as now written TVA must pay more than 40 percent of its net income in every year. The committee apparently has forgotten that the requirements for new investment will fluctuate within wide limits. It has put TVA in a position where it may not be able to meet its capital requirements in some years even though it may be fully able to pay off the prescribed 10-year amount if it were in position to average the payments in years of low capital requirements with those in years of high capital requirements.

If in years of low capital requirements TVA pays more than the minimums, it must nevertheless pay the minimum amounts in years of heavy capital requirements, so that the average payments are bound to be even higher than those mentioned. Moreover, the largest payments would be made in the first 23 years, when TVA is retiring its bonds, thereafter, the minimum annual rate would drop to a straight 40 percent. It makes no sense to impose heavier burdens on income in the early years of an enterprise, which are characterized by high capital requirements for expansion, than in the later years, when a larger proportion of net income could be used for cash dividends without crippling effect.

There is no justification for basing an amortization schedule for a hydroelectric system on a period as short as 40 years. The dams themselves are virtually geologic structures which will last as long as the hills in which they have been imbedded. The amortization period should not be shorter than the composite life of the major elements of the property, which is 55–60 years. Even these figures are conservative because they involve establishing an arbitrary service life of 100 years for the dams themselves.

In connection with the investment it should be pointed out that a great many of these dams which were built were constructed for war purposes, for the furnishing of power for the quick production of aluminum at Alcoa and for the atomic energy plant at Oak Ridge and that except for the war they would not have been built at that time and would not have been built as rapidly as they were and probably could have been built less expensively. I think the Members of the House ought to know as it has been demonstrated everywhere that things that are built for war purposes or things done for war purposes are usually foreover lost for any other use. They have little salvage value. These dams are also included in the amount of the investment that is amortized and is to be paid off.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield.

Mr. PLOESER. The gentleman does not mean to say that these dams are now lost and cannot be used any more.

Mr. KEFAUVER. No, indeed, they are good dams. My point was that they were built to meet the war needs of that particular time.

Mr. PLOESER. Does the gentleman realize that construction costs are just as high now if not higher than they were then?

Mr. KEFAUVER. Yes. I am just pointing out the great value of these dams to the war effort, but that in spite of this they are also included in the amortization program.

The two great fears I have about this legislation, to be very frank about it, is that if section 26 of the TVA Act is amended by legislation in an appropriation act, then under the rules of the Senate it can be further amended by a simple majority in the Senate; whereas, if there is no legislation in an appropriation bill on section 26 then it would take a two-thirds vote to include legislation in the other body. We all know, of course, the difficult experiences we have had with section 26 with the Senate in the years past.

There are one or two things about legislation on the TVA Act which I wish

to discuss. I would like to call the attention of the chairman of the subcommittee to the first paragraph on page 9 reading:

None of the power revenues of the Tennessee Valley Authority shall be used for the construction of new power-producing projects (except for replacement purposes) unless and until approved by act of Congress.

The interpretation I would put on that, and I am sure that is the interpretation of the subcommittee, is that before beginning any new dam or constructing any new steam plant there would have to be a specific authorization from the Congress. That has been the procedure all along. However, I would not want that language construed as preventing the Tennessee Valley Authority from buying a generator, which would be a new generator, and placing it in some of the stalls they already have where they can use additional generators; also if it is necessary to build a distribution place or power line or if it is necessary to make some addition to a dam that is already in existence, raise it or do something with it, I would dislike to see an interpretation placed upon that language that that could not be done without specific authorization from the Congress.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. WHITTEN. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Tennessee.

Mr. GORE. I think I can give the gentleman some history of that particular provision which will reveal quite clearly that the intent of the provision is not what the gentleman entertains the apprehension it might be. As the bill was first drafted, the word "project" was "facility." I persuaded the subcommittee to change the word "facility" to "project" for the specific reason that a facility might be interpreted to be a much smaller installation, not only a generator but a small part of a generator. By the word "project," I think it is clear that the committee intends, and I believe it to be the legislative intent that it applies only to new multipurpose dams, or a hydroelectric dam or a major steam plant. It is not the intent, as I understand the committee, nor is it the intent of the language nor the portent of that language, that it would be restrictive of the smaller items such as generators, substations, transmission facilities, and other such operative facilities.

Mr. KEFAUVER. May I ask the gentleman from Tennessee, also the gentleman from Iowa, and the gentleman from Missouri if they do not think, however, that the language in parentheses in line 5 "except for replacement purposes" somewhat negatives the general idea that has been expressed by the gentleman from Tennessee? I am afraid that the language "except for replacement purposes" might mean they could not put in a new generator unless there had already been a generator at that particular place. In carrying out what the gentleman says is the intent of the committee, and I wish also that a member of the majority would express themselves about it, I wonder if it would not be better to strike out the language in parentheses?

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. WHITTEN. Mr. Chairman, I yield the gentleman one additional minute.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Missouri.

Mr. PLOESER. I see no reason for any such amendment. I think the gentleman from Tennessee [Mr. GORE] has expressed the committee's intent. The language is rather explicit. "Except for replacement purposes" means maintenance or replacement of facilities that are necessary, or the replacement of machinery which has already been arranged for, not projects. I see no need for the amendment.

Mr. KEFAUVER. For instance, if a generator had not been in some place where there is a place for a generator in a hydroelectric plant, the gentleman does not think that language would prevent them from buying a new generator for a stall that is already there?

Mr. POULSON. I also hope that this language does not hamper the management of TVA. I am glad to have the distinguished representative of Tennessee call the House's attention to the possible danger of the misinterpretation of the wording in this bill. I respect his legal opinion and furthermore have always considered the gentleman from Tennessee [Mr. KEFAUVER] one of TVA's most persistent and able champions.

Mr. WHITTEN. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Chairman, I will confine my remarks at this time to the TVA as it is affected by this bill.

To begin with, Mr. Chairman, the TVA is of vast and vital importance to the people I am privileged and honored to represent, but it is far bigger than that. It is of vast importance to all people of the United States; indeed, the TVA, the largest integrated operating utility in the world, is owned by the people of the United States. In it the people have a huge investment—an investment that already has paid attractive dividends and which, I am confident, will continue to be both a profitable and beneficial investment from a narrow dollar-and-cents basis, as well as from a broader viewpoint.

Where are those detractors and doubting Thomases who said that the program would be a failure, that by making appropriations for the TVA we were pouring the people's money down a rat hole? The record belies their calamitous predictions.

What is the record of the TVA? It is first and foremost a record of efficiency, honesty, and fiscal soundness that has been eminently successful.

This agency has been investigated and its accounts audited time after time. No congressional committee or official agency has yet found reason to point a finger of accusation or suspicion at the TVA. It was just last March 17 that the Comptroller General of the United States, our former colleague, Lindsay C. Warren, submitted to the Congress an audit and examination of the Tennessee Valley Authority. I would like to quote from page 7 of his report:

In our opinion, TVA's accounts generally are well conceived, supervised, and maintained, and the Authority is to be commended as one of the foremost Government corporations in the use of accounting in management, comparing quite favorably in this respect with well-managed private corporations.

Insofar as we are qualified to make general observations regarding the character of the management of TVA, and insofar as covered within the scope of our audit, we believe that the management is entitled to the highest commendation for the effectiveness with which the Authority functions and for its accomplishments in carrying out the objectives of the TVA Act.

Let us first examine the record of the TVA power program from a strictly dollar-and-cent investment standpoint. Through the present fiscal year, the TVA power program will have earned a net income, or profit, of $96,563,428, after depreciation. Of this amount $8,527,500 has been used—or by the end of this week will be—to retire TVA bonds which were held by the Treasury and the RFC. Fifteen million fifty-nine thousand and nineteen dollars has been repaid in cash into the general fund of the United States Treasury, plus $5,225,130 paid as interest on bonds. The remainder of net income from power, plus depreciation has been used in the improvements of and additions to TVA power facilities, thereby increasing not only the real and book value of the facility, now a going concern, but increasing, too, the earning capacity of the utility, as has been shown by the rapid accretion in net income earned annually from operations. As a matter of fact, practically one-fourth of the TVA investment in completed power-plant facilities is now represented by earnings by the system itself. This is calculated on actual costs of the power plant now in service, less depreciation, and without regard to higher present-day values and replacement costs. The accumulated earnings of the power program from 1940 to the end of this fiscal year are as follows:

1940	$6,000,000
1941	13,000,000
1942	17,000,000
1943	29,000,000
1944	41,000,000
1945	59,000,000
1946	76,000,000
1947	97,000,000

Sufficient is now known of the present fiscal year operation to show that the TVA will have a net income from its power operations of $20,000,000. It can be seen from the budget submitted by the President that it was anticipated that the TVA would first retire $2,500,000 of its outstanding bonds and, in addition, out of all its proceeds, would pay $8,000,000 into the Treasury in accordance with section 26 of the TVA Act.

So you see, Mr. Chairman, that TVA should be operated profitably and make

systematic repayments to the Treasury is not an innovation—not even a new idea. Indeed, it has always been my understanding that the power program of the TVA, once it was a going operating concern, would operate on a business-like basis and would not only pay its way, but reimburse the Treasury for the moneys appropriated for the power program to the end that eventually the people would be reimbursed for their investment, and that they would still own, free of debt, a going concern from which they could expect continued revenue. That is still my conception of the TVA.

Therefore, Mr. Chairman, I think it is entirely unnecessary to write into law a fixed amortization plan. In the committee, I resisted the inclusion of legislation in this appropriation bill, and I regret that the committee decided to do so against my will. The committee having made that decision, I then undertook, as best I could, to work with the committee to the end that nothing seriously harmful to the TVA would be recommended to the House for passage in this bill.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. WHITTEN. Mr. Chairman, I yield three additional minutes to the gentleman from Tennessee.

Mr. GORE. What is the amortization plan provided in the bill to begin with? Is it a 40-year period as pointed out here with the requirement that each annual payment must come from the net income of the preceding fiscal year?

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield.

Mr. WHITTEN. We have said to the credit of the majority of this committee, it having been determined to include this legislation in this bill that they also cooperated with the gentleman from Tennessee and myself in modifying any plan to the extent of not crippling the operation of the TVA though in some instances they had no particular regard or did not particularly like that type of operation in Government.

Mr. GORE. I agree with the statement of the distinguished and able gentleman from Mississippi, and although I do not see the necessity of writing this kind of thing in the bill and although I am going to support it with reluctance, I think it is fair to say that the proponent of the bill, the distinguished gentleman from Ohio, the lovable chairman of this committee, has no intention in his heart or any desire to destroy the TVA, and I must say in all frankness that I do not share the views of those who think it will destroy the TVA.

Mr. WHITTEN. I may say further for the chairman of this committee and other members that they made every effort to see insofar as they could that this was placed on a business basis and cooperated fully in their efforts to modify to any extent that might be necessary to protect the operations of this authority so long as it has been created by law and is a tremendous operation and working very well.

Mr. GORE. I thank the able gentleman. As he pointed out earlier in the debate, at first the proposal was that a fixed dollar repayment would be required each year. That would have allowed for no flexibility. The majority of the committee yielded on that upon the solicitation of the gentleman from Mississippi and myself to put it on a basis of percentage of net income.

What is the amortization plan written into this bill? To begin with, the bill requires that the Government's present investment in the TVA power program shall be repaid to the Treasury within a period of 40 years, starting from now. Then a minimum annual payment is required out of the net proceeds of each preceding fiscal year. Net income is to be in accordance with the usage in TVA accounts and reports as, for example, in schedule B–2, on page 1414 of the Budget of the United States for 1948, which gives a comparative statement of net income from TVA power operations. The annual payments are to be made within 12 months after the end of each fiscal year. Section 26 of the TVA Act, however, fixes December 31 following the end of the fiscal year as the latest date which the TVA can make repayments to the Treasury out of net income. The June 30 date written into the bill, therefore, actually applies to retirement of bonds.

The committee's plan also requires that the total of the annual payments in each 10-year period of the next 40 years shall not be less than one-fourth of the total amount of the $348,000,000 advanced by the Federal Government for power purposes.

The plan also calls for payments during the next fiscal year of not less than $10,500,000, including $2,500,000 for bond retirement, from net proceeds derived from TVA's 1947 operations. This amount corresponds to the amount budgeted by TVA for payment in fiscal year 1948. In other words, this provision merely legally requires the TVA to do that which they had previously planned to do and which is incorporated in the budget of the President.

Now, there is neither dispute nor doubt about the capacity, or, as far as I am concerned, the intent of the TVA power system, to earn the sum required to repay the Treasury investment within the 40-year amortization period. I do not regard 40 years from now as being an unreasonable period within which the TVA power program would be expected to amortize itself. I think it can do so, and I believe it should do so.

This proposed plan for cash payments does not in any way interfere with TVA's use of its receipts or of whatever amounts of proceeds that are required for operating expenses. Inasmuch as the fixed percentage payments are required to be made from net income, TVA retains flexibility insofar as variation in operating expenses are concerned.

In general, the recommendations of the committee have been based upon the expectations expressed by the TVA in a report to the committee which will be found in the record.

The committee has also included in the bill language which would prevent TVA from using its proceeds for building a new power-producing project. As a matter of fact, such language, like the requirement that $10,500,000 be paid within the next fiscal year, is entirely unnecessary. Not only would proceeds be inadequate for such a major expenditure, but section 26 of the TVA Act would not permit the use of earnings for the construction of a multipurpose dam. The TVA has never done so, and has steadfastly expressed no intent or desire to do so. In the past, appropriations by Congress have provided for such structures; and with or without this provision in the bill, it will be necessary for Congress to appropriate funds for any such project in the future, as well as for any single-purpose power dam or a steam plant. TVA can continue to use its earnings under section 26 for generating units in existing plants, transmission lines, substations, transformers, and such other facilities as are required in carrying on the business of marketing the power generated at its projects.

In this connection, I would like to point out that the TVA record of repayment, since repayment of appropriated funds and retirement of bonds to the Treasury from net income began, has approximated or exceeded the level of requirement of this plan. As normal operations continue, it is entirely possible that this plan would work no particular hardships except that, successful operations taken for granted, the repayment of total appropriated and borrowed funds may be required by this plan in a period considerably shorter than 40 years.

Continued successful operation of the TVA taken for granted, it will be noted from the language of the bill before us that a considerable part of the revenue from this immense operation is left by this plan for improvement and accretion of the power program and facilities. The fact that this Congress, particularly this Congress, reaffirms this principle, is on the credit side of the committee proposal. Too, the plan gives implicit recognition that further appropriational investment must be made in the TVA program, as you will note in the paragraph beginning on line 19 of page 8 of the bill. This, too, is to the credit side of the proposal. This is true because it is certain that additional capital investment in power-producing projects will be necessary, perhaps sooner than even I now think, in order to supply the needs and demands for electrical energy in this great and rapidly developing region.

I have been in the communities, the workshops, and homes of the valley. I have seen a steady growth of washing machines, of electric irons, milking machines, electric lights, and running water in the farm homes and barns. Yes, Mr. Chairman, I have seen the standard of living in the area steadily rising and we have by no means seen the end. Our need for additional power-producing projects, perhaps very soon, is certain.

Now where are we to turn for further investment in this program? Only to the working partnership between the Congress and the people of the TVA region. The people of the Tennessee Valley have accepted wholeheartedly and with gratitude this great experiment in regional development. The cooperation of local governments has been without stint and without exception. The

desire to make of TVA a success has been well nigh unanimous. True, the people of the region have benefited. Their burden has been made a little lighter, and their hopes brighter, but the country as a whole has benefited, too, not only from the attractive returns from the investment, as I have pointed out, but in a much bigger way in development of production capacity of a vast region. Perhaps it will be pardonable if I recall with pride that at a critical time during the war the TVA was furnishing electrical energy that was producing 51 percent of all the aluminum that went into all of our airplanes. TVA also furnished the power for the Oak Ridge plant that manufactured the atom bomb. These two dramatic examples are, however, but a part of the great contribution to victory which stemmed directly from this agency and from the people of the region. So you see, Mr. Chairman, the people of the valley of the Tennessee look with confidence to a continuation of the mutually beneficial partnership in this regional development. That development has been phenomenal and has enured to the benefit of all America. But, Mr. Chairman, we have not seen the end. As I have pointed out, it is inevitable that further investment for the people through the Congress will be necessary. We have not in the past, nor do we plan in the future, to ask for this investment on any other than a business basis—the basis of regional development and the basis of sound and profitable operation.

I recognize that there are some people who do not share my confidence in the TVA and its administration—and some of them are Members of the present Congress. If the writing of this amortization plan into law will better satisfy my colleagues, particularly my Republican colleagues, as to the soundness and efficacy of this great program with which the future of my people is so inseparably intertwined, then that, too, is to the credit of this proposal. I hope you will pardon me if I say in all good humor that I think the Democrats will recapture control of the Congress next year. But I concede that it is not yet definitely settled—a few districts are yet to be heard from. So it is within the realm of possibility that future development of the TVA program, and therefore the region which it serves, may depend upon the degree of confidence that my colleagues to my left have in the soundness of the investment from a strictly dollar-and-cents basis.

The committee plan, however, is not without danger. The danger of writing a fixed amortization plan into law lies in rigidity of legal language, on the one hand, and on the uncertainty of climatic conditions, business cycles, and other unpredictable qualities of the future on the other. I think this danger is particularly involved in the annual minimum repayment required by the committee plan, even though such minimum is only required out of net income. In a good year, I do not now conceive that it will work any great hardship on the program. But in a bad year, that is in a year in which the net income of the TVA would be small, a hardship and an interference with sound operations might result if, at the same time, average or above-average additions to and improvements of facilities are required to meet utility demands of the area.

Also in this connection, I would like to call attention to the fact that the annual cost of producing TVA power can theoretically vary as much as $15,000,000 as between a very dry year and a year of abundant rainfall. Such wide variation has not been experienced since the TVA program has been in operation, but such a variation in rainfall has been a matter of record. In the event of a year of low precipitation, the TVA hydroelectric power must be supplemented by steam plant production which considerably increases the cost of producing power, and would, therefore, materially reduce net income from operations. So, I doubt the advisability of the minimum annual payment provision of this amortization plan, but in amelioration, it can be said that if such a hardship should occur, the Congress could, and I have no doubt would, make such adjustments in the per period requirements as would permit sound economy and businesslike operations of this very great business, owned by all the people, and so vital to a great region of America.

Mr. Chairman, I have discussed as frankly as is within my capacity the amortization plan contained in this bill, but there are two very, very important reasons, which I have not yet mentioned, why I am not going to oppose this bill on the floor today. One is that in the absence of such an understanding there is reason to believe the TVA might have fared much worse, not only with respect to the amortization plan, but in appropriations also. And, second, it is my understanding that in consequence my colleagues on the committee will resist disastrous amendments to the TVA now pending before another legislative body.

No one in Congress or out could possibly be more concerned that the TVA program have a high standard of operational efficiency than I. If, because of cheap politics, or for any other reason, it should become inefficient and extravagant, the people in the TVA region would be first to suffer. True, all the people of the United States would suffer from the inefficiency in the impairment of their investment and in the impairment of the program of development of a vast area of the United States. But the people in the valley of the Tennessee themselves would be the most directly affected. For it would be they who would receive poorer utility service and at higher rates. Future industrial and economic development of the region is inescapably tied to the success of the TVA.

Therefore, Mr. Chairman, as my colleagues on this committee know, I have and will steadfastly demand efficiency and businesslike procedures and economy in the operation of the TVA and nonpartisan consideration of the agency problems.

I turn now to the appropriation features of the bill as related to the TVA. The budget requested an appropriation of $27,000,000 plus for all phases of the TVA program. From this amount the committee has cut approximately $5,000,000 in appropriation funds. I, of course, regretted to see any cuts made in this particular appropriation. I say this, not to indicate that I am lacking in desires to see economy practiced by the Government. I say it because I believe that the budget of the TVA had been pared to the extent below which no sizable reductions could be made in terms of true economy—unless it be in the case of appropriations for the construction of the South Holston Dam, where it is possible to defer certain items from the next fiscal year to the following fiscal year without affecting the completion date of the dams.

The committee has cut $2,000,000 from the budget estimate of $5,000,000 for continuation of construction of the Watauga and South Holston Dams. This $2,000,000 reduction would result in a deferral to fiscal year 1949 of certain necessary work at South Holston, originally scheduled for the coming fiscal year.

Work on the Watauga project is now at a peak stage and any slowing down in fiscal year 1948 would seriously delay the scheduled completion.

Since South Holston is in the earlier stages of construction there is more flexibility in the schedule and more chance to make up lost time. The work proposed for fiscal year 1949 can be intensified and the scheduled date for completion of the South Holston project in calendar year 1951 can be met provided that there is an increase in the 1949 funds corresponding to any reduction made in the 1948 funds.

The activities which would be deferred at South Holston consist largely of the relocation of the State highway in the reservoir area and the placing of orders for the generating equipment. This highway relocation work includes 7 miles of heavy road construction and a large bridge to replace portions of Tennessee State Highway No. 34, which will be flooded by the reservoir. It is probable that the placing of orders for certain parts of the generating equipment could be deferred until the first of fiscal year 1949 if delivery conditions improve, and still obtain deliveries which would not endanger the scheduled date for power production.

Under the curtailed program, work on the construction of the access roads and bridges at South Holston would be started about August 1947; the installation of compressed air, water, and electric utilities together with other construction plant facilities at the damsite would be started in the spring of 1948; excavation and concreting of the stilling basin at the outlet of the diversion tunnel, stripping of the damsite, and other work in preparation for diverting the river would follow.

The budget estimate of $8,600,000 for chemical-plant construction has been reduced by $2,000,000. To indicate with what regrets and disappointment I have seen the committee take this action, I have but to point to the CONGRESSIONAL RECORD at the time the fertilizer program was being considered last year, at which time, I advocated as vigorously as I could appropriations to greatly expand the TVA fertilizer program by the con-

struction of a fertilizer plant at Mobile, Ala. On the other hand, I find considerable satisfaction in the fact that this bill does appropriate $6,686,000 for chemical-plant construction which will greatly improve the TVA facilities for vigorous and progressive research, experimentation, and production of highly the rapid depletion of which has already created a major problem, and I fear concentrated fertilizers which are so direly needed by the soils of America, in the future will create a problem of much more grave concern.

The largest item to be eliminated by this $2,000,000 reduction will be $1,000,000 intended as a contingency against the possible failure of the nitric-acid towers which are an essential part of the ammonium nitrate plant. These towers were built in World War I and have already outlived their normal period of usefulness. The item would not be spent unless needed. With the elimination of this item, TVA now faces the possibility that if the towers should fail it would be necessary to close down all or a part of the ammonium nitrate fertilizer operations upon which thousands of farmers are dependent in order to produce the food required in the world food emergency. Two hundred thousand dollars represents reduction of the estimate for equipping the nitrate plant to use natural gas. The use of natural gas, if available, would mean substantial saving in the cost of producing ammonium nitrate at Muscle Shoals. With a reduction in the funds for the necessary conversion, TVA faces the possibility of not being ready to use natural gas with the promptness which considerations of economy would require.

Deferral of construction of fluorine-recovery plants in connection with fused tricalcium phosphate and sintering operations at Godwin, Tenn., $390,000. The fluorine which would be recovered has high value in industrial processes and as an insecticide, and there seems to be an excellent chance that all or a large part of the cost of recovery would be liquidated by the sale of recovered byproducts. Likewise, the installations would have a substantial value to TVA in preventing any possible claims for crop and livestock damage on account of fluorine fumes.

Elimination of provision for beginning a diammonium phosphate plant, $200,000. This plant would produce on a larger scale a highly concentrated fertilizer under a process which has already proved successful in pilot-plant operations. The product contains nitrogen in addition to a high concentration of phosphorus. The Muscle Shoals plant is particularly adapted to manufacture this product since it produces both ammonia and phosphoric acid.

Elimination of provision for beginning a ferrophosphorus limestone plant, $210,000. This plant would utilize byproduct materials now largely wasted by converting them into an animal-feed supplement badly needed to supply the demand for animal feeds with high mineral content. Appreciable economy in phosphate operations would be secured through the sale of this material.

I am sorry indeed that this reduction has been made in the fertilizer program, but I consider ourselves lucky to be receiving an appropriation of $6,686,000 for additions to chemical plants.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

TVA—GREATEST DEVELOPMENT OF ANCIENT OR MODERN TIMES

Mr. RANKIN. Mr. Chairman, nothing could be closer to my heart than the Tennessee Valley Authority.

I was coauthor of the bill that created the TVA in 1933. There was a House bill introduced by the gentleman from Alabama [Mr. HILL] which passed the House, but we struck out all after the enacting clause and inserted the Norris-Rankin bill, introduced by my distinguished friend from Nebraska, Senator Norris, and myself. That bill finally became law.

Under the House bill we could never have built another dam until we had found a market for the power. That meant we never could have built another dam at all.

We could not have built a power line under the Hill bill until we exhausted all our efforts to ship this power over private power lines, which simply meant that we would have been left with only one dam on the Tennessee River, Muscle Shoals, the power companies would have had the power produced there, the people would be paying exorbitant rates, and the farmers of the area would be getting no electricity at all.

At that time power was being sold by the party in power, which is the party in the majority in this House now, to the power company at Muscle Shoals at a little less than 2 mills a kilowatt-hour, while the people within sight of the dam were paying 10 cents a kilowatt-hour for that power for domestic use and the average consumer used less than 40 kilowatt-hours a month.

Today, the municipalities and cooperative power associations throughout the area are paying the TVA 4.29 mills a kilowatt-hour for power and delivering it to domestic users at an average of 1.56 cents a kilowatt-hour; and instead of using an average of 40 kilowatt-hours a month, they are using an average of 209 kilowatt-hours a month.

That 209 kilowatt-hours costs them less today than the 40 kilowatt-hours did in 1933, although the TVA is getting more than twice the wholesale rate the power companies were paying the Government at Muscle Shoals at the time the TVA was created.

The hydroelectric power of this Nation is the greatest wealth we possess, outside of the soil from which we live. When I first came to Congress, the American people were purchasing and using 40,000,000,000 kilowatt-hours of electricity a year. At that time they told us we had all the power we needed. That was the argument they put up against creating the Tennessee Valley Authority.

Last year the country used over 200,000,000,000 kilowatt-hours, or about five times as much as they used then, and the demand is greater today than it ever was before.

At that time we had no rural electrification. If it had not been for the creation of the Tennessee Valley Authority, in my opinion, we would have no rural electrification, to amount to anything, today.

One thing that actuated me in introducing the bill to create the TVA was to get this power distributed to the farmers of the area, especially throughout the district I represented.

My success in that respect has far exceeded my expectations. Every precinct in the 10 counties I represent gets TVA power at TVA rates. While we have not been able to reach every farmer in the district, we are moving rapidly in that direction. Thousands of farmers in the district are enjoying the use of TVA power who 15 years ago never dreamed of getting electricity in their homes.

At the time TVA was created, less than 10 percent of the farms of this country were receving any electricity at all, while as I have explained to you, in the average European country, outside of Russia, more than 90 percent of the farms were electrified. Last year, as the RECORD will show, if you will turn to page 6020 of the RECORD of May 28, we had 57.4 percent of our farms electrified, and we are going forward with the program to reach every farm home in America.

This is one of my greatest services to the people of this Nation; for, as you all know, I not only helped to create and develop the TVA, but I have led the fight for rural electrification from the very beginning.

As I have said before, electricity is the lifeblood of our advancing civilization. The cheaper the rates the more freely it flows, and the more freely it flows the greater are its benefits to mankind.

The TVA is the greatest development of ancient or modern times. It is here to stay; and if the American people just knew what it means, they would have an authority on each one of the other great rivers of this country.

The power generated by the TVA exceeds the combined physical strength of every man in the United States living east of the Mississippi River.

It is the greatest servant mankind has ever known, and the only one the man or woman of ordinary means can afford.

Every person in the United States who turns an electric switch is getting benefits from the reduced rates which the Tennessee Valley Authority yardstick has brought. That yardstick on which you have heard such terrific assaults is a magic wand, if you please, which is showing the American people what electricity is worth.

You can generate power with coal, gas, oil, or water power and distribute it in any State in this Union at TVA yardstick rates. That would save you more than a billion dollars a year on your electric light and power bills.

The Tennessee Valley Authority has not only controlled floods on that stream, but it has been able to hold back the flood waters on the Tennessee and prevent the synchronization of those floods

with the floods on the Ohio, the upper Mississippi and the Missouri, and save the lower Mississippi from such disasters as that area experienced in 1927.

If we had had those dams on the Tennessee River then we would not have had that disastrous flood that wrought such havoc from Cairo to the mouth of the Mississippi River. In addition to that, we have provided navigation on the Tennessee and enabled the Government to construct and operate the greatest defense plan the world has ever known at Oak Ridge, where the atomic bomb was produced with the power generated by the Tennessee Valley Authority.

The TVA has made possible the construction of the Tennessee-Tombigbee inland waterway, which will furnish a slack-water route for all up-bound traffic from the Gulf to St. Louis, Chicago, Detroit, Omaha, Pittsburgh, and all other points on the upper Mississippi, the Missouri, the Illinois, the Ohio, the Tennessee, and their tributaries, reduce the cost of such transportation on an average of more than 50 percent and cut the water distance from Oak Ridge to the Gulf of Mexico by 650 miles.

When John L. Lewis came before our Committee on Rivers and Harbors to protest against the St. Lawrence project where 12,000,000,000 kilowatt-hours of electricity are going to waste every year, just as 10,000,000,000 kilowatt-hours a year are going to waste on the Missouri and 10,000,000,000 kilowatt-hours a year on the Ohio, he opposed it he said because it competed with coal. I took the statements of the engineers and showed him that in the State of Illinois power could be generated with coal and distributed all over the State at a rate not exceeding that charged in the Tennessee Valley Authority area. But instead of that we find that last year the people of the State of Illinois were overcharged to the extent of $110,600,000 for their electric light and power.

Following the footsteps of the Tennessee Valley area and giving power to the people of your districts at what it is worth would mean more for your people than anything else that could possibly be done for them at this time.

These tables I have had compiled leave out REA, because we did not have the figures at our fingertips. They leave out the amount that is used for street lighting and for municipal water pumping.

Even so, they show that last year the American people bought and used 170,000,000,000 kilowatt-hours of electricity or more than four times as much as the American people were using for all purposes when I first came to Congress.

According to Tennessee Valley Authority rates, the American people were overcharged $1,524,000,000 for their electricity last year.

Oh, but they say, the public power projects pay no taxes. That is bunk. If I had time I should like to go into the tax problem and show you where that even the municipalities that distribute this power receive more in lieu of taxes than were paid by the private power companies before the municipalities took over. The city of Tacoma, Wash., pays more taxes in proportion than the private power companies in almost any section of the country. Yet, according to the Tacoma rates, last year the American people were overcharged $1,736,000,000.

According to the Bonneville rate they were overcharged $1,239,000,000.

According to the Ontario rate they were overcharged $1,463,000,000.

I say the greatest project of its kind that has ever been constructed in all the history of mankind is the Tennessee Valley Authority. Instead of attacking it, the rest of the country had better follow its example.

Here is a table showing the number of residential consumers, the amount of electricity used by them, and the overcharges in each State, during the year 1946:

TABLE 1.—*Residential electric service, 1946*

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama	348,823	551,049	$12,025,500	$7,768,473	$4,257,027	$7,203,275	$4,822,225	$9,163,431	$2,862,069	$6,734,280	$5,291,220
Arizona	112,509	189,886	5,483,200	2,412,608	3,070,592	2,237,146	3,246,054	2,840,298	2,642,902	2,089,099	3,394,101
Arkansas	198,764	178,503	7,390,200	3,473,394	3,916,806	3,222,127	4,168,073	4,094,171	3,296,029	3,007,811	4,382,389
California	2,096,353	2,747,767	77,635,500	47,745,833	29,889,667	44,252,235	33,383,265	56,285,738	21,349,762	41,379,722	36,255,778
Colorado	249,478	285,000	10,656,200	5,200,226	5,455,974	4,816,602	5,839,598	6,127,315	4,528,885	4,496,916	6,159,284
Connecticut	496,409	699,112	24,170,300	11,940,128	12,230,172	11,094,168	13,076,132	14,091,285	10,079,015	10,344,888	13,825,412
Delaware	67,614	84,680	3,458,400	1,490,570	1,967,830	1,383,360	2,075,040	1,756,867	1,701,533	1,289,983	2,168,417
District of Columbia [1]											
Florida	473,537	719,581	24,522,800	10,544,804	13,977,996	9,784,597	14,738,203	12,433,060	12,089,740	9,147,004	15,375,79
Georgia	466,298	774,863	19,417,500	11,747,588	7,669,912	10,893,218	8,524,282	13,844,678	5,572,822	10,174,770	9,242,730
Idaho	128,612	320,077	6,428,100	3,773,295	2,654,805	3,496,886	2,931,214	4,448,245	1,979,855	3,265,475	3,162,625
Illinois	1,965,880	2,348,004	80,560,900	41,569,424	38,991,476	38,508,110	42,052,790	48,981,027	31,579,873	36,010,722	44,550,178
Indiana	850,713	1,050,407	35,876,600	17,830,670	18,045,930	16,539,113	19,337,487	21,023,688	14,852,912	15,462,815	20,413,785
Iowa	543,472	596,426	22,495,600	10,887,870	11,607,730	10,100,524	12,395,076	12,822,492	9,673,108	9,425,656	13,069,944
Kansas	370,659	415,509	15,988,800	7,594,680	8,394,120	7,035,072	8,953,728	8,953,728	7,035,072	6,571,397	9,417,403
Kentucky	424,757	449,387	15,202,900	8,589,639	6,613,261	7,966,320	7,236,580	10,125,131	5,077,769	7,434,218	7,768,682
Louisiana	392,805	344,291	14,495,600	6,392,560	8,103,040	5,928,700	8,566,900	7,537,712	6,957,888	5,537,319	8,958,281
Maine	220,401	231,653	9,158,800	4,020,713	5,138,087	3,727,632	5,431,168	4,735,100	4,423,700	3,480,344	5,678,456
Maryland and District of Columbia	575,993	753,709	23,131,500	13,254,516	9,876,984	12,281,329	10,850,171	15,623,323	7,508,177	11,480,528	11,650,972
Massachusetts	1,218,956	1,212,917	52,044,300	22,951,536	29,092,764	21,286,119	30,758,181	27,063,036	24,981,264	19,880,923	32,163,377
Michigan	1,469,424	2,283,802	62,381,300	37,116,874	25,264,426	34,372,096	28,009,204	43,729,291	18,652,009	32,126,370	30,254,930
Minnesota	621,059	844,102	26,349,700	13,780,893	12,568,807	12,779,605	13,570,095	16,257,765	10,091,935	11,936,414	14,413,286
Mississippi	219,659	249,615	7,512,200	3,823,710	3,688,490	3,545,758	3,966,442	4,499,808	3,012,392	3,305,368	4,206,832
Missouri	773,354	929,247	30,445,800	16,227,611	14,218,189	15,040,225	15,405,575	19,119,962	11,325,838	14,035,514	16,410,286
Montana	115,546	158,262	4,871,500	2,464,979	2,406,521	2,284,734	2,586,766	2,903,414	1,968,086	2,133,717	2,737,783
Nebraska	251,700	309,994	10,615,500	5,604,984	5,010,516	5,201,595	5,413,905	6,602,841	4,012,659	4,851,284	5,764,216
Nevada	32,954	92,334	2,266,400	947,355	1,319,045	879,363	1,387,037	1,117,335	1,149,065	820,437	1,445,963
New Hampshire	148,016	157,381	6,555,800	2,668,211	3,887,589	2,471,537	4,084,263	3,146,784	3,409,016	2,307,642	4,248,158
New Jersey	1,188,709	1,267,118	52,717,600	23,670,202	29,047,398	21,930,522	30,787,078	27,887,610	24,829,990	20,454,429	32,263,171
New Mexico	74,834	83,722	3,512,000	1,411,824	2,100,176	1,309,976	2,202,024	1,664,688	1,847,312	1,222,176	2,289,824
New York	3,707,778	3,910,057	156,199,100	71,695,387	84,503,713	66,540,817	89,658,283	84,503,713	71,695,387	62,011,043	94,188,057
North Carolina	521,611	682,280	20,386,175	10,926,990	9,459,185	10,131,929	10,254,246	12,884,063	7,502,112	9,459,185	10,926,990
North Dakota	86,961	103,278	3,922,100	1,804,166	2,117,934	1,674,737	2,247,363	2,125,778	1,796,322	1,560,996	2,361,104
Ohio	1,822,808	2,499,757	78,609,000	44,099,649	34,509,351	40,876,680	37,732,320	51,960,549	26,648,451	38,203,974	40,405,026
Oklahoma	366,753	326,871	14,020,800	6,253,277	7,767,523	5,804,611	8,216,189	7,374,941	6,645,859	5,426,050	8,594,750
Oregon	329,632	943,945	16,138,900	10,587,118	5,551,782	9,812,451	6,326,449	12,475,370	3,663,530	9,166,895	6,972,005
Pennsylvania	2,317,097	2,873,806	99,370,500	50,380,844	48,989,656	46,704,135	52,666,365	59,423,559	39,946,941	43,623,650	55,746,850
Rhode Island	203,072	173,769	8,107,900	3,445,858	4,662,042	3,194,513	4,913,387	4,062,058	4,045,842	2,983,707	5,124,193
South Carolina	251,146	328,505	9,288,025	5,247,734	4,040,291	4,866,925	4,421,100	6,185,825	3,102,200	4,541,844	4,746,181
South Dakota	86,135	100,364	3,581,200	1,536,335	2,044,865	1,425,318	2,155,882	1,812,087	1,769,113	1,332,206	2,248,994
Tennessee	478,602	977,732	17,438,500	13,113,752	4,324,748	12,154,635	5,283,865	15,467,950	1,970,550	11,352,464	6,086,036
Texas	1,151,128	1,202,519	44,396,600	21,754,334	22,642,266	20,200,453	24,196,147	25,661,235	18,735,365	18,868,555	25,528,045
Utah	151,711	227,610	5,982,600	3,547,682	2,434,918	3,290,430	2,692,170	4,181,837	1,800,763	3,069,074	2,913,526
Vermont	91,856	112,526	4,626,900	2,035,836	2,591,064	1,887,775	2,739,125	2,396,734	2,230,166	1,762,849	2,864,051
Virginia	488,874	649,980	21,323,200	10,341,752	10,981,448	9,595,440	11,727,760	12,196,870	9,126,330	8,955,744	12,367,456
Washington	535,186	1,727,162	25,922,000	18,948,982	6,973,018	17,575,116	8,346,884	22,318,842	3,603,158	16,408,626	9,513,374
West Virginia	310,256	316,316	11,899,700	5,902,251	5,997,449	5,473,862	6,425,838	6,949,425	4,950,275	5,104,971	6,794,729
Wisconsin	721,564	1,031,969	29,786,400	16,203,802	13,582,598	15,042,132	14,744,268	19,093,082	10,693,318	14,029,394	15,757,006
Wyoming	49,649	54,069	2,206,800	966,578	1,240,222	895,961	1,310,839	1,138,709	1,068,091	836,377	1,370,423
United States	29,769,107	38,570,913	1,240,576,900	645,697,497	594,879,403	598,719,864	641,857,036	761,092,450	479,484,450	559,104,825	681,472,075

[1] Included in Maryland.

Here is a table showing the number of commercial customers, the amount of electricity used by them, and the overcharges in each State during the year 1946:

TABLE 2.—*Commercial electric service, 1946*

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama	47,679	311,293	$7,094,400	$3,704,767	$3,389,633	$3,536,701	$3,557,699	$4,749,701	$2,344,699	$4,267,424	$2,826,976
Arizona	19,304	315,396	5,375,700	2,286,769	3,088,931	2,181,567	3,194,133	2,929,057	2,446,643	2,630,062	2,745,638
Arkansas	38,279	207,097	6,264,000	2,600,124	3,663,876	2,483,989	3,780,011	3,329,191	2,934,809	2,987,239	3,276,761
California	409,837	3,158,435	66,427,700	37,631,292	28,796,408	35,920,779	30,506,921	47,962,793	18,464,907	43,036,514	23,391,186
Colorado	42,413	321,467	8,870,200	3,791,567	5,078,633	3,617,977	5,252,223	4,833,106	4,037,094	4,330,609	4,539,591
Connecticut	68,175	424,340	14,833,500	5,316,920	9,516,580	5,072,464	9,761,036	6,798,935	8,034,565	6,111,402	8,722,098
Delaware	10,304	97,724	2,386,500	909,495	1,477,005	865,249	1,521,251	1,160,221	1,226,279	1,039,775	1,346,725
District of Columbia [1]											
Florida	85,338	563,465	20,449,800	6,845,571	13,604,229	6,529,621	13,920,179	8,741,267	11,708,533	7,835,546	12,614,254
Georgia	74,578	686,358	17,370,000	8,015,213	9,354,787	7,639,500	9,730,500	10,251,600	7,118,400	9,196,025	8,173,975
Idaho	21,373	186,368	3,858,700	2,114,413	1,744,287	2,015,052	1,843,648	2,690,710	1,167,990	2,412,498	1,446,202
Illinois	267,874	1,672,466	57,374,600	23,342,856	34,031,744	22,279,131	35,095,469	29,961,590	27,413,010	26,947,703	30,426,897
Indiana	127,098	711,621	21,811,100	9,772,464	12,038,636	9,345,621	12,465,479	12,513,246	9,297,854	11,232,717	10,578,383
Iowa	103,539	576,104	18,122,000	8,250,222	9,871,778	7,876,909	10,245,091	10,546,098	7,575,902	9,482,155	8,639,845
Kansas	60,843	376,800	11,594,800	4,992,025	6,602,775	4,765,115	6,829,685	6,377,372	5,217,428	5,732,469	5,862,331
Kentucky	56,762	318,743	8,667,100	3,981,493	4,685,607	3,802,951	4,864,149	5,106,308	3,560,792	4,588,536	4,078,564
Louisiana	63,045	425,529	13,474,400	4,621,584	8,852,816	4,413,405	9,060,995	5,884,540	7,589,860	5,273,880	8,200,520
Maine	34,656	162,995	4,950,600	1,978,458	2,972,142	1,881,574	3,069,026	2,508,766	2,441,834	2,248,711	2,701,889
Maryland and District of Columbia	95,027	825,419	20,830,500	11,215,175	9,615,325	10,719,555	10,110,945	14,416,751	6,413,749	12,943,194	7,887,306
Massachusetts	177,781	832,926	31,458,200	10,627,839	20,830,361	10,141,810	21,316,390	13,544,014	17,914,186	12,150,730	19,307,470
Michigan	190,883	1,614,725	42,903,600	18,781,051	24,122,549	17,941,428	24,962,172	23,995,555	18,908,045	21,565,066	21,338,534
Minnesota	107,209	615,547	21,147,200	8,451,267	12,695,933	8,059,198	13,088,002	10,760,119	10,387,081	9,649,256	11,497,944
Mississippi	36,273	248,072	6,910,300	2,740,280	4,170,020	2,612,162	4,298,138	3,487,628	3,422,672	3,131,748	3,778,552
Missouri	132,438	851,624	24,919,600	11,088,225	13,831,375	10,574,881	14,344,719	14,193,955	10,725,645	12,730,926	12,188,674
Montana	18,693	135,266	3,439,700	1,700,588	1,739,112	1,622,644	1,817,056	2,175,335	1,264,365	1,948,590	1,491,110
Nebraska	44,705	253,062	7,187,800	3,435,193	3,752,607	3,279,721	3,908,079	4,405,043	2,782,757	3,953,434	3,234,366
Nevada	6,235	99,872	2,245,600	855,798	1,389,802	816,478	1,429,122	1,094,034	1,151,566	980,698	1,264,902
New Hampshire	19,884	81,038	2,907,600	1,170,978	1,736,622	1,114,076	1,793,524	1,494,419	1,413,181	1,338,688	1,568,912
New Jersey	190,724	1,017,236	38,747,100	13,529,325	25,217,775	12,930,682	25,816,418	17,320,728	21,426,372	15,524,801	23,222,299
New Mexico	14,522	96,999	3,150,300	1,090,256	2,060,044	1,041,583	2,108,717	1,392,023	1,758,277	1,252,496	1,897,804
New York	631,516	5,019,720	158,907,400	52,353,632	106,553,768	50,084,435	108,822,965	67,265,502	91,641,898	60,457,909	98,449,491
North Carolina	85,983	576,333	14,638,871	7,162,068	7,476,803	6,815,273	7,823,598	9,107,134	5,531,737	8,157,218	6,481,653
North Dakota	22,063	105,204	3,818,800	1,431,744	2,387,056	1,364,878	2,453,922	1,825,081	1,993,719	1,636,280	2,182,520
Ohio	239,133	1,589,367	44,537,700	20,964,341	23,573,359	20,046,864	24,490,836	26,882,065	17,655,635	24,129,635	20,408,065
Oklahoma	63,613	324,365	10,511,200	4,384,747	6,126,453	4,179,043	6,332,157	5,586,492	4,924,708	5,023,513	5,487,687
Oregon	50,186	591,616	9,536,200	5,765,681	3,770,519	5,500,480	4,035,720	7,347,070	2,189,130	6,590,754	2,945,446
Pennsylvania	334,727	1,954,941	54,535,900	24,490,982	30,044,918	23,367,542	31,168,358	31,400,135	23,135,765	28,198,333	26,337,567
Rhode Island	26,247	118,311	4,960,200	1,675,754	3,284,446	1,599,119	3,361,081	2,125,346	2,834,854	1,905,660	3,054,540
South Carolina	41,399	277,493	6,669,529	3,201,241	3,468,288	3,056,978	3,612,551	4,080,551	2,588,978	3,661,505	3,008,024
South Dakota	23,211	91,755	3,375,500	1,244,682	2,130,818	1,189,054	2,186,446	1,592,358	1,783,142	1,425,474	1,950,026
Tennessee	65,341	497,765	8,934,900	5,917,495	3,017,405	5,641,407	3,293,493	7,555,620	1,379,280	6,782,572	2,152,328
Texas	198,688	1,546,618	38,153,200	16,780,158	21,373,042	15,994,203	22,158,997	21,456,596	16,696,604	19,295,218	18,857,982
Utah	16,556	133,752	3,969,400	1,856,171	2,113,229	1,774,402	2,194,998	2,375,408	1,593,992	2,134,188	1,835,212
Vermont	13,824	92,100	2,371,000	930,452	1,440,548	886,493	1,484,507	1,184,433	1,186,567	1,059,884	1,311,116
Virginia	73,743	725,889	18,031,300	7,224,601	10,806,699	6,890,300	11,141,000	9,230,403	8,800,897	8,264,647	9,766,653
Washington	74,582	1,187,471	17,418,900	11,195,476	6,223,424	10,693,114	6,725,786	14,353,174	3,065,726	12,899,915	4,518,985
West Virginia	44,517	196,090	6,061,500	2,622,205	3,439,295	2,503,582	3,557,918	3,358,920	2,702,580	3,009,292	3,052,208
Wisconsin	114,308	745,270	21,696,100	10,570,123	11,125,977	10,078,489	11,617,611	13,542,272	8,153,828	12,156,758	9,539,342
Wyoming	7,742	54,416	1,874,900	751,216	1,123,684	716,456	1,158,444	957,849	917,051	859,361	1,015,539
United States	4,692,850	33,016,463	924,775,100	395,363,977	529,411,123	377,463,935	547,311,165	505,850,514	418,924,586	454,171,008	470,604,092

[1] Included with Maryland.

Here is one showing the industrial consumption and overcharge in each State during 1946:

TABLE 3.—*Industrial electric service, 1946*

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama	2,105	3,494,145	$22,137,700	$14,190,266	$7,947,434	$10,493,270	$11,644,430	$15,651,354	$6,486,346	$16,381,898	$5,755,802
Arizona	301	233,464	2,032,000	1,011,936	1,020,064	749,808	1,282,192	1,117,600	914,400	1,170,432	861,568
Arkansas	2,103	476,294	6,131,100	4,022,002	2,109,098	2,979,715	3,151,385	4,438,916	1,692,184	4,647,374	1,483,726
California	17,692	6,451,937	58,694,600	49,186,075	9,508,525	36,449,347	22,245,253	54,292,505	4,402,095	56,816,373	1,878,227
Colorado	8,104	307,849	4,916,800	2,512,485	2,404,315	1,858,550	3,058,250	2,773,075	2,143,725	2,900,912	2,015,888
Connecticut	5,334	1,496,148	22,078,900	11,216,081	10,862,819	8,323,745	13,755,155	12,386,263	9,692,637	12,960,314	9,118,586
Delaware	420	192,525	2,214,300	1,240,008	974,292	918,935	1,295,365	1,368,437	845,863	1,432,652	781,648
District of Columbia [1]											
Florida	2,351	599,972	8,066,100	3,742,670	4,323,430	2,774,738	5,291,362	4,129,843	3,936,257	4,323,430	3,742,670
Georgia	791	1,613,901	14,583,700	9,143,980	5,439,720	6,781,421	7,802,279	10,106,504	4,477,196	10,573,183	4,010,517
Idaho	527	442,263	2,829,800	2,079,903	749,897	1,542,241	1,287,559	2,297,798	532,002	2,402,500	427,300
Illinois	8,088	6,292,255	77,971,900	40,389,444	37,582,456	29,863,238	48,108,662	44,599,927	33,371,973	46,627,196	31,344,704
Indiana	8,689	2,885,389	33,904,600	18,613,625	15,290,975	13,799,172	20,105,428	20,546,188	13,358,412	21,529,421	12,375,179
Iowa	3,569	916,874	10,096,900	5,785,524	4,311,376	4,281,086	5,815,814	6,391,338	3,705,562	6,684,148	3,412,752
Kansas	2,923	801,731	9,353,500	5,340,849	4,012,651	3,956,531	5,396,969	5,892,705	3,460,795	6,163,957	3,189,543
Kentucky	5,185	1,269,978	13,235,600	7,570,763	5,664,837	5,611,894	7,623,706	8,364,899	4,870,701	8,748,732	4,486,868
Louisiana	3,359	1,112,355	8,803,200	5,167,478	3,635,722	3,829,392	4,973,808	5,704,474	3,098,726	5,968,570	2,834,630
Maine	3,967	608,195	5,876,800	3,326,269	2,550,531	2,462,379	3,414,421	3,673,000	2,203,800	3,843,427	2,033,373
Maryland and District of Columbia	1,429	2,154,593	23,211,400	13,000,241	10,211,159	9,627,161	13,584,239	14,348,359	8,863,041	15,025,203	8,186,197
Massachusetts	6,412	2,733,471	42,468,100	21,191,582	21,276,518	15,713,197	26,754,903	23,399,923	19,068,177	24,461,626	18,006,474
Michigan	2,776	4,233,796	51,811,700	24,144,252	27,667,448	17,875,037	33,936,663	26,631,214	25,180,486	27,874,695	23,937,005
Minnesota	933	993,483	13,344,900	7,366,385	5,978,515	5,458,064	7,886,836	8,127,044	5,217,856	8,514,046	4,830,854
Mississippi	1,688	377,782	4,347,100	2,460,459	1,886,641	1,821,435	2,525,665	2,712,590	1,634,510	2,843,603	1,504,097
Missouri	1,799	1,758,420	19,222,600	11,514,337	7,708,263	8,534,834	10,687,766	12,725,361	6,497,239	13,321,262	5,901,338
Montana	1,791	1,201,069	6,171,800	4,622,678	1,549,122	3,425,349	2,746,451	5,104,079	1,067,721	5,344,779	827,021

[1] Included with Maryland.

TABLE 3.—*Industrial electric service 1946*—Continued

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Nebraska	291	322,448	$3,616,300	$2,209,559	$1,406,741	$1,638,184	$1,978,116	$2,441,003	$1,175,297	$2,553,108	$1,063,192
Nevada	72	45,652	396,900	300,850	96,050	223,058	173,842	332,205	64,695	347,684	49,216
New Hampshire	754	300,221	4,008,900	2,212,913	1,795,987	1,639,640	2,369,260	2,445,429	1,563,471	2,557,678	1,451,222
New Jersey	3,263	3,194,395	38,898,200	22,016,381	16,881,819	16,298,346	22,599,854	24,272,477	14,625,723	25,439,423	13,458,777
New Mexico	207	42,231	698,200	348,402	349,798	258,334	439,866	384,708	313,492	402,163	296,037
New York	7,670	9,056,311	70,947,300	35,544,597	35,402,703	26,321,448	44,625,852	39,233,857	31,713,443	41,007,539	29,939,761
North Carolina	3,239	2,429,870	20,132,260	13,569,143	6,563,117	10,066,130	10,066,130	14,978,401	5,153,859	15,683,031	4,449,229
North Dakota	36	18,095	348,200	168,529	179,671	125,004	223,196	186,287	161,913	194,992	153,208
Ohio	13,173	7,867,395	81,579,300	45,847,567	35,731,733	33,936,989	47,642,311	50,579,166	31,000,134	52,944,966	28,634,334
Oklahoma	4,980	766,632	9,009,700	5,270,675	3,739,025	3,910,210	5,099,490	5,820,266	3,189,434	6,090,557	2,919,143
Oregon	2,973	1,108,763	6,730,500	5,485,358	1,245,142	4,065,222	2,665,278	6,057,450	673,050	6,340,131	390,369
Pennsylvania	19,559	10,414,608	110,374,300	67,769,820	42,604,480	50,220,307	60,153,993	74,833,775	35,540,525	78,365,753	32,008,547
Rhode Island	1,214	554,825	9,073,300	4,436,844	4,636,456	3,284,535	5,788,765	4,899,582	4,173,718	5,126,415	3,946,885
South Carolina	1,560	1,169,937	9,172,340	6,200,502	2,971,838	4,595,342	4,576,998	6,851,738	2,320,602	7,163,598	2,008,742
South Dakota	155	64,717	1,000,200	452,090	548,110	335,067	665,133	499,100	501,100	522,104	478,096
Tennessee	1,565	5,109,901	22,241,200	17,503,824	4,737,376	12,966,620	9,274,580	19,327,603	2,913,597	20,217,251	2,023,949
Texas	11,213	3,023,732	31,389,100	18,613,736	12,775,364	13,811,204	17,577,896	20,559,861	10,829,239	21,532,923	9,856,177
Utah	1,209	392,122	3,816,000	2,484,216	1,331,784	1,839,312	1,976,688	2,743,704	1,072,296	2,869,632	946,368
Vermont	939	172,903	2,456,900	1,501,166	955,734	1,112,976	1,343,924	1,655,951	800,949	1,734,571	722,329
Virginia	962	1,319,352	12,198,000	7,257,810	4,940,190	5,379,318	6,818,682	8,014,086	4,183,914	8,392,224	3,805,776
Washington	2,558	4,505,354	19,144,900	14,779,863	4,365,037	10,950,883	8,194,017	16,330,600	2,814,300	17,077,251	2,067,649
West Virginia	1,528	2,295,971	23,149,300	13,634,938	9,514,362	10,093,095	13,056,205	15,047,045	8,102,255	15,741,524	7,407,776
Wisconsin	1,978	1,990,670	24,458,200	12,155,725	12,302,475	9,000,618	15,457,582	13,427,552	11,030,648	14,039,007	10,419,193
Wyoming	1,237	70,512	1,003,800	510,934	492,866	378,433	625,367	564,136	439,664	590,234	413,566
United States	174,662	98,884,506	969,348,400	569,114,734	400,233,666	421,580,814	547,767,586	628,269,378	341,079,022	657,492,892	311,855,508

Here is one showing the total number of customers, the amount of electricity purchased and used by them and the overcharges in each State during 1946.

As I pointed out a while ago, this does not include REA power outside the TVA area, nor does it include power used for municipal lighting or pumping.

TABLE 4.—*Total electric sales, 1946*

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in—							
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Tennessee Valley Authority		Tacoma, Wash.		Bonneville Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama	398,607	4,356,487	$41,257,600	$25,663,506	$15,594,094	$21,233,246	$20,024,354	$29,564,486	$11,693,114	$27,383,602	$13,873,998
Arizona	132,114	738,746	12,890,900	5,711,313	7,179,587	5,168,521	7,722,379	6,886,955	6,003,945	5,889,593	7,001,307
Arkansas	239,146	861,894	19,785,300	10,095,520	9,689,780	8,685,831	11,099,469	11,862,278	7,923,022	10,642,424	9,142,876
California	2,523,882	12,358,139	202,757,800	134,563,200	68,194,600	116,622,361	86,135,439	158,541,036	44,216,764	141,232,609	61,525,191
Colorado	299,995	914,316	24,443,200	11,504,278	12,938,922	10,293,129	14,150,071	13,733,496	10,709,704	11,728,437	12,714,763
Connecticut	569,918	2,619,600	61,082,700	28,473,129	32,609,571	24,490,377	36,592,323	33,276,483	27,806,217	29,416,604	31,666,096
Delaware	78,338	374,929	8,059,200	3,640,073	4,419,127	3,167,544	4,891,656	4,285,525	3,773,675	3,762,410	4,296,790
District of Columbia [1]											
Florida	561,226	1,883,018	53,038,700	21,133,045	31,905,655	19,088,956	33,949,744	25,304,170	27,734,530	21,305,980	31,732,720
Georgia	541,667	3,075,122	51,371,200	28,906,781	22,464,419	25,314,139	26,057,061	34,202,782	17,168,418	29,943,978	21,427,222
Idaho	150,512	948,708	13,116,600	7,967,611	5,148,989	7,054,179	6,062,421	9,436,753	3,679,847	8,080,473	5,036,127
Illinois	2,241,842	10,312,725	215,907,400	105,301,724	110,605,676	90,650,479	125,256,921	123,542,544	92,364,856	109,585,621	106,321,779
Indiana	986,500	4,647,417	91,592,300	46,216,759	45,375,541	39,683,906	51,908,394	54,083,122	37,509,178	48,224,953	43,367,347
Iowa	650,580	2,089,404	50,714,500	24,923,616	25,790,884	22,258,519	28,455,981	29,759,928	20,954,572	25,591,959	25,122,541
Kansas	434,425	1,594,040	36,937,100	17,927,554	19,009,546	15,756,718	21,180,382	21,223,805	15,713,295	18,467,823	18,469,277
Kentucky	486,704	2,038,108	37,105,600	20,141,895	16,963,705	17,381,165	19,724,435	23,596,338	13,509,262	20,771,486	16,334,114
Louisiana	459,209	1,882,175	36,773,200	16,181,622	20,591,578	14,171,497	22,601,703	19,126,726	17,646,474	16,779,769	19,993,431
Maine	259,024	1,002,843	19,986,200	9,325,440	10,660,760	8,071,585	11,914,615	10,916,866	9,069,334	9,572,482	10,413,718
Maryland and the District of Columbia	672,449	3,733,721	67,173,400	37,469,932	29,703,468	32,628,045	34,545,355	44,388,433	22,784,967	39,448,925	27,724,475
Massachusetts	1,403,149	4,779,314	125,970,600	54,770,957	71,199,643	47,141,126	78,829,474	64,006,973	61,963,627	56,493,279	69,477,321
Michigan	1,663,083	8,132,323	157,096,600	80,042,177	77,054,423	70,188,561	86,908,039	94,356,060	62,740,540	81,566,131	75,530,469
Minnesota	729,201	2,453,132	60,841,800	29,598,545	31,243,255	26,296,867	34,544,933	35,144,928	25,696,872	30,099,716	30,742,084
Mississippi	257,620	875,469	18,769,600	9,024,449	9,745,151	7,979,355	10,790,245	10,700,026	8,069,574	9,280,119	9,489,481
Missouri	907,582	3,539,291	74,588,000	38,830,173	35,757,827	34,149,940	40,438,060	46,039,278	28,548,722	40,087,702	34,500,298
Montana	136,030	1,494,597	14,483,000	8,788,245	5,694,755	7,332,727	7,150,273	10,182,828	4,300,172	9,427,086	5,055,914
Nebraska	296,696	885,504	21,419,600	11,249,736	10,169,864	10,119,500	11,300,100	13,448,887	7,970,713	11,357,826	10,061,774
Nevada	39,261	237,858	4,908,900	2,104,003	2,804,897	1,918,899	2,990,001	2,543,574	2,365,326	2,148,819	2,760,081
New Hampshire	168,654	538,640	13,472,300	6,052,102	7,420,198	5,225,253	8,247,047	7,086,632	6,385,668	6,204,008	7,268,292
New Jersey	1,382,696	5,478,749	130,362,900	59,215,908	71,146,992	51,159,580	79,203,350	69,480,815	60,882,085	61,418,653	68,944,247
New Mexico	89,563	222,952	7,360,500	2,850,482	4,510,018	2,609,893	4,750,607	3,441,419	3,919,081	2,876,835	4,483,665
New York	4,346,964	17,986,088	386,053,800	159,593,616	226,460,184	142,946,700	243,107,100	191,003,072	195,050,728	163,476,491	222,577,309
North Carolina	610,833	3,688,483	55,157,306	31,658,201	23,499,105	27,013,332	28,143,974	36,969,598	18,187,708	33,299,434	21,857,872
North Dakota	109,060	226,577	8,089,100	3,404,439	4,684,661	3,164,619	4,924,481	4,137,146	3,951,954	3,392,268	4,696,832
Ohio	2,075,114	11,956,519	204,726,000	110,911,557	93,814,443	94,860,533	109,865,467	129,421,780	75,304,220	115,278,575	89,447,425
Oklahoma	435,346	1,417,868	33,541,700	15,908,699	17,633,001	13,893,864	19,647,836	18,781,699	14,760,001	16,540,120	17,001,580
Oregon	382,791	2,644,324	32,405,600	21,838,157	10,567,443	19,378,153	13,027,447	25,879,890	6,525,710	22,097,780	10,307,820
Pennsylvania	2,671,383	15,243,355	264,280,700	142,641,646	121,639,054	120,291,984	143,988,716	165,657,469	98,623,231	150,187,736	114,092,964
Rhode Island	230,533	846,905	22,141,400	9,558,456	12,582,944	8,078,167	14,063,233	11,086,986	11,054,414	10,015,782	12,125,618
South Carolina	294,105	1,775,935	25,129,894	14,649,477	10,480,417	12,519,245	12,610,649	17,118,114	8,011,780	15,366,947	9,762,947
South Dakota	109,501	256,836	7,956,900	3,233,107	4,723,793	2,949,439	5,007,461	3,903,545	4,053,355	3,279,784	4,677,116
Tennessee	545,508	6,585,398	48,614,600	36,535,071	12,079,529	30,762,662	17,851,938	42,351,173	6,263,427	38,352,287	10,262,313
Texas	1,361,029	5,772,869	113,938,900	57,148,228	56,790,672	50,005,860	63,933,040	67,677,692	46,261,208	59,696,696	54,242,204
Utah	169,476	753,484	13,768,000	7,888,069	5,879,931	6,904,144	6,863,856	9,300,949	4,467,051	8,072,894	5,695,106
Vermont	106,619	377,529	9,454,800	4,467,454	4,987,346	3,887,244	5,567,556	5,237,118	4,217,682	4,557,304	4,897,496
Virginia	563,579	2,695,221	51,552,500	24,824,163	26,728,337	21,865,058	29,687,442	29,441,359	22,111,141	25,612,615	25,939,885
Washington	612,326	7,419,987	62,485,800	44,924,321	17,561,479	39,219,113	23,266,687	53,002,616	9,483,184	46,385,792	16,100,008
West Virginia	356,301	2,808,377	41,110,500	22,159,394	18,951,106	18,070,539	23,039,961	25,355,390	15,755,110	23,855,787	17,254,713
Wisconsin	837,850	3,767,909	75,940,700	38,929,650	37,011,050	34,121,239	41,819,461	46,062,906	29,877,794	40,225,159	35,715,541
Wyoming	58,628	178,997	5,055,500	2,228,728	2,856,772	1,990,850	3,094,650	2,660,694	2,424,806	2,285,972	2,799,528
United States	34,636,619	170,471,882	3,134,700,400	1,610,176,208	1,524,524,192	1,397,764,613	1,736,935,787	1,895,212,342	1,239,488,058	1,670,768,725	1,463,931,675

[1] Included with Maryland.

Mr. Chairman, the power business is a public business. Electricity has become a necessity of our modern life. It must be handled by a monopoly, since it would be too expensive for four or five concerns to supply electricity to one community. Besides, the water power already belongs to the Federal Government.

If we had more TVA's to furnish yardsticks for the rest of the country as well as to supply cheap electricity to the people in every section of the country, just think what it would mean to the progress and prosperity of the entire Nation.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, I am very happy, coming as I do from the Second District of Tennessee which is in the heart of the Tennessee Valley development, to note the nonpartisan attitude of the entire membership of this House toward this great project.

It is not a question of whether or not there shall be a Tennessee Valley Authority. It is an accomplished fact. This agency was created and now exists by an act of Congress passed May 18, 1933, which has since been amended from time to time. The act is carried into the United States Code under chapter 12a, section 831, and subsequent sections to and including section 831dd of the code.

The corporation created by the act is a creature of the Congress and was created in the language of the act itself—

For the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to improve navigation on the Tennessee River, and to control the destructive flood waters in the Tennessee River and Mississippi River Basins.

Wilson Dam, which was taken over by the Authority upon its creation, was built by the United States Government for the production of nitrates used in explosives during the First World War.

This agency was created and was in existence before you and I came to Congress. This governmental agency since its creation has constructed and is now operating the greatest series of dams, hydroelectric plants, and one of the greatest steam plants, and the greatest system for the distribution of electric current in the world.

The construction of the dams which it built could not have been undertaken by private companies because the dams were constructed not alone for the development of hydroelectric power but in the interests of navigation, flood control, and for the national defense. Prior to the construction of Wilson Dam during the First World War the control of the flood waters of the Tennessee River and its tributaries and the improvement of this river and its tributaries for the purpose of navigation had been discussed for a hundred years.

The Federal Government from time to time has spent billions of dollars along the eastern and western seacoasts of this country, along the Gulf of Mexico, on the Great Lakes, and on the rivers of our country, for the purpose of improving navigation and the prevention of floods. The first extensive expenditure of money by the Federal Government for these purposes on the Tennessee River and its tributaries began with the organization of the Tennessee Valley Authority.

The dams constructed by this agency since its organization on the Tennessee River are: Kentucky, Chicamauga, Pickwick Landing, Wheeler, Guntersville, Watts Bar, and Fort Loudoun.

The dams constructed by the Authority on the tributaries of the Tennessee River are: Norris, Hiawassee, Cherokee, Douglas, Fontana, Appalachia, Nottly Ocoee No. 3, and Chatuge.

The Authority now has under construction the Watauga and the South Holston Dams in upper east Tennessee.

It purchased from power companies the following dams: Hale's Bar, Ocoee Dams Nos. 1 and 2, Blue Ridge, and Great Falls.

As a result of the construction of the dams now completed the Tennessee River is navigable the year round from Knoxville, in my district, to the Gulf of Mexico, to the upper reaches of the Mississippi and its tributaries, and to the Great Lakes. With the completion of the Watauga and South Holston Dams the flood waters of the Tennessee will be wholly under control.

The flood control made possible by this series of dams has materially reduced floods on the Mississippi and there has been no recurrence of the millions of dollars of damage caused by the flood waters of the Mississippi in 1927.

The act creating this authority made it possible to translate the energy of the falling waters of these dams into electric current and at this time the entire State of Tennessee, all its cities, towns, industries, and all the people who use electricity for domestic purposes, including hundreds of farmers, in their homes and in their dairies, obtain their electric current from the Authority. And this is largely true of much of the western section of North Carolina, part of western Virginia, parts of Kentucky, Georgia, Alabama, Mississippi, and Arkansas.

The Government has invested in this project approximately $800,000,000. A portion of this investment is allocated to flood control and navigation, the balance to power production. The Authority at this time is producing and selling annually 12,000,000,000-kilowatt hours of electric current.

Because of the great supply of electric power made available by the Authority the town of Oak Ridge and the great atomic plants which produced the atomic bomb were built by the Federal Government in Anderson and Roane Counties in my congressional district on an area of 60,000 acres. The atomic plant was located in this section of Tennessee for the following reasons:

First. Oak Ridge is far from the sea coast, surrounded by mountains, by the Clinch River and by hills.

Second. Because of the vast amount of electric current which TVA was able to furnish.

Third. Because of the unquestioned loyalty of our people who worked on this project.

More than 1,000 scientists were engaged in the production of the bomb and more than 100,000 people worked on the project.

In addition to this contribution to the winning of the war the use of the atomic bombs blew Japan out of the war and blew Russia into it.

In addition to this, because we had TVA power in unlimited quantities the Aluminum Company of America at its Alcoa plant in Blount Count, within 16 miles of my home in Knoxville, almost trebled its output of aluminum for war use. It is my conviction that thousands of American boys are alive today who would have been killed in this World War but for the fact that the Aluminum Company of America at its plant at Alcoa was able to turn out all the alumium needed for the production of war planes and that we made and used the atomic bomb.

The Tennessee Valley Authority and all of its dams, steam plants, hydroelectric installations for the production of electric current and the transmission lines for its distribution are the property of all the people of the United States. It is not a sectional institution. It is national. It is my conviction that its operation and control should not be a political football; that it should be managed and operated by career men solely interested in the interests of the people of the United States.

I have had the opportunity to closely observe the manner in which this agency has been developed and operated from its inception to the present. I was one of the attorneys who represented the Knoxville Power & Light Co. in a suit filed in the chancery court of Knox County, Tenn., to challenge the constitutionality of the Tennessee Valley Authority Act and the power and right of this agency to create, distribute, and sell electric current in competition with private enterprise. This suit was carried to the Supreme Court of Tennessee. I am familiar with the Ashwander case and with the suit brought by the 19 power companies to challenge the constitutionality of the TVA Act.

The Supreme Court of the United States in these last two suits upheld the constitutionality of the TVA Act and the power granted to the TVA by the act.

I am in a position to know, and I state without the fear of successful contradiction that those in charge of this agency have not played politics with it. The men who built and operated this great development are patriotic and capable. Their work has been constructive and not destructive.

The TVA in 1945 and in 1946 paid into the general funds of the United States Treasury $23,000,000 earned by it during those years. From its earnings over and above the amounts spent for operation, maintenance, and taxes, it has, since it began operating, producing

and selling power, reinvested earnings to the extent of $100,000,000 in power installations and transmission lines, thereby increasing its yearly income.

Of the $65,000,000 authorized bond issue to enable it to purchase the properties of Commonwealth & Southern Corp. it has retired $6,572,500 of said issue and has paid into the United States Treasury as interest on said issue the sum of $4,500,000. It is a going profitable concern.

Mr. WHITTEN. Mr. Chairman, I yield the remainder of the time on this side to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Chairman, I heard some remarks made during this debate derogatory to TVA. I regret to hear that. I think TVA is a great modern accomplishment of our Nation. I would like to see more of that sort of engineering development on our rivers rather than less.

I cannot fairly understand the business or political opposition to it, for those features may be safeguarded. There is another thing, though, in a broader aspect that bothers me a lot, and that is the whole question in controversy over proper river control. I have heard it said by some in the debates on the floor of this House through the years that I have been here that if any dams at all are built on our rivers build low dams merely for flood control. There were those who opposed that—who wanted to build higher dams for the conversion of their power into hydroelectric energy for our use. This battle has been raging during these years. I can see only one side of it, for I know dams can serve both purposes.

I was born in Lewis County, Mo., just west of Quincy, Ill., across the Mississippi River. I noticed by the paper the other day that the river is at the highest flood stage in its history west of the bluffs on which Quincy, Ill., is located. I know what that means. I have seen some of the finest farm lands in the State of Missouri covered many feet deep with the raging flood of the Mississippi River right at the time the corn was about in tassel, or before or after, as the case may be. Now, every such flood means great loss of property and often loss of life needlessly, for I believe we could prevent such.

Now, what have we done? We have been carrying on flood control on that river, but getting too little of flood protection and not enough power. How many of the dams built on the Mississippi River produce power? Very few of them.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK. I yield to the gentleman from Missouri.

Mr. PLOESER. The gentleman is talking now about the Keokuk Dam, is he not?

Mr. MURDOCK. Yes; that is one that produces power.

Mr. PLOESER. That is what I wanted to tell the gentleman.

Mr. MURDOCK. But there are other dams on the Mississippi that do not produce power. As a young fellow, I took great delight when that great engineer, Mr. Cooper, and others, succeeded in harnessing the Father of Waters by the building of the Keokuk Dam. I wish we had more men with vision like that today. There are those representing private power interests in this country who have fought every effort on our part to put a dam on any river unless it is rendered only half useful. They are even extending that fight into the West where we must build dams to provide storage for irrigation water if we are to have irrigation, and yet when we want to put in penstocks and put in power plants and produce electricity, we are opposed, and even when we succeed in building dams that will produce power, or necessary storage systems to provide incidental power, they fight us when it comes to a disposition of that power. I have never wanted the Government to distribute power to ultimate consumers but it is a short sighted policy not to produce it at all when it is possible.

I think that is short-sighted policy to force the Government to refrain from the fullest possible production. I have heard many times condemnation on this floor on the Republican side of the aisle and some on the Democratic side of the aisle of an agricultural policy which was said to be a "policy of scarcity," plowing under cotton and killing little pigs, and that sort of thing, to bring the price up. I never did sanction that policy in regard to the destruction of crops. I think it is a false policy, but it is just as bad a policy on the part of business to provide for or force an economy of scarcity by failing to utilize the power of nature in moving water through the building of big dams on our rivers as a part of our flood-control program as it is to plow under cotton or kill little pigs. What we want to do is to produce all the food we can produce and produce all the power we can produce and make it available to the American people. I want to see more of the TVA principle applied not only in the southeastern corner of the country—more power to you, my friends from Tennessee, Mr. KEFAUVER, and colleagues—I want to see it extended all over the central part of our country, in the Missouri Valley; and yes, do not forget we need it applied in the West, in the Pacific Southwest, where we have already made great progress but hardly scratched the surface in the production of hydroelectric power.

The CHAIRMAN. The time of the gentleman from Arizona has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including not to exceed $13,000,000 for the construction of South Holston Dam and Watauga Dam and including not to exceed $6,686,000 for chemical plant additions; purchase, hire, maintenance, repair, and operation of aircraft, and the purchase of 221 and hire of passenger motor vehicles; penalty mail (not to exceed $20,000); $22,143,500, together with the unexpended balance of funds heretofore appropriated (the unobligated portion of such unexpended balance to be expended only for public works commenced prior to July 1, 1947), to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations.

Mr. PLOESER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PLOESER: On page 2, strike out lines 4 to 10, inclusive, and insert the following: "U. S. C., ch. 12A), $22,143,500, including not to exceed $3,253,979 for the construction of South Holston Dam and Watauga Dam and not to exceed $6,686,000 for chemical plant additions; purchase, hire, maintenance, repair, and operation of aircraft, and the purchase of 221 and hire of passenger motor vehicles; penalty mail (not to exceed $20,000), together with."

Mr. PLOESER. Mr. Chairman, this is a committee amendment which clarifies an error made in the printing of the bill. On page 2 of the bill, in line 4, you will notice the words "including not to exceed $13,000,000 for the construction of South Holston Dam and Watauga Dam." The amount should have been $3,253,979. As long as an amendment had to be offered to clear up the point, we have rewritten the language so that it reads somewhat more smoothly. I am sure it has the full concurrence of the committee.

Mr. WHITTEN. Mr. Chairman, the members of the committee on this side of the aisle are in full accord with the amendment.

Mr. PLOESER. This change does not affect the intent of the bill or the money allowed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The amendment was agreed to.

Mr. JONES of Alabama. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the manufacture and research in the field of fertilizer at Muscle Shoals chemical plant grew out of the National Defense Act of 1916. The plants, however, laid idle after their completion in 1919, while a series of proposals were being considered by the Congress for their use in the public interest. Nearly 150 bills were introduced in the Congress from that time until 1928, when Congress first passed the Norris bill for public operation of the Muscle Shoals facilities, which adequately dealt with the role of fertilizers in relation to basic agricultural problems and operations. The provisions of the 1928 bill became, in 1933, the fertilizer section of the TVA Act.

I would like first to call your attention to the TVA Act itself. The objective of such an undertaking as contemplated in the TVA Act was flood control, navigation, fertilizers, national defense, and the development of power.

Under the provisions of the TVA Act, TVA was instructed to do what it was by then clear the private fertilizer industry could not do; namely, to conduct large-scale, long-term laboratory and pilot-plant research in fertilizer technology with the object of producing bet-

ter, more concentrated, and cheaper fertilizers; and to arrange with State and local agencies and farm groups for their practical testing and demonstration.

The TVA Act authorized large-scale tests and demonstrations to determine the value, effect, and best methods of fertilizer use and their economic returns. New fertilizer products have to be tested and demonstrated under practical farm conditions. This job obviously can be done most effectively by the institutions traditionally responsible for education in the agricultural field. The TVA Act emphasized collaboration with the experiment stations and extension services of the State agricultural colleges and with the farmers and their organizations.

The decision to produce phosphate rather than nitrogen was an early instance of this collaboration. Experts of the United States Department of Agriculture and the land-grant colleges agreed that the primary need of the valley's agriculture, and for that matter of the agriculture of much of the rest of the Nation, was for phosphate, which had always been deficient in most of the soils. What little was originally there had largely been lost through erosion and leaching as a result of the prevailing summer row-crop system. Without greatly increased use of this plant nutrient, it is impossible to grow forage crops on eroding hillsides, check appalling soil losses, keep silt out of the reservoirs, and incidentally increase production of animal proteins.

The experience of TVA and collaborating agencies and farmers since that time has clearly demonstrated that if the soil resources of our Nation are to be restored and maintained, the farmers who own and manage the land must have access to the vastly greater amounts of concentrated mineral fertilizers necessary for that purpose. Furthermore, farmers must have the opportunity to learn through an appropriate educational process the technically sound practical farming methods, including proper use of the right fertilizers, that will achieve this goal.

Government must lead the way by technological research and development to show industry how to produce concentrated materials which are essential to dealing with the national problems of soil fertility. The fertilizer industry for its part must show a willingness to adopt the tools of modern science and to provide farmers with the plant nutrients their soils require.

All of this requires a continuation of the traditional role of Government in education and research. It necessitates also tremendous increases in the quantities and concentration of mineral fertilizers manufactured by industry, and shifts by farmers away from the use of fertilizers predominantly for the production of row crops to the production of legumes, grasses, and hays in a sound rotating system.

Now let us see how far and to what extent this program has been utilized by the farmers in the test-demonstration areas.

A total of 55,492 farms, covering nearly 8,000,000 acres, have participated in test-demonstration activities since they were begun in 1935. The number of farms and acres involved by States are given in the following tabulation:

States	Number of counties	Number of farms	Number of acres
VALLEY STATES			
Inside watershed:			
Alabama	15	5,296	757,587
Georgia	9	2,845	333,113
Kentucky	7	786	132,569
Mississippi	4	1,438	155,297
North Carolina	15	7,845	641,625
Tennessee	62	16,988	2,022,891
Virginia	11	6,130	888,002
Total	123	41,328	4,931,084
Outside watershed:			
Alabama	33	420	189,204
Georgia	45	1,079	313,344
Kentucky	42	1,184	217,271
Mississippi	32	777	205,772
North Carolina	49	1,202	212,151
Tennessee	2	29	4,812
Virginia	59	1,210	278,567
Total	262	5,901	1,421,121
Total valley States	385	47,229	6,352,205
NONVALLEY STATES			
Arkansas	26	514	119,608
Idaho	8	18	1,753
Illinois	16	387	85,516
Indiana	47	115	19,348
Iowa	31	424	85,556
Kansas	12	77	21,184
Louisiana	13	291	53,341
Maryland	5	116	20,490
Michigan	56	1,107	179,394
Minnesota	21	254	63,206
Missouri	20	357	76,010
New Hampshire	10	90	18,318
New Mexico	21	69	8,638
New York	53	843	115,798
Ohio	13	339	55,075
Oklahoma	7	74	21,275
Oregon	8	45	11,872
South Carolina	23	406	65,991
Texas	53	1,160	276,910
Vermont	11	132	38,781
Washington	20	54	10,200
West Virginia	13	260	50,806
Wisconsin	63	1,131	87,032
Total nonvalley States	560	8,263	1,486,102
Grand total, June 30, 1946	945	55,492	7,838,307

It has been pointed out by Chancelor Hutchins, of the University of Chicago, that about one-quarter of the arable land of this country is now ruined or severely impoverished, and that there has been a greater loss of productive soil in the world in the last 2 decades than the accumulated loss in all previous history. Whether, as Dr. Hutchins concludes, another century like the last would be disastrous to our civilization may be debated, but surely it cannot be debated that a Nation with our resource information and know-how cannot afford to let its agricultural plant run down at the heels and become impotent to supply its citizens with adequate amounts of nutritious food. Important time already has been lost. We should be warned by numerous examples of underfed nations and undernourished peoples throughout the world. This is not just a farm problem: it is one which is of vital concern to every segment of our society and the United States Department of Agriculture, TVA, and others concerned with the carrying out of the fertility program must bring the facts of our dwindling soil fertility to the attention of the Nation.

The Clerk read as follows:

FEDERAL PUBLIC HOUSING AUTHORITY

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), $2,200,000: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorable) from, or the family of any serviceman who died in, the armed forces of the United States within 4 years prior to the date of application for admission to such housing: *Provided further*, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Federal Public Housing Authority: *Provided further*, That no part of this appropriation shall be used to pay more than the annual contribution that otherwise would be due or payable with respect to any public housing agency less an amount equal to one-half the total sum shown on the books of such agency as of March 31, 1947, as working capital reserve, reserve for repairs, maintenance and replacements, reserve for vacancy and collection losses, and all other reserves: *Provided further*, That all expenditures of this appropriation shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.

Mr. KEFAUVER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the report some charges are made about the Federal Public Housing Authority. I thought there should be some clarification of these charges and so asked the Administrator for comment on them. The statements about which I made inquiry and the Administrator's comment on them are:

Inquiry: A provision of the United States Housing Act of 1937 which called for elimination of one slum dwelling unit for every dwelling unit built by the Government "has been almost completely ignored and the slums have continued to develop and grow."

Comment: FPHA knows of no evidence that would support this statement. The United States Housing Act of 1937 provides, in section 10 (b), "that no annual contributions shall be made, and the Authority shall enter into no contract guaranteeing any annual contribution in connection with the development of any low-rent housing or slum-clearance project involving the construction of new dwellings, unless the project includes the elimination by demolition, condemnation, and effective closing, or the compulsory repair or improvement of unsafe or insanitary dwellings situated in the locality or metropolitan area, substantially equal in number to the number of newly constructed dwellings provided by the project; except that such elimination may in

the discretion of the Authority, be deferred in any locality or metropolitan area where the shortage of decent, safe, or sanitary housing available to families of low income is so acute as to force dangerous overcrowding of such families.

As of June 30, 1946—the latest date for which figures are available on equivalent elimination—there were 119,933 dwelling units on projects built under the United States Housing Act of 1937; and the local housing authorities owning these projects had effectuated the elimination of 108,908 substandard units in their respective localities in compliance with their contracts with FPHA. This represents 90.8 percent equivalent elimination. The balance has been deferred temporarily, as permitted by law, in view of the acute housing shortage.

Inquiry: Some FPHA records were in such an "atrocious condition" that a reputable accounting firm declined to audit them.

Comment: On April 30, 1947, the Comptroller General submitted to the Congress a report of a survey of the accounting system of the Federal Public Housing Authority. This survey was made by Price, Waterhouse & Co., a New York firm of independent public accountants, who made the study under the direction of the Corporation Audits Division of the General Accounting Office.

The report of Price, Waterhouse & Co. said: "Our review of the bookkeeping records and financial reports of FPHA has disclosed serious deficiencies in the accounting procedures and in the performance of the bookkeeping work and a resultant lack of accounting control over the assets, liabilities, income, and expenses of the various programs."

The survey was made in the summer of 1946 and was concerned with the accounts for the years ended June 30, 1945, and June 30, 1946. Examination of these accounts necessarily directed major consideration to records and conditions of accounts as they existed in the years before 1946.

FPHA has been fully aware of these shortcomings and has instituted corrective action on its own initiative. Reports of its own Audits Division have pointed out deficiencies and remedial action was begun more than a year before the survey made by Price, Waterhouse.

There were two major reasons for the weaknesses reported in the survey:

1. When FPHA was created in 1942, several types of programs previously administered by other Government agencies were transferred to it. The varied records of these programs had to be brought together and integrated into one accounting system. This huge task is still being carried on.

2. In the period covered by the survey, FPHA used an accounting system suitable for activities carried on with appropriated funds but not suited to the commercial type of operations FPHA was assigned in its war housing programs.

The difficulties presented by this situation were reported by Price, Waterhouse as follows: "Accounts and records for the fiscal year 1945 and prior years were maintained under regulations promulgated by the Comptroller General a number of years ago. * * * This procedure provides for appropriation and fund accounting. * * * However, in the form prescribed, the procedure is not well suited to commercial operations such as those conducted by FPHA, nor does it lend itself to the preparation of statements showing financial position and the results of such operations."

The fact that FPHA had recognized the existence of deficiencies and had taken steps to correct them as early as 1945 is attested by the Price, Waterhouse report:

"The present management [of the Authority] recognized that the accounts and procedures in use in 1945 were inadequate and, at the beginning of the fiscal year 1946 (i. e., July 1, 1945), adopted a revised accounting manual and revised procedures intended to provide both for appropriation accounting as prescribed by the Comptroller General and for financial accounting in the ordinary commercial sense."

Price, Waterhouse stated the opinion that these revised procedures should enable the agency to reconstruct its accounts for the fiscal year 1946 to the extent necessary to prepare an adjusted financial statement suitable for examination. The accountants suggested, however, that this would take time and effort disproportionate to the probable benefits, a view shared by the General Accounting Office.

The deficiencies noted in the report do not involve loose handling of cash or disbursements. This fact is clearly stated by Mr. T. Coleman Andrews, director of the GAO Audits Division, in his letter of April 30, 1947, transmitting the Price, Waterhouse report to the Comptroller General. He wrote:

"The foregoing statement [of deficiencies] is not intended as an implication that there has been laxity in the handling of cash receipts and disbursements. A system of internal control of these is and has been in existence, which should minimize any irregularities in connection with the handling of cash items. The deficiency noted is one of inadequacy of general accounting policies and poor bookkeeping."

Although the substance of the report is concerned with accounts of 1945 and earlier years, Mr. Andrews made this comment concerning the present accounting work of the FPHA:

"The preliminary work now being carried on by this [GAO's Corporation Audits] Division has demonstrated that considerable progress has been made in clearing up old errors and discrepancies and that the recording of current transactions is being carried on in an intelligent, reasonably accurate and satisfactory manner."

Inquiry: More than 31 percent of all public housing intended for low-income tenants is occupied by persons who make more money than the maximum permissible or are otherwise ineligible and FPHA has taken virtually no action to rectify this situation.

Comment: In keeping with the intent of the United States Housing Act of 1937, it is a basic principle of national housing policy that occupancy of low-rent public housing projects shall be restricted to low-income families. FPHA requires that local housing authorities establish income limits appropriate for the housing of such families. Contracts between FPHA and local authorities require the removal of tenants whose incomes exceed such limits.

There are, however, some tenants in Federally aided low-rent projects who are ineligible for occupancy. Some who were admitted as eligible families have become ineligible because of income increases. Others were admitted as war workers to projects that, under an amendment to the United States Housing Act, were used for housing war workers regardless of income for the duration of the war need. When these projects are converted to low-rent use, families with incomes greater than the established limits become ineligible to remain as occupants.

The number of these ineligible tenants is considerably less than the 31 percent attributed to the committee report in news accounts. As of September 30, 1946, only 24.6 percent of the 37,811 families in the 516 low-rent projects were ineligibles. In the projects which have been in continuous low-rent use, 22.6 percent of the families were ineligible. In the 127 projects which had been used to house war workers regardless of income, 35.3 percent were ineligible to remain as low-income tenants.

FPHA permitted local housing authorities to postpone removal of these ineligibles during the war because their removal would have been disruptive of war production and orderly demobilization. With the return of peacetime conditions, however, FPHA required local authorities to begin the removal of ineligibles. At the present time, FPHA requires every local authority to serve vacate notice to at least 5 percent of its total ineligible tenants each month, beginning with those of highest income. The removals are being spread over a period of time in this manner to minimize the hardships involved in relocating families at a time of stringent housing shortage.

Inquiry: The veterans' emergency housing program is a dismal failure.

Comment: Veterans now living in the 165,511 title V accommodations built by the FPHA, instead of in garages, basements, attics, and crowded apartments with their in-laws will be surprised to learn that the title V program is a dismal failure.

The 120,283 family dwelling units and 45,228 dormitory accommodations provided by the FPHA in the title V program constituted nearly 14 percent of all new housing accommodations of all types erected in the United States by private and public agencies combined during the period from the initiation of the title V program about January 1, 1946, to June 1, 1947. Moreover, during the same period, educational institutions, cities, and other local bodies completed 52,133 additional accommodations using surplus Government structures obtained for them under the title V program by the FPHA.

Title V housing constructed by the FPHA has been built at an average cost of less than $2,900 per family unit. It is rented to veterans at an average cost of $31.09 per family dwelling unit per month, including electricity, water, light, and heat. Although the accommodations are temporary and are constructed entirely through the use of surplus Government structures, chiefly Army and Navy barracks, they are built to provide safe, comfortable, and sanitary living accommodations meeting reasonable modern living standards.

The title V program has met an indispensable need during the postwar period. This is particularly true at colleges and universities where the program of GI educational benefits would have been much less effective than it now is if the title V housing had not been provided.

The Clerk read as follows:

TITLE II

The following corporations and agencies, respectively, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the programs set forth in the budget for the fiscal year 1948 for each such corporation or agency, except as hereinafter provided:

Mr. HOLIFIELD. Mr. Chairman, I move to strike out the last word.

NATIONAL HOUSING AGENCY—FEDERAL PUBLIC HOUSING AUTHORITY

Mr. Chairman, many city governments and local housing authorities will be adversely affected by provisions of the Government corporations appropriation bill if it is passed as approved yesterday by

the House Appropriations Committee, Commissioner Dillon S. Myer, of the Federal Public Housing Authority, said today:

The bill goes far beyond a mere reduction in the funds to be made available to the Federal Public Housing Authority, Mr. Myer said. The reductions in funds are seriously severe in themselves, but the bill also sets up at least four conditions which may necessitate violations of contracts made in good faith between the Federal Government and local governments.

The bill as introduced would reduce FPHA's funds for administrative expenses from the $15,600,000 requested in the President's budget to $10,400,000 and also reduce the amount available for annual contributions to local housing authorities operating low-rent projects from $7,200,000 to $2,200,000.

The amount of $7,200,000 for annual contributions was requested as the best estimate of the amount FPHA actually would need during the coming fiscal year for payments it had contracted to make to local housing authorities.

These contracts were made under authority of the United States Housing Act of 1937, FPHA pointed out. This act provides that—

The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for.

Local housing authorities have constructed publicly owned housing projects on the strength of this promise of annual assistance and issued bonds based on the assurance of Federal aid in meeting the difference between rental income and operating expenses. An appropriation falling $5,000,000 short of fulfilling these contracts might expose the Federal Government to suits by local housing authorities and private holders of local housing authority bonds to compel full payments due under contracts.

The bill also includes a proviso forbidding any payment of a Federal contribution to a local housing authority which has made payments in lieu of taxes to local governments in excess of the amount specified in the original contract. Contracts vary widely in respect to provisions for such payments in lieu of taxes. A review of contracts now in force indicates that at least 102 of the 272 housing authorities affected would be prohibited from making any payments in lieu of taxes under terms of the appropriation measure as it now stands. At least 61 others would be compelled to reduce their payments in varying amounts. Contracts covering more than 100 more projects have not yet been analyzed.

Stoppage or reduction of payments in lieu of taxes would throw an added burden on the municipalities involved. All of them have provided extra services such as schools and police and fire protection to the housing projects. Many localities have complained that payments in lieu of taxes from the projects have been insufficient to cover the cost of these local government services.

Furthermore the bill would condition payment of the Federal contribution to local housing authorities on a 50-percent reduction by the authorities in the amount of reserves held by them. These reserves are set up to cover repairs, maintenance, replacement, vacancy and collection losses, and other expenses likely to be encountered during the anticipated 60-year life of the projects. These reserves are provided for both in the local authority's contract with the Federal Government and the resolutions under which bonds are issued. They thus involve private bondholders as well as Federal and local government agencies. These contracts cannot be tampered with without subjecting the United States to legal liability.

The existence of reserves is not only dictated by prudent business management but also has contributed to the favorable market enjoyed by local housing authority bonds.

The reduction in funds authorized for administrative expenses is so sweeping that it would require a reorganization of FPHA and a sweeping modification of its program involving discontinuance of functions and consolidation of offices. The present staff paid from administrative funds is approximately 3,500. Preliminary analysis indicates that the maximum staff which can be carried on administrative funds after reductions are made is about 1,720 people, or less than 50 percent of the present staff.

Such drastic reductions might have the effect of reducing the income paid to the Treasury because of inadequate supervision and technical services. If its programs can be conducted according to plan during the fiscal year 1948, it is estimated that a net cash return of $57,000,000 beyond the $15,600,000 requested for administrative use will be returned to the Treasury from housing management profits alone. To this will be added an estimated $30,000,000 from the sale of war housing. These are cash figures. On the basis of sound accrual accounting, FPHA operations for the year are expected to show a net return of $153,000,000.

The bill also imposes an arbitrary ceiling on the proportion of FPHA employees who may be employed in higher-paid positions. This provision is extremely dangerous to the efficiency of the agency because its responsibilities are largely supervisory in character. This emphasis on supervisory functions requires higher grades of personnel than are used for the routines of personnel and fiscal administration.

Mr. COUDERT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the gentleman from California [Mr. HOLIFIELD] seems to be very much disturbed by the provision in the bill that sets a limit on the amount of this appropriation that can be used for the payment of subsidies to low-rent public housing. I think if the gentleman were to read the record of the testimony and read the report carefully, he would find it is not the intention of the committee, in any way, shape, or form, to affect the legal obligation, contractual obligation, incurred by the United States Housing Authority, pursuant to the Housing Act, for the payment of subsidies. Whatever those obligations are, they are fixed by law. We could not change them if we wanted to, and we have no intention of changing them.

What that limitation in effect means is simply this: the committee estimates that under existing conditions that sum will be sufficient to meet all of the Authority's obligations for the payment of subsidies. Two of the principal conditions that affect the payment of subsidies are these: In the first place, the committee's investigators discovered that a great many of these housing projects under the jurisdiction of the FPHA had become accustomed to accumulating very large reserves, wholly out of proportion to the circumstances under which they came into existence and continue to exist. The aggregate total of those reserves for all of the housing subject to the FPHA amounted to some $40,000,000. That $40,000,000, or the greatest part of it, is not only taken out of income earned from rentals on those projects, and cause thereby an increase in the subsidy liability, because the Government has to make up the difference, but it had also invested it in interest-bearing bonds. So that these housing projects have taken money out of their income that should have been paid for regular expenses, debt retirement and interest, and allowed the subsidy to make up the difference and, on top of that, have invested those funds in Government bonds, and in that way got a further subsidy in the form of interest.

The committee has simply said that until those projects use at least half of those swollen reserves to pay their operating expenses, they may not get a subsidy to that extent.

The other condition that affects the amount of subsidy payable under the contracts and the law is the fact that some 23 percent—that I believe is the statement in the record from the Commissioner—some 23 percent of the residents of these low-cost public housing projects are in income classes far above the maximum ceiling established for those communities, and have been paying rent above the proper maximum rent.

The result has been that the income of the project has been sufficient to carry it, either entirely, as in some cases, or very substantially as in others, and thereby obviate the necessity of any subsidy payment. I believe that disposes of the matter of the subsidies. If we are wrong and more than $2,000,000 is required to pay, then the obligation exists and will have to be met.

As to the operating costs of this agency, as I listened to the remarks of my friend from California I found them strangely reminiscent of the style of the gentleman who is Commissioner of this agency. I call attention to the record and the report of our investigating committee. We gave this agency what we believed was reasonable, proper, and necessary for them to do the job for next year.

The CHAIRMAN. The time of the gentleman from New York has expired.

The Clerk read as follows:

INDEPENDENT AGENCIES AND CORPORATIONS

Export-Import Bank of Washington: Not to exceed $800,000 (to be on an accrual basis) of the funds of the Export-Import Bank of Washington shall be available during the fiscal year 1948 for all administrative expenses of the bank, including not to exceed $100 for periodicals, $200 for newspapers, and $200 for maps; health-service program as authorized by the act of August 8, 1946 (Public Law 658), and not to exceed $24,000 for temporary services, as authorized by section 15 of the act of August 2, 1946 (Public Law 600): *Provided further*, That necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the bank or in which it has an interest, including expenses of collections of pledged collateral, or the investigation or appraisal of any property in respect to which an application for a loan has been made, shall be considered as nonadministrative expenses for the purposes hereof.

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to congratulate the committee on the language which appears in its report, page 7, wherein it refers to the Export-Import Bank of Washington and states:

While there might have been considerations in the national interest for making such loans during the period immediately following the end of hostilities, and before the International Bank for Reconstruction and Development was prepared to transact business, the committee feels very strongly that the Export-Import Bank should forthwith revert to its traditional function of engaging only in such banking activities as directly stimulate the foreign trade of the United States.

Mr. Chairman, the International Bank for Reconstruction and Development is now attempting to get on its feet, and I am taking this time to issue a word of caution to the officials of that bank, because, in my opinion, the only way the Bretton Woods proposal, insofar as the International Credit Bank is concerned, can possibly succeed is for the Bank to be operated in such manner as to keep the necessary confidence in the minds of our people to purchase the debentures which are to be issued by the Bank. In other words, the lending possibilities of that Bank are dependent upon you, and I, and other citizens continuing our savings and buying those debentures to furnish the dollars necessary to the Bank to extend credit to the other nations of the earth.

Here is a case in point: The Iranian Government has an application before that bank for a loan of $250,000,000. Previously I have obtained permission in the House to insert as part of my remarks certain correspondence between the Ulen Realization Corp. and Secretary Marshall and the corporation, correspondence also with me and with the J. G. White Engineering Corp. These people went into Iran as far back as 1928 and built a railroad for that country. That railroad handled our tonnage during the recent war. Under date of May 28, 1947, the State Department through the American Ambassador in Tehran handed the Iranian Government a check for nearly $400,000 for services of the trains of the Iranian Railway to the United States Army from July to December of 1945. Now, mind you, this road was built by American engineers and American capital.

The Iranian Government stepped in without previous notice and drove our citizens off of this construction job, confiscated their records; and since that time, way back in 1930, the Iranian Government has steadfastly refused to make settlement with our people for their claims amounting to over $1,048,000; and yet, here we are proposing to finance the International Credit Bank with our funds to lend to a country which refuses to meet its obligations to our citizens.

This whole matter is on the up and up and is officially before our people, and I take the floor here for the purpose of questioning the State Department and the other departments of the Government O. K.'ing these applications before the International Bank for Reconstruction and Development without in any way protecting the interests of the American people who have legitimate claims against these governments who desire to negotiate these loans. That is the most effective way I can imagine for the International Credit Bank and the State Department to break down the confidence of our people in those debentures that are to be issued by the Bank. I call upon the State Department and the Treasury Department of our Government to pay some attention to the financial liability of other countries to our own citizens, especially where we go in and build these private jobs.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, if the Export-Import Bank is to proceed as recommended by the committee on page 7 of the report, that is to direct its lending powers for stimulating the foreign trade of the United States, then if our people create claims against these foreign countries which they refuse to pay, just where are we to land in the operation of the Export-Import Bank as well as the International Bank for Reconstruction and Development insofar as American dollars are concerned?

I wanted to get this officially before the Members of the House because they may have similar cases come up with people who are constituents in their districts.

Mr. Chairman, I include as part of my remarks the following communications:

ULEN REALIZATION CORP.,
New York City, June 5, 1947.

Gen. GEORGE C. MARSHALL,
Secretary of State,
Washington, D. C.

MY DEAR GENERAL MARSHALL: A recent press statement prompts me to bring to your attention one further observation in the matter of the Iranian Government's refusal to honor its debt to Ulen Realization Corp. of New York City for services rendered.

The statement to which I refer is a United Press dispatch from Tehran, dated May 27, 1947, which announced that the State Department on May 26, 1947, through the American Ambassador in Tehran, handed to the Iranian Government a check for nearly $400,000 for services of the Trans-Iranian Railway to the United States Army from July to December 1945. This was the final payment of a much larger amount paid to the Iranian Government for the use by our Army of the Trans-Iranian Railway during the period that our troops were stationed in Iran.

Ulen makes no protest against these payments, for certainly our country could not long maintain its international reputation for honesty and integrity if it did not discharge promptly its contractual obligations.

It is, however, an interesting commentary that our Government should pay Iran for the use of a railway facility when the American company that built the road has, since 1930, been denied reimbursement for its expenditures or paid for its services.

Your files will show that the construction of this railway, used by the United States Army, was initiated by Ulen in 1928. Since May 13, 1930, when the Iranian Government, without cause and without consultation or prior notice to Ulen, arbitrarily and unilaterally canceled Ulen's contracts, the company's protest against mistreatment and nonpayment by the Iranian Government has been on file with the State Department.

The Department on various occasions has stated to Ulen that "all appropriate assistance" would be furnished to assist Ulen to collect outstanding balances from the Iranian Government. To date, no assistance has been forthcoming from the State Department and paradoxically this cash payment of $400,000, as well as previous payments, was handed over to the Iranian Government, without even reminding that Government of its long outstanding obligations and default to Ulen.

While Ulen does not protest its Government's payment to Iran for the use of these facilities, it does protest the State Department's continuing failure to use any and all opportunities to impress upon the Iranian Government that, in order to maintain the respect of the American Government and people, it must, in turn, respect the rights of the Amercans who in good faith have rendered services to the Iranian Government.

For the Department's file in this matter, there is attached a photostatic copy of an original letter written by the J. G. White Engineering Corp. of New York City to Mr. Eugene R. Black, United States Executive Director of the International Bank for Reconstruction and Development. This letter will indicate to the Department that it also has a responsibility to other important American interests as well as to Ulen in this matter.

I have taken the liberty of addressing this letter to your home inasmuch as I am sure

that previous correspondence relative to this matter has not been called to your attention.

Respectfully yours,

FRANK H. REDIKER,
Agent and Attorney in Fact for Ulen Realization Corp.

ULEN REALIZATION CORP.,
New York, June 6, 1947.

Hon. FRED L. CRAWFORD,
Member of Congress,
Washington, D. C.

DEAR CONGRESSMAN CRAWFORD: Knowing of your interest in banking and foreign credit I am taking the liberty of bringing a matter to your attention which I think will be of interest to you.

Ulen, in good faith in 1928 entered into contracts with the Iranian Government for the construction of the southern portion of the Trans-Iranian Railway. Associated with Ulen in this enterprise were three famous engineering firms of world-wide experience and reputation—The J. G. White Engineering Corp. of New York, the Societe de Construction de Batignolles of France and Stewart & MacDonald Ltd., of London. After constructing 251 kilometers of railway, four large bridges and 2,000 meters of timber trestle in the record time of a little over 1 year after the first arrival of materials and equipment, the Iranian Government, after repeated contract violations, and without consultation or prior notice, arbitrarily and unilaterally canceled the contracts. This action on the part of the Iranian Government resulted in their owing Ulen and associates $1,048,585.42. Despite repeated requests for settlement of this debt that Government and its legal counsel (the Dean Acheson law firm) have steadfastly and consistently refused to discuss or settle the matter.

When the Iranian Government canceled the contracts Government military troops moved in evicting our personnel and forcibly took possession of all records, material, equipment, etc. Ulen kept its accredited representative in Tehran for 2½ years attempting to negotiate a settlement of outstanding differences but to no avail and to illustrate the Iranian Government's methods, when our representative was prepared to return to the United States that Government held him as a hostage, and it was only through a long delay and diplomatic intervention that he was able to obtain an exit visa.

This same Government of Iran, in default to Ulen for over 17 years, has now advised the International Bank for Reconstruction and Development of its intent to make formal application for a loan of $250,000,000 from that organization. Apparently, that Government has our State Department support.

It is reported that on May 26, 1947, the State Department, through the American Ambassador in Tehran, handed the Iranian Government a check for nearly $400,000 for services of the Trans-Iranian Railway to the United States Army from July to December 1945. This was the final payment of a much larger amount paid to the Iranian Government for the use by our Army of the Trans-Iranian Railway during the period our troops were stationed in Iran. It is an interesting commentary that the United States Government should pay Iran for the use of a railway facility which Ulen initially built and all efforts of the latter have been to no avail to obtain reimbursement.

The State Department has on various occasions stated to Ulen that all appropriate assistance would be furnished to collect outstanding balances from the Iranian Government. Curiously enough, to date, no assistance has been forthcoming from the State Department and paradoxically the cash payment referred to above was handed over to the Iranian Government without even reminding that Government of its long outstanding obligations and default to Ulen.

With reference to the Iranian Government's request to the International Bank for a loan of $250,000,000, the State Department's subservience to Iran's every whim including the approval of a $30,000,000 credit for war and surplus equipment and matériel, it will be understood if Ulen expresses anxiety at the prospect of the Government of Iran acquiring substantial credits at the expense of American investors, while refusing even to discuss the matter of settling its admitted legal obligations.

I am attaching hereto certain documents which clearly set forth Ulen's position in this matter as well as that of the J. G. White Engineering Corp. of New York.

Should you require any further documentation or information I am available at all times to furnish it.

With kindest regards, I am,

Sincerely yours,

FRANK H. REDIKER,
Agent and Attorney-in-fact for Ulen Realization Corp., University Club, Washington, D. C.

THE J. G. WHITE ENGINEERING CORP.,
New York, May 19, 1947.

Mr. EUGENE R. BLACK,
Executive Director, International Bank for Reconstruction and Development,
Washington, D. C.

DEAR MR. BLACK: This is to advise that we are following with interest Ulen's endeavor to collect its claim of $1,048,585.42 against the Government of Iran arising out of the latter's arbitrary and unilateral cancellation of Ulen's contracts for the construction of the southern portion of the Trans-Iranian Railway.

As you probably know, the J. G. White Engineering Corp., together with the Societe de Construction de Batignolles of France and Messrs. Stewart & McDonnell, Ltd., of London, participated with Ulen in the contracts entered into.

Our company is understandably anxious that settlement of this claim be made so that we may be credited with our proper percentage of participation therein.

In light of our position, it is assumed that the granting of any substantial credits to the Government of Iran will not be consummated until such time as this long overdue debt has been satisfactorily settled.

Sincerely yours,

E. N. CHILSON,
Vice President.

Mr. DAWSON of Utah. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, this measure sets up our appropriation of $800,000 for the Export-Import Bank. According to press reports, Henry A. Wallace and others, posing as spokesmen for the common man in America, are advocating financial aid from the United States of America to Russia and her satellite nations. The theory of this aid, according to Mr. Wallace, is to engender a spirit of good will and peace between our countries. In fact, Mr. Wallace made a speech this week at Newark in which he is reported to have said, "The United States has become the center of world reaction and the common man more and more looks to Russia for ideas, help, and inspiration."

I believe the American people would go to almost any extreme, save sacrificing their own honor, to preserve peace in the world, but if history of the past few years is any indication of the effect of the American dollar on good will toward men, then we should have learned our lesson.

I have just received from the Legislative Reference Service, General Research Section, figures which to me are utterly astounding. United States assistance to the Union of Soviet Socialist Republics and satellite nations—in dollar value—from July 1, 1945, through December 31, 1946, is as follows:

Russia:	
UNRRA	$139,197,001
Lend-lease property credits	241,560,000
Total	380,757,001
Albania: UNRRA	15,774,923
Czechoslovakia:	
UNRRA	150,362,106
Office, Foreign Liquidation Commission	50,000,000
Export-Import Bank credits	2,000,000
Total	202,362,106
Hungary:	
UNRRA	1,291,985
Office, Foreign Liquidation Commission	15,000,000
Total	16,291,985
Poland:	
UNRRA	287,769,989
Office, Foreign Liquidation Commission	50,000,000
Export-Import Bank credits	40,000,000
Total	377,769,989
Yugoslavia: UNRRA	257,251,503
Total assistance to Russia in dollar value	380,757,001
Total assistance to Russia's satellite nations in dollar value	869,450,511
Grand total in dollar value	1,250,207,512
Totals by classification of assistance:	
UNRRA	851,647,512
Office, Foreign Liquidation Commission	115,000,000
Lend-lease property credits	241,560,000
Export-Import Bank credits	42,000,000
Grand total	1,250,207,512

In addition United States assistance amounting to $99,362,817 was given to Austria, a fourth of which is dominated by Russian influence. This total was divided as follows: UNRRA, $34,716,234; Office Foreign Liquidation Commissioner, $10,000,000 (as property credit); and War Department Civilian Relief, $54,646,583.

The following is the amount of aid to five nations (Austria, Czechoslovakia, Finland, Poland, and Yugoslavia) by

various United States Government agencies since VJ-day (September 2, 1945):

1. War Department:	
Austria (until Dec. 31, 1946)	$54,646,583
Austria (until Dec. 31, 1946)	54,646,583
Austria (tentative after Jan. 1, 1947)	12,443,000
2. UNRRA (until Dec. 31, 1946):	
Austria	34,716,234
Czechoslovakia	150,362,106
Finland	1,175,337
Poland	287,769,989
Yugoslavia	257,251,503
3. Office of Foreign Liquidation Commission:	
Austria (property credits)	10,000,000
Czechoslovakia (property credits)	50,000,000
Finland (property credits)	15,000,000
Poland (property credits)	50,000,000
4. Export-Import Bank:	
Austria	$750,000
Czechoslovakia	2,000,000
Finland	72,500,000
Poland	40,000,000
Grand total	1,038,614,752

The following is a tentative estimate of assistance to be rendered to certain European countries which are predominantly influenced by Russia in their political and economic actions. They are Poland, Hungary, Rumania, Bulgaria, Yugoslavia, Czechoslovakia, Albania, Lithuania, Esthonia, Latvia, and Finland, plus Russian-occupied zones of Germany and Austria. The amount to be advanced by the United States to these nations during the period January 1, 1947, through June 30, 1947, is as follows:

UNRRA (to all Russian-influenced Europe)	$200,000,000
Export-Import Bank	40,000,000
United States portion, International Bank	317,500,000
Total	557,500,000
Aid rendered July 1, 1945, through Dec. 31, 1946	1,250,207,512
Grand total	1,807,707,512

This is my first term in Congress and perhaps there are many things I have yet to learn, but if there is anyone in this House who can tell me why we should advance a total of $557,500,000 of American dollars to Soviet Russia and her friends during this current 6 months I would like to hear it.

These roving self-appointed ambassadors can talk all they care to about the love and friendship additional gifts to Russia would bring, but the record to date clearly discloses that these past gifts have brought nothing but abuse and lack of cooperation on the part of our former ally.

If Henry A. Wallace and his friends want to look to Russia for "ideas, help, and inspiration," as he stated in his Newark speech this week, that is their privilege, but I am certain the American people will no longer stand for these huge grants of American dollars to a nation which offers nothing in return but contempt for the American way of life.

Have we not learned our lesson?

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The gentleman from Utah has struck at a very vital and serious blunder now being made by this Administration. He has asked the question if anyone in this House can tell him why we should during this current 6-month period continue to advance aid to Russia and her satellite countries. I see no one on the floor of this House arise to answer his question and I can assure him that no sensible explanation can be given. No one in this country knows better than Mr. Henry A. Wallace that if we will feed the Russians and their dependents, that permits the Russian controlling group to use their energies to spread their propaganda. Russia cannot spread their propaganda and feed their people at the same time, but if we will feed them, then that leaves them free to spread their propaganda. Every country in the world that is feeding its people today has a government substantially based on the capitalistic, free enterprise concept of life and government. Those countries that do not feed their people are promoting ideas such as communism. If you want to eat you have to give up that kind of activity. If you carry on that kind of activity you have to give up eating. What makes me sore is for American leaders to run up and down this land continually insisting that we feed and clothe and shelter those who refuse to work, and simply want to spread their propaganda.

Mr. DAWSON of Utah. The gentleman from Michigan is perfectly right and I appreciate his contribution.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Tennessee.

Mr. JENNINGS. The gentleman from Utah has made a very constructive address here that is food for thought for the entire American people. He is to be congratulated on his efforts.

Mr. DAWSON of Utah. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was greatly interested in the remarks made by the gentleman from Utah, and I am happy to inform the gentleman and the House that this committee is making an attempt, at least in this bill, to bring the Export-Import Bank and all other lending and spending agencies of the Government within and under the jurisdiction of the Congress of the United States. I can readily understand the concern that many people have about this lending of their money by the billions quite promiscuously over the world, and for that very reason this committee, as I said before, is attempting to not only look into the administrative expenditures of all these Government corporations but also to look them over thoroughly and, if necessary, to be in a position to limit their lending authority.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Tennessee.

Mr. JENNINGS. I notice in the Washington Post today a news item to the effect that this Export-Import Bank—it is an American institution, I suppose, or if it has any money at all, it certainly is American to that extent—is proposing to lend to Poland, a Russian satelite state $600,000,000 to rehabilitate and operate the coal mines of Poland, which means that if they get that American money they will use it to equip Russian armies, some of whom have already taken over Hungary, and others are undertaking or shortly will undertake to take over Austria and perhaps Italy and perhaps France.

In addition to that, today's paper carries the news item that the armies of Mongolia, a Chinese province that we helped to take away from our Chinese Ally in the last war and turned over to Russia, are now undertaking an invasion of a great Chinese province which is a short route to India. Yet we say that we ought to keep on pouring money into the capacious maw of the Russian Soviet nation. It is just cockeyed. I do not know when we are going to stop, but there ought to be some great lunatic asylum where we could put people like that and prevent them from undoing this country.

Mr. BREHM. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Ohio.

Mr. BREHM. I am certain members of the House Committee on Foreign Affairs could allay all the fears of the gentleman from Tennessee. If they pass the bill they now have up, the Voice of America, it will tell these countries that we gave it to them, and that will make everything all right, according to some of those who favor telling them as well as giving them.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. The gentleman from Michigan [Mr. CRAWFORD] was talking about the International Bank and presuming they would sell bonds to the American people. If my memory serves me correctly, after the last World War the Bank of America did sell securities of many South American countries, and the bonds of all of those countries, with one exception, were defaulted. Is there danger of that thing happening here again? Are the American people going to be asked to buy these bonds and securities that may be put out; and if so, can we profit by the experience after the last war, when the American people were left holding the bag?

Mr. JENSEN. The gentleman knows that neither he, nor I, nor this committee, nor anyone else in America can as-

sure him that we will not have a repetition of the conditions we had after the last war. We do know that unless we can cure, and soon, the destructive New Deal disease spendomania, we will have a repetition, and it will not only be of equal detriment to America, it will be a detriment tenfold greater than what we had after World War I, which will, of course, destroy America. It is up to us as Members of Congress and the American people generally through the voice of the Congress to see to it that America does live and progress and prosper. Surely with all the blessings we enjoy in this fair land that is not an impossible task. But it may take the combined will and strength of every true American, so let us all put our shoulder to the wheel by doing the right thing. We can always count on our colleague from Nebraska [Mr. MILLER] to do the right as he sees the right, and for that we all respect you, Doctor.

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, two or three times today I have heard Members rise and quote the crazy speeches of Henry A. Wallace.

Let us not overlook our other ambassador of misinformation, Mr. Harold Stassen, who got all the way to Moscow. If there ever was a time on earth when America was fully misrepresented, in my opinion it was while Wallace was speaking in England and Stassen was talking in Moscow.

Wallace's craziest speech was made to the Negroes down in Alabama the other night. He made a Communist speech to a Negro audience in Alabama, and they say that even some of the Negroes who heard him are holding their noses yet. The Negroes in the South have more sense than to believe the stuff Wallace is preaching. They know that what he is preaching under the auspices of this so-called Southern Conference for Human Welfare, which is nothing in God's world but a Communist-front organization, is doing them immeasurable harm.

When you disturb the peaceful relationship that exists between the Negro and the white man, the Negro always suffers. They are getting along fairly well in the South. But when Henry Wallace goes down there and makes a crazy speech to try to stir up friction between the white people and the Negroes, he is doing the Negroes more harm than he could possibly do them good, to say nothing of the injury he is doing the white people of the country.

Mr. COUDERT. Mr. Chairman, I move to strike out the last three words.

I want to say one word, Mr. Chairman, in reference to the remarks of the gentleman from Nebraska [Mr. MILLER], which may have left some Members in confusion as to the role of the Export-Import Bank and that of the International Bank, which is an entirely different bird. If the Export-Import Bank follows the admonition of this committee it will no longer make foreign government reconstruction loans in competition with the International Bank, but will hereafter confine itself to its original and traditional role of making export-import loans.

I may say that at the hearings before the committee the President of the bank appeared to recognize that position quite fully.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. CRAWFORD. The reason I was complimenting the committee so much was that the Export-Import Bank was authorized to lend up to some $3,500,000,000 to fill in the gap between the creation of the Bretton Woods agreement, which brought into operation the International Bank for Reconstruction and Development, and the time the Bank got into its walking suit, you might say. Now, the International Bank for Reconstruction and Development is ready to make loans. This committee has recommended that the Export-Import Bank step out of that field. You did a great job when you made that recommendation and the Congress should back you up in it. The Export-Import Bank has no business making these foreign loans to foreign governments. I am talking about rehabilitation loans. Let the International Bank for Reconstruction and Development make those loans. Let the other countries participate instead of insisting that the people of the United States provide all the credit. Out of the 44-member banks to that agreement, only the United States is now proposing to extend credit. That is unfair. It is not in keeping with the general concept. It is up to the Members of this Congress to notify our people of what is going on.

Mr. COUDERT. Needless to say, the committee is delighted that the gentleman agrees with our conclusions. Let me say to him further that reference in the report to the matter is all that the committee had power to do, under the existing state of law. If this bill passes, next year the committee will be able to take more effective and affirmative action in dealing with these situations.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. Will the gentleman tell me where the International Bank will get its funds for operation?

Mr. COUDERT. Of course, that is not within the purview of this subcommittee. But as far as I know, it gets its capital from contributions from the various signatory nations. I think the United States, of course, contributes by far the largest part—30 or 40 percent.

Mr. MILLER of Nebraska. Do we get that by selling debentures and bonds to the American people?

Mr. COUDERT. As I understand it, the Bank sells, if it can, its debentures to the American people or others. These debentures are guaranteed by the United States to the extent of the total American subscription to the Bank's capital funds. So, in effect, they are Government bonds to that extent.

Mr. MILLER of Nebraska. I remember after the last war there were some of these foreign Government-guaranteed bonds. I have in my safety deposit box now a slip of paper that a banker sold to me as being backed up by the United States, but I soon found it was not worth very much in money. My memory may be short, but it is not going to be short enough to buy any more of such debentures and bonds, knowingly.

Mr. COUDERT. At least, the gentleman will not buy any debentures from the Export-Import Bank, because that bank sells them only to the Treasury.

The CHAIRMAN. The time of the gentleman from New York [Mr. COUDERT] has expired.

Mr. WHITTEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I question whether I should needlessly delay the committee here. I do not mean to differ with my friends in their discussion of loans to foreign countries by the Export-Import Bank. However, I do feel that it should be pointed out that the operation of this bank and the loans made under it to date are vastly superior over certain other actions that this Congress has taken. I think I am in a position to discuss this because my voting record is conservative. I voted against the British loan because I thought the loan should be made by the Export-Import Bank. You voted a few weeks ago for these two loans, one to Greece and Turkey and the other to the Balkans. Those are for loans that will be used in those countries. Under the Export-Import Bank, first an application must be made and the representatives of this bank have a right to look over and demand that the applicants submit the basis on which repayment will be made. They arrive at an agreeable rate of interest and the terms under which the loan will be repaid.

Here is something else. They provide not for the sending of American dollars abroad, but they extend credit, which must be used to buy American products.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. Yes, certainly I yield.

Mr. COUDERT. I just wanted to say one word, to make it perfectly clear. I hope the gentleman will bear me out, the committee has no criticism whatever of the officials of this bank. We were very much pleased and well impressed with the appearance of its officials in our hearings. We have no word of criticism.

Mr. WHITTEN. The distinguished gentleman is correct and I want it understood that I am not trying to deliver a lecture to the majority members of my own committee, but I would like to point out that if this Nation has any obligation to help these nations to reconstruct their railroads, their industry so they can be self-sustaining and if you intend doing anything toward that end you had better do it under the Export-Import

Bank, where they will repay it and where it is an extension of credit to buy American goods, and whereby you can control the expenditure of the money, rather than by a direct grant, as this Congress has done time after time in recent weeks, I might say most of the time against my vote. Certainly, I think the operations under the Export-Import bank are much better. I voted against the British loan for no other reason than I thought you ought to have a definite understanding with reference to repayment so that there could be no misunderstanding in future years when the payments fall due and, further, that credit should be extended to purchase American goods instead of cash. You mark this, the British people at the time that loan was made felt that we ought to give it to them. We felt that they ought to repay it. When the time for repayment comes you are going to see that there will be hard feelings about what each understood about the loan; but under the Export-Import Bank practices there would have been a definite understanding, there would have been a submission by the British Empire of their tax structure and a showing of where they were going to get the money to repay it. Then, too, they could use that credit in this country to buy American goods and would therefore have appreciated the obligation to pay for that which they had. As it is, however, British public sentiment, to a large extent, takes it for granted they should not repay, because we owe this to offset their expenditure, pending the time that we got ready to get into this war.

The Export-Import Bank has been by far the best method we have used in dealing with this matter of loans. I differ with the committee in their handling of this item. I think they showed poor judgment. We are rapidly approaching the time of repayment and then is the time when they should have supervision so that they could see to it that the repayments are made. Naturally in that case the administrative expenses should go up if they are to do a good job; and I think the committee was short-sighted in that regard.

Mr. COUDERT. The fact is that we gave them $40,000-odd more than they got in the current fiscal year.

Mr. WHITTEN. But the test comes in the break-down of the number of their employees. That indicates that during the lending operations they had but few personnel. While the gentleman is correct the bill provides more money than they had last year it is considerably less than was requested; and I think you will agree that Mr. Martin, the gentleman who represented the Bank before the committee, made as fine a showing as any witness who appeared for any corporation and has made a presentation of the necessity for administrative funds to bring back to the Government of the United States the funds which we have lent in good faith and which the foreign governments have agreed to repay.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

The Clerk read as follows:

Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of $348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than $2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and not less than 40 percent of the remainder of such net income into the Treasury of the United States as miscellaneous receipts. In the 10-year period ending June 30, 1958, and in each succeeding 10-year period until the aforesaid total of $348,239,240 shall have been paid, not less than a total of $87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness, shall be so paid. Total payments of not less than $10,500,000 shall be made not later than June 30, 1948.

Mr. GORE. Mr. Chairman, I ask unanimous consent that my distinguished colleague, the Honorable EARLE C. CLEMENTS, a great friend of TVA, may be permitted to extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. CLEMENTS. Mr. Chairman, upon every occasion when TVA legislation has been considered during my incumbency it has been my pleasure to give it my support. I consider this constructive program of regional development one of the outstanding contributions and accomplishments of the great Roosevelt administration.

The bill under present consideration provides appropriation for not only the continuation but for further development of this immensely worth-while undertaking. The bill provides money for construction of two hydroelectric dams and for chemical plant facilities for fertilizer research, experimentation, and production. I am particularly anxious to see developed better and cheaper forms of fertilizer in order that private industry can better meet the needs of farmers for plant food. Although I am glad to see the appropriation being made in this bill for that purpose, I regret that the committee has reduced the appropriation by $2,000,000 below the President's budget request.

In addition to the afore-mentioned construction appropriation, the bill makes provision for the general operation of the TVA flood control, navigation, fertilizer, and electric-utility programs. I cannot emphasize too strongly, however, that it is false economy to cut the President's budget estimate in this bill.

It is with pleasure that I again support the TVA. I cannot close these brief remarks, Mr. Chairman, without expressing concern over the legislative provisions of this bill, lest they tend to alter the basic program and policy of the TVA. I am pleased with the TVA as it is and see no necessity for these legislative amendments. It has been conducted with wisdom and foresight, and I want it to continue as a mighty factor in the prosperity and happiness of the country it serves.

The Clerk read as follows:

Regional Agricultural Credit Corporation of Washington, D. C.: Not to exceed $200,000 (to be computed on an accrual basis) of the funds of the Corporation shall be available for administrative expenses, including supervision and examination by the Farm Credit Administration and services performed for the Corporation by other Government agencies, and not to exceed $3,200 for penalty mail; and said total sum shall be exclusive of interest expense, legal and special services performed on a contract or fee basis, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the Corporation or in which it has an interest: *Provided*, That no other funds shall be available for administrative expenses of the Corporation: *Provided further*, That of the funds available to the Corporation for administrative expenses, not to exceed $20,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered.

Mr. PLOESER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wanted to say just a word or two on the subject of the Inland Waterways Corporation. You will recall that minority views were embraced in the report last year, which minority views expressed the thought that this Waterways Corporation should be sold. There has been a feeling all along on the part of the subcommittee that they probably have not completely satisfied their legislated purposes, and this year in trying to make a more thorough investigation of the affairs of this particular enterprise on the part of the Government, the committee being aware of the fact that the Small Business Committee of this House was studying all forms of government in competition with private enterprise, requested the Small Business Committee to make their study of this particular Government Corporation in time to be able to report it to the Appropriations Committee. The cooperation between the two committees worked out very well. The report was made and it was adopted by the Subcommittee on Appropriations for Government Corporations and incorporated in part 3 of the hearings, which is devoted entirely to the Inland Waterways Corporation.

Under unanimous consent which was previously granted in the House, I will therefore extend at this point in the RECORD the report made by the Small Business Committee to the subcommittee and which was subsequently adopted.

I do this in order that the Members may clearly understand the matter.

(The report referred to follows:)

HOUSE OF REPRESENTATIVES
OF THE UNITED STATES,
SELECT COMMITTEE ON SMALL BUSINESS,
Washington, D. C., May 14, 1947.

To: Subcommittee on Government Corporations, Appropriations Committee.

From: WALTER C. PLOESER, chairman, House Small Business Committee.

INTERIM REPORT ON HEARINGS HELD ON INLAND WATERWAYS CORPORATION

1. The Government should get out of the barge business, and we are concerned only with recommending when and how that should be accomplished.

At the moment the Federal Barge Lines is being managed by capable people who know the barge business, but this has not been true in the past. Some portion of the losses may be attributed to the pioneering nature of the project, but poor management and political pressure would seem to have been contributing factors. The fact that the present management has reduced the budgetary pay roll from approximately 2,213 to less than 1,700 people over a period of 10 months, while the tonnage at the same time has increased substantially, demonstrates this fact.

Past labor policy would seem to have had a part in causing the Corporation's difficulties. In 1924, furthermore, the War Department transferred to the Corporation assets appraised at $10,362,843, which were actually worth much less and possibly as little as $1,500,000. The Corporation added to its difficulties by overestimating the useful life of its equipment and charging it off at 3 percent, whereas it should have been charged off at 4 or 5 percent. Finally, and most important, the Corporation has gone along with obsolescent equipment and antiquated methods in the face of rising labor and maintenance costs. Little thought was given to better management personnel, new methods, new types of floating equipment, and labor-saving terminal equipment until the situation took on the proportions of a first-class emergency. Political considerations and outside pressures also appear to have contributed to the situation.

All of this would seem to show that, even though the present management is exceptionally able, the Government has no business in the barge business as a permanent matter.

2. It appears desirable that the Warrior River unit should be sold as quickly as possible.

No funds should be expended to rehabilitate or further develop this division, which has not met its operating costs in any one year and which has been unsuccessful from the beginning. It is suggested that municipalities and civic groups in the locality be contacted with the idea of interesting them in promoting the organization of a corporation which could purchase the barge line and carry on the present type of service. If no interest is displayed by these groups within a year, then we suggest that the division be offered publicly to the highest bidder, reserving the right to reject any and all bids. In either event, the purchaser should not be required to maintain the same type of service as Federal. In view of the continuing losses experienced in the past, we see no reason for that requirement. If no buyer can be obtained within 2 years, the service should be discontinued.

It should be noted that in the concluding hearing on May 12, a letter from H. E. Parker, president of the Warrior & Gulf Navigation Co., was read into the record which indicated that this company may be interested in negotiating for the purchase of the Warrior unit.

3. It is recommended that the Mississippi unit should be sold in a unit as a going concern.

On the basis of present accounting practices, the Mississippi unit, considered alone, shows an over-all net operating income of $803,000 as of January 1, 1947.

The Government has spent millions to establish this common-carrier barge service. Discontinuance at this time would result in writing off a large part of this investment and the public benefits of the service as a total loss. Existing privately owned barge lines would not provide comparable service.

The Federal Barge Lines has the most extensive joint barge-rail through route and rate structure. Furthermore, the privately owned barge lines generally avoid less-than-bargeload shipments and so-called merchandise or package freight since bulk shipment in bargeload quantities is more profitable.

If the Corporation discontinued service at this time, small business would be driven from the river, since it ships almost entirely in less-than-bargeload quantities. The benefits of river transportation would be restricted to a comparatively few large shippers of bulk freight in bargeload quantities. In effect, river transportation would then be available only to shippers of coal, steel, grain, sulfur, oil, and a few other bulk commodities.

Finally, we believe that the committee should not lose sight of the effect upon the rail-barge rate case (ICC Docket 26712) which has been pending since 1934. The principal advocate of the water carriers' position is the Federal Barge Lines. If the Inland Waterways Corporation is sold in a unit as a going concern, proper prosecution of this case will be assured. On the other hand, if operations are discontinued, a large part of the rates involved will for all practical purposes drop out of the litigation.

4. We recommend that Congress approve rehabilitation of the Mississippi unit.

If the Corporation is to continue its service, it appears that new equipment must be purchased almost immediately. Present equipment is in such bad condition that maintenance costs are prohibitive.

Admittedly, several million dollars for complete rehabilitation is a large sum of money but, when considered from the profit-and-loss point of view, it takes on a different perspective. If it can convert the present annual deficit into a substantial annual profit, as forecast, the expenditure will be well justified.

When a detailed prospectus of future operations is prepared and checked against the actual results of operation of a demonstration unit of the proposed integrated tow, the measure of the justification will be clear. This demonstration unit will cost an estimated $1,000,000. If the test shows that the integrated tow is a failure, no further expenditure should be made for this type of equipment and the amount required for rehabilitation will be substantially reduced.

From the engineering data, it appears that the proposed new equipment would substantially reduce both towing and terminal costs. The so-called integrated tow should reduce towing costs by about half. Container and pallet equipment should reduce the cost of handling certain types of merchandise or package freight to an extent which should put that type of service on a profitable basis.

Towing operations have been divorced from terminal operations as a preliminary to turning the terminals over to private operators or municipalities for public use. Improved types of handling equipment are being installed in order to cut down handling costs.

In this way, the management hopes to demonstrate to the privately owned barge lines that merchandise or package freight can be profitable.

As compared with the millions spent in physically improving these rivers to make them fit for navigation, additional funds to further pioneer river transportation should be made available, and, if justified by the prospectus, will certainly make the barge line salable as a going concern.

5. We recommend that the Corporation should continue its services on the Missouri River and should extend them as circumstances require.

It is apparent that the privately owned barge lines will not initiate service on the Missouri River. These operators are generally of the opinion that operations on the Missouri are unfeasible in view of the speed of the current, and the depth and instability of the channel.

With the proposed new towing equipment, Federal Barge Lines hopes to show privately owned barge lines that operations on the Missouri need not be unprofitable.

Barge service is of great importance to the communities on the Missouri River. Rail transportation is costly from these interior points and it is difficult for them to compete with communities which are closer to their markets. The Panama Canal increased their competition by cutting transportation costs from the Pacific coast. Thus their markets were further restricted. The railroads, then, to compete with the Canal, initiated water-compelled rates from the west coast to Chicago so that it costs less to ship some commodities to and from Chicago from and to the west coast than it does in the case of certain Midwest communities.

By lowering transportation costs, barge service will give this area access to new markets and sources of supply.

6. It is suggested that the Mississippi unit should not be sold in sections.

Sale by sections would break up the joint barge-rail through route and rate structure. Furthermore, less-than-bargeload service and merchandise or package service might not survive the blow. Finally, traffic development on the Missouri would be almost impossible since Federal would be subject to a squeeze play at St. Louis on rate divisions with privately owned carriers, and new types of equipment, which are prerequisite to profitable operation, would not be interchangeable with that of privately owned barge lines.

A number of other factors come into play which demonstrate convincingly that sale in sections would be unfeasible. For example, if barges do not go through without breaking bulk, expensive transshipment is necessary. To secure best use out of barges serving Missouri River, the operator should be in a position to add cargo at St. Louis to barges coming out of the Missouri on 6-foot draft to take advantage of 9-foot draft available elsewhere, and vice versa. A Missouri River operator should have somewhere else to work his equipment during the 4 months closed winter season on the Missouri to reduce the burden of fixed charges. No joint through rates with the railroads exist through Missouri River ports; none could be established in connection with such a truncated operation; interior shippers would get no water rates.

As the net result of all the above limiting factors, traffic volume on the Missouri would be severely limited and costs would be greatly increased, making it extremely unlikely that a profitable operation could be developed in the foreseeable future.

To permit the Corporation to take only freight originating on or destined for the Missouri would not solve the problem. The operation must be balanced—empty barges do not earn profits. Barges must be loaded both going and returning to make money. Even now, with an operation which extends from New Orleans to Minneapolis and Chicago, this is at times difficult; but it would be almost impossible if every bit of freight picked up had to be destined to ports on the Missouri. Shipments going out of the Missouri might be destined for numerous points along the other rivers.

7. Inland Waterways Corporation should proceed to offer the property for sale concurrently with rehabilitation.

Sale of the Federal Barge Lines need not await rehabilitation. The Interstate Commerce Commission should be requested immediately to make the necessary appraisal and to keep that appraisal current so that sale will not be delayed when a purchaser is obtained.

Complete rehabilitation is not prerequisite to sale. Purchasers probably will appear when the rehabilitation has proceeded far enough to demonstrate that complete rehabilitation will put the business on a profitable basis. If the new equipment reduces cost sufficiently to show that operations on the Missouri River can be profitable, and that less-than-barge-load and merchandise or package freight will be profitable, the Corporation should not have difficulty in obtaining a purchaser who will undertake to render the same type of service.

It is suggested that the Corporation solicit interested municipalities, chambers of commerce, other civic associations, shippers, and receivers with the idea of interesting them in promoting organization of a corporation to purchase and operate the Mississippi unit. These groups, all of whom have advocated continuation of the Federal Barge Lines in these hearings, should have sufficient interest to take the lead in promoting the organization of a corporation to take over its operation, provided it has been demonstrated that the corporation can return a profit on its investment. If they do not, they can hardly object to liquidation or unconditional sale of the line.

If such a sale cannot be made because of lack of interest or any other reason, the Mississippi unit should be offered for sale to the high bidder, reserving the right to reject any and all bids.

As is pointed out below, purchasers should not be required to undertake to provide the same type of service.

We feel that sale as a going concern should be accomplished within 3 years and, in any event, the Government should be out of the barge line business within 5 years.

8. It appears desirable that Congress should establish a commission of one Representative, a Senator, the president of Inland Waterways Corporation, and a representative of the Interstate Commerce Commission to see to it that both the Mississippi unit and the Warrior unit are promptly sold.

The present management of the Corporation takes the attitude that the Government should get out of the barge line, but it is believed that such a commission certainly will not harm the sales program and may, in fact, give it impetus.

We feel that Congress would thus insure that its announced policy will be effectuated.

9. It is recommended that the statutory prerequisites to sale or lease should be substantially modified by amendment of the act.

We suggest rescission of the requirement that the Secretary of Commerce first make a finding that navigable channels and adequate terminal facilities are substantially available, together with the requirement that the Interstate Commerce Commission first report to the Secretary of Commerce that joint tariffs with rail carriers have been published and filed. The opinion has been expressed by representatives of the Corporation that these prerequisites have been accomplished. In order to nullify the possibility of a technical argument to the contrary, however, it is believed that these provisions should be deleted from the act.

The prerequisite requiring that the Interstate Commerce Commission first appraise and ascertain the fair value of the facilities should not be changed. If Federal Barge Lines is to be sold to a corporation organized by local people, this necessarily must be accomplished by negotiation. The effect of the appraisal will, therefore, be twofold: It will assure a fair return to the Government and, at the same time, protect the Government negotiators from any charge that they failed to obtain fair value.

There would not seem to be any justification for the requirement that any purchaser or lessor agree to continue the facilities "in the common carrier service in a manner substantially similar to the service rendered by the Corporation" and that he supply "ample security by bond or otherwise to insure the faithful performance of such agreement." If the municipalities, civic associations, shippers, and receivers are interested sufficiently to take the lead in promoting the organization of a corporation to purchase the barge line, there is no need for such a requirement since they will have a vital interest in seeing to it that this service is maintained. If they are not, then there would seem to be no reason to place such a burdensome restriction upon any other purchaser. In fact, we doubt very much that any prudent businessman would purchase the barge line subject to any such condition even though he sincerely intended to render the same type of service. Furthermore, any proposed change in the service by a purchaser is subject to protest by interested parties and suspension by the Interstate Commerce Commission.

We suggest that this provision be amended simply to require a certification by the purchaser to the effect that he has a bona fide intent to continue the common-carrier service in a manner substantially similar to the service rendered by the Corporation. In this way, the participation of interested groups in the ownership and management of the corporation will be assured. In effect, the Congress would forcefully demonstrate that it really means to get out of the barge business. If these groups which have argued so strongly for continuation of the Federal Barge Lines are sincerely interested in that service, they will support the organization of a corporation to purchase the line from the Government.

The provisions authorizing sale in two units, the Mississippi and Warrior units, should be retained, as should that prohibiting purchase by railroad interests. If it develops that a departure from the latter of these restrictions is in the public interest, appropriate legislation to fit the circumstances can be proposed at that time.

In conclusion, the attention of the committee should be drawn to the main point at issue in this case: Throughout these hearings, the preponderance of testimony by those who would be affected most by the liquidation of the barge line has been to the effect that the Government should get out of the barge business, but not until the same service is provided by private capital.

That completes the majority report, and there are reservations by Mr. KEFAUVER and Mr. JACKSON of Washington as follows:

(The reservations by Mr. KEFAUVER and Mr. JACKSON of Washington are as follows:)

RESERVATIONS OF CONGRESSMAN KEFAUVER AND CONGRESSMAN JACKSON OF WASHINGTON

We agree with the conclusions of the majority report that the Federal Barge Lines should be rehabilitated and that it should eventually be sold and operated by private enterprise.

The Federal Barge Lines has done a most useful job in pioneering river navigation and in working out rate schedules for river transportation and for joint barge-rail transportation. It is our opinion that with some rehabilitation the Federal Barge Lines will, within a few years, be able to operate at a profit and that it could then be sold to private enterpise. The sale, however, should require the purchaser to give substantially the same service as is provided in the act creating the Inland Waterways Corporation.

We cannot concur in the majority report that the Warrior River unit should immediately be sold. The last Congress authorized the building of the Tombigbee waterway. This connection between the Tennessee River, Warrior River, and the Gulf of Mexico through the Tombigbee River will furnish economical means for an enormous amount of river traffic from the Tennessee and Ohio Valleys to the Gulf of Mexico, and it will also furnish an alternate route for shippers in the Mississippi Valley. The Warrior unit should be retained to pioneer this new river traffic and to establish favorable rates. It should not be sold until this is done.

Also, we feel that even before the Tombigbee waterway is built, the Mississippi unit of the Federal Barge Lines should operate on the Tennessee River. The reason for the prohibition against operating on the Ohio does not apply to the Tennessee. During the interval until a purchaser can be found for the Mississippi unit who will continue giving substantially the same service, I feel that the Mississippi unit should establish rates and give service to shippers desiring to use river transportation on the Tennessee.

That completes the report, Mr. Chairman.

The Clerk concluded the reading of the bill.

Mr. PLOESER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in certain provisions of this bill, part of title III, the committee, of course, recommended and sought to accomplish extension of the same congressional controls over certain mixed Government corporations as has been extended over wholly owned Government corporations, the purpose being that there is really no difference in interest. The majority stock of these corporations is owned by the Federal Government, in one case the overwhelming majority; as much as 99 percent is owned by the Federal Government; so the same rule of congressional appropriation guidance and control should apply to these corporations as would apply to one

that is 100 percent owned by the Government.

In order that the RECORD might be more informative, under the same privilege to extend my remarks, I am going to include at this point in the RECORD a chart of the comparative ownership percentages of Government and other enterprises in these mixed corporations:

Ownership of capital stock in mixed-ownership Government corporations

FEDERAL DEPOSIT INSURANCE CORPORATION

U. S. Government (Treasury Department)	$150,000,000.00
12 Federal Reserve banks	139,299,566.99

NOTE.—This represents the original subscriptions and paid-in stock of FDIC as of Jan. 1, 1934. There has been no change and the figures are still correct today.

CENTRAL BANKS FOR COOPERATIVES

June 30, 1946:	
U. S. Government	$76,500,000
Borrowers (cooperatives, etc.)	1,197,000
Total	77,697,000
Apr. 30, 1947:	
U. S. Government	76,500,000
Borrowers (cooperatives, etc.)	787,300
Total	77,287,300

DISTRICT BANKS FOR COOPERATIVES

June 30, 1946:	
U. S. Government	$102,000,000
Borrowers	5,285,000
Total	107,285,000
Apr. 30, 1947:	
U. S. Government	102,000,000
Borrowers	[1] 7,585,600
Total	109,585,600

FEDERAL HOME LOAN BANKS

June 30, 1946:	
U. S. Government (RFC)	$123,651,200
Member institutions	79,559,450
Total	203,210,650
May 31, 1947:	
U. S. Government (RFC)	122,672,200
Member institutions	94,935,200
Total	217,607,400

[1] Plus $70,800 paid into guaranty fund.

Mr. Chairman, this bill does deal with vast appropriated sums. Other supply bills seem to dwarf this by their amounts. But this bill is most significant in that it deals with functions of Government which influence or control the credit structure of the Nation's economy.

Total assets of all wholly owned Government corporations—including Commodity Credit Corporation, Federal Crop Insurance Corporation, and the Reconstruction Finance Corporation—as of June 30, 1947, are estimated to be approximately $11,800,000,000. The total unobligated borrowing authority of these corporations as of March 31, 1947, was approximately $18,600,000,000. The value of all assets and unobligated borrowing authority at present is approximately $30,400,000,000. This figure $30,400,000,000 can be said to represent the total amount of money, including assets valued in terms of money, which wholly owned Government corporations have under their control at the present time.

Could any bill be more significant in its effect upon the economy? Because of the national and international impact of this vast credit operation it is imperative that the Congress take and hold authority of both expenses and assets of these corporations. In the past it has become a lost responsibility. When this bill becomes law it will properly be a current responsibility. These assets—and what is equally important—the liabilities of the corporations are the assets and liabilities of the people through their Government. The only board of directors in this Government which directly represents the people is the Congress. It is our duty and we must, in my opinion, and the opinion of this committee, carefully assume the performance of such duty.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. PLOESER. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ANDERSON of California, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. PLOESER. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. ENGEL of Michigan (at the request of Mr. GRAHAM) was given permission to extend his remarks in the RECORD and include an article.

Mr. HARTLEY (at the request of Mr. MATHEWS) was given permission to extend his remarks in the RECORD and include two editorials.

Mr. TRIMBLE asked and was given permission to extend his remarks in the RECORD.

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to include in the remarks I made today a full report of the Committee on Appropriations on Government Corporations. I make this request, Mr. Speaker, because of the fact that it is a rather full and complete explanation of the action taken by the committee in regard to these Government corporations.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. RANKIN and Mr. GORE asked and were given permission to revise and extend their remarks made in the Committee of the Whole and include certain tables and statistics.

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD in three instances and include statements he received showing the effect of appropriations in the bill H. R. 3756 on the Federal Home Loan Bank Administration, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation.

Mr. VAN ZANDT asked and was given permission to extend his remarks in the RECORD and include a statement of Navy Service Veterans in opposition to the armed services merger.

Mr. BYRNES of Wisconsin (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD and include an editorial.

LEAVE OF ABSENCE

By unanimous consent, Mr. KEARNEY (at the request of Mr. LEONARD W. HALL) was granted leave of absence on account of official business.

HOUR OF MEETING ON FRIDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow, it adjourn to meet at 11 o'clock on Friday.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

COMMITTEE ON BANKING AND CURRENCY—CONFERENCE REPORT

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

DEFICIENCY APPROPRIATION BILL

Mr. TABER. Mr. Speaker, I ask unanimous consent that it may be in order tomorrow to take up the deficiency bill which we filed this morning.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

SUGAR CONTROL EXTENSION ACT OF 1947

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 242, Rept. No. 561), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3612) to amend the Sugar Control Extension Act of 1947, so as to terminate the authority to allocate or ration refined sugar among users for home consumption. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

VETERANS' PREFERENCE ACT OF JUNE 1947

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 243, Rept. No. 562), which was referred to the House calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 966) to amend section 14 of the Veterans' Preference Act of June 27, 1944 (58 Stat. 387). That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

LEGISLATIVE PROGRAM FOR TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, it is my understanding that the conferees on the rent control housing bill are now meeting, and it is expected that the matter will be brought into agreement this afternoon. The committee has until midnight tonight to file its report. If that report is filed, as we expect it will be, we will call the conference report up for action tomorrow when we convene. We also hope to dispose of the deficiency appropriation bill, consideration of which has just been arranged for by unanimous consent. The rule on the sugar decontrol bill has just been filed, and we should like to dispose of that tomorrow; and, also, if time permits, we should like to dispose of the bill from the Committee on Banking and Currency on disposition of war housing. It is then expected that on Friday we will resume consideration of H. R. 3342, commonly known as the Voice of America bill.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Texas.

Mr. RAYBURN. Do I understand correctly that regardless of whether or not all the matters that are programed for tomorrow are finished tomorrow, we will go on at 11 o'clock Friday with the so-called Voice of America bill.

Mr. HALLECK. That is my understanding.

COMMITTEE ON VETERANS' AFFAIRS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Affairs be permitted to sit during the sessions of the House during general debate for the remainder of this week.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

Mr. DONDERO. Reserving the right to object, Mr. Speaker, will there be general debate in the House the rest of the week?

The SPEAKER. The Chair cannot definitely state that. There will be very little general debate tomorrow, the Chair thinks, and of course there will be none on Friday when the bill from the Committee on Foreign Affairs is being read for amendment.

Mr. DONDERO. I understand it is a ruling of the Speaker that committees will not be permitted to sit unless the House is engaged in general debate upon legislation.

The SPEAKER. The rules under which we have been conducting the House this year do not permit committees to hold hearings while the House is in session except when general debate is in progress.

Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

PORT OF BOSTON AND ITS ADVANTAGES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the port of Boston possesses excellent facilities and advantages for shipping and industry.

The port of Boston, oldest commercial seaport in the United States where waterborne trade has been going on since 1630, in normal times prior to the war was the second largest in the country in volume of import business.

In 1940, more than 19,000,000 tons of cargo and 2,776,000 passengers, including those on coastwise runs, passed through the port of Boston. Of this cargo, 2,736,225 tons were in foreign commerce with an import value of $164,000,000 and an export value of $29,000,000, with $33,000,000 in customs duties paid.

In this postwar year, under the direction of a new and aggressive Port of Boston Authority, the historic port is making steady strides toward regaining her position of commercial eminence. Steady increases have been recorded in recent months in tonnage figures of both import and export cargoes handled in the port, and this despite the fact that resumption of the once large and profitable coastwise trade has been slow for a variety of reasons.

Three hundred years of experience in handling export and import shipping as well as coastwise trade gives Boston a unique position among the ports of the country. While harbor, track, storage, and labor facilities have been generally strained in American ports since the war, the port of Boston facilities have been tested and found to be capable of handling vastly more than they have had to handle in any previous period.

Boston has an over-all water frontage of some 140 miles, of which 7 miles has a depth of 35 feet or more at mean low water. The main channel approach from Massachusetts Bay along its 7-mile stretch from open sea is 40 feet deep at mean low water. The port is capable of handling at its major piers the largest ships afloat in the largest sheltered harbor in the United States.

Storage and warehouse facilities are excellent, and include the Boston Army Supply Base, the second largest storehouse in the United States, normally available for public use. Commonwealth Pier, Castle Island, and the Army base and the Boston and Albany docks are modern, well-equipped ocean terminals, and the port authority is now at work on a project to implement these facilities by a 10-year construction program which will see two new terminals constructed on the Charlestown waterfront, and additional piers on the South Boston and East Boston shores.

At South Boston is located the largest drydock on the east coast of the United States, constructed by the Commonwealth of Massachusetts, and of great value to shipping. Within the port area, at Quincy, Hingham, and East Boston are some of the largest and best equipped shipbuilding and repair yards in the Nation.

The important natural advantages of the port of Boston are supplemented by ample tug service, by a variety of terminals for handling specialized cargoes, by excellent floating cargo handling cranes, although lighterage is unnecessary, by direct rail and highway connection to every major terminal, by two grain elevators and by fumigating plants for wool and similar cargoes.

Its waterfront labor is considered the most skilled in the United States, with longshoremen to whom work on the piers

is a family tradition and with a number of competent stevedoring firms, equipped with the latest of mechanized cargo-handling equipment.

Safety contests and safety practices have brought insurance rates on industrial risks for stevedores, longshoremen, and other general-cargo handlers to among the lowest in the country, which is an important factor in lowering cargo handling costs.

Boston enjoys the same ocean rates for import and export business as all the North Atlantic ports and today is not only on the same railroad-rate basis as is New York for foreign shipping, via so-called standard line routings, but it also enjoys a lower freight-rate basis than New York on import traffic, via differential routes to the Midwest sections of the United States. This gives an added advantage to shippers out of Boston, since this port provides direct railroad connections to the ships; the port is nearer Europe, the east coast of South America, and the Near East than any other American port, and nearness of shipping brokers and freight forwarders to the customhouse provide for speedy personalized service in clearances of necessary documentary papers.

The port of Boston is freer from the danger of delay arising from congestion than are other important Atlantic ports. One of Boston's great advantages lies in its facility for transfer of goods between ships and railroad cars. No water front in the United States can handle freight between rail and truck and ship with greater facility and economy than at the piers in Boston, served directly by railroad tracks which are usually located in the center of the pier under covered sheds, with rails depressed, avoiding the necessity of lighterage service which is common in New York, Philadelphia, and Baltimore. To the advantage of shippers from Boston, is the one handling of freight between railroad or truck and ship, thus materially reducing the hazards of damage, breakage, or pilferage, in contrast to the situation in other ports where in many instances merchandise is handled several times.

Present excellent terminal facilities including wharves, piers, supporting yards and track facilities, will be greatly improved with the return of facilities used by the Army during the war and the construction of new piers already authorized. All this adds up to increasing speed of handling; and warehouse space for cargo—the country's second largest and most efficient.

Boston's general cargo trade is served by the following piers: South Boston district, New York, New Haven & Hartford Railroad; Commonwealth pier, four berths operated by the Port of Boston Authority; Army base terminal, nine berths, operated by Boston Tidewater Terminal, Inc.; Castle Island terminal, seven berths operated by Terminal Operators, Inc., for account of Port of Boston Authority; East Boston district, New York Central System-Boston & Albany Railroad; East Boston terminal, seven berths, operated by New York Central System-Boston & Albany Railroad; Charlestown district, Boston & Maine Railroad; Mystic docks, six berths, operated by Boston & Maine Railroad; Wiggin terminal, four berths, operated by Wiggin Terminals, Inc.

Boston has two grain elevators, with a combined capacity of 2,440,000 bushels: East Boston Elevator, New York Central System and Boston & Albany Railroad; Mystic Elevator, Boston & Maine Railroad.

BILL PRESENTED TO THE PRESIDENT

Mr. LeCOMPTE, from the Committee on Enrolled Bills, reported that that committee did on June 10, 1947, present to the President, for his approval, a bill of the House of the following title:

H. R. 1288. An act to authorize the Secretary of the Interior to grant a private right-of-way to Roscoe L. Wood.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 8 minutes p. m.) the House adjourned until tomorrow, Thursday, June 12, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

778. A letter from the Comptroller General of the United States, transmitting a report concerning the conversion of two cost-plus-a-fixed-fee contracts between the United States Maritime Commission and the California Shipbuilding Corp. to a fixed-price basis; to the Committee on Expenditures in the Executive Departments.

779. A letter from the Attorney General, transmitting a draft of a proposed bill to amend the immigration laws relating to stowaways; to the Committee on the Judiciary.

780. A letter from the Administrator, Federal Security Agency, transmitting a draft of a proposed bill to waive the maximum price limitations with respect to certain passenger motor vehicles purchased by the Public Health Service for use in the Philippine rehabilitation program; to the Committee on Expenditures in the Executive Departments.

781. A letter from the Comptroller General of the United States, transmitting a report on the audit of Reconstruction Finance Corporation and affiliated corporations for the fiscal year ended June 30, 1945 (H. Doc. No. 316); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TABER: Committee on Appropriations. H. R. 3791. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes; without amendment (Rept. No. 557). Referred to the Committee of the Whole House on the State of the Union.

Mr. ANDREWS of New York: Committee on Armed Services. H. R. 3303. A bill to stimulate volunteer enlistments in the Regular Military Establishment of the United States; with an amendment (Rept. No. 558). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 242. Resolution providing for the consideration of H. R. 3612, a bill to amend the Sugar Control Extension Act of 1947, so as to terminate the authority to allocate or ration refined sugar among users for home consumption; without amendment (Rept. No. 561). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 243. Resolution providing for the consideration of H. R. 966, a bill to amend section 14 of the Veterans' Preference Act of June 27, 1944 (58 Stat. 387); without amendment (Rept. No. 562). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FELLOWS: Committee on the Judiciary. H. R. 649. A bill for the relief of Antonio Belaustegui; without amendment (Rept. No. 559). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 379. A bill for the relief of Kuo Yu Cheng; with an amendment (Rept. No. 560). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. TABER:

H. R. 3791. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes; to the Committee on Appropriations.

By Mr. SIMPSON of Illinois:

H. R. 3792. A bill to provide for the emergency flood-control work made necessary by recent floods, and for other purposes; to the Committee on Public Works.

By Mr. CANNON:

H. R. 3793. A bill to provide for emergency flood-control work made necessary by recent floods, and for other purposes; to the Committee on Public Works.

By Mr. COLE of Missouri:

H. R. 3794. A bill to incorporate National Service Star Legion; to the Committee on the Judiciary.

By Mr. McDONOUGH:

H. R. 3795. A bill to authorize the Federal Works Administrator to design and construct a new Federal office building at Los Angeles, Calif., on land now owned or hereafter acquired by the United States, and for other purposes; to the Committee on Public Works.

By Mr. SASSCER:

H. R. 3796. A bill to exempt from the manufacturers' excise tax certain articles sold to fire-fighting companies not organized for profit; to the Committee on Ways and Means.

By Mr. ALLEN of California:

H. R. 3797. A bill to authorize the official shorthand reporters of the municipal court for the District of Columbia to collect fees for transcripts, and for other purposes; to the Committee on the District of Columbia.

By Mr. MADDEN:

H. R. 3798. A bill to authorize a preliminary examination and survey of the Little Calumet River, Ind. and Ill., for flood control and run-off and water-flow retardation, and for soil-erosion prevention; to the Committee on Public Works.

By Mr. ANDREWS of New York:

H. R. 3799. A bill to authorize the heads of executive departments and independent establishments of the United States Government to grant employees leaves of absence for research and study, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BOGGS of Louisiana:

H. R. 3800. A bill to amend the Surplus Property Act of 1944 to provide that veterans' organizations shall be given a priority in the purchase of surplus property; to the Committee on Expenditures in the Executive Departments.

By Mr. DIRKSEN:

H. R. 3801. A bill to amend the act entitled "An act to create a board of accountancy for the District of Columbia, and for other purposes"; to the Committee on the District of Columbia.

By Mr. KERSTEN of Wisconsin:

H. R. 3802. A bill to amend section 2 of the Migratory Bird Hunting Stamp Act of March 16, 1934 (48 Stat. 451; 16 U. S. C. 718b), as amended; to the Committee on Merchant Marine and Fisheries.

By Mrs. ROGERS of Massachusetts:

H. R. 3803. A bill to amend section 1602 of the Federal Unemployment Tax Act with respect to the allowance of an additional credit against the tax imposed by such act; to the Committee on Ways and Means.

By Mr. RIVERS:

H. R. 3804. A bill to authorize the Secretary of Agriculture to dispose of surplus Irish potatoes; to the Committee on Agriculture.

By Mr. LODGE:

H. J. Res. 215. Joint resolution to enable the President to utilize the appropriations for United States participation in the work of the United Nations Relief and Rehabilitation Administration for meeting administrative expenses of United States Government agencies in connection with United Nations Relief and Rehabilitation Administration liquidation; to the Committee on Foreign Affairs.

By Mrs. ROGERS of Massachusetts:

H. Res. 238. Resolution providing for the consideration of H. R. 3583; to the Committee on Rules.

H. Res. 239. Resolution providing for the consideration of H. R. 3516; to the Committee on Rules.

H. Res. 240. Resolution providing for the consideration of H. R. 3308; to the Committee on Rules.

By Mr. CORBETT:

H. Res. 241. Resolution providing for the printing as a House document the history of the Committee on the Judiciary; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LEONARD W. HALL:

H. R. 3805. A bill for the relief of Thomas A. W. Elder; to the Committee on the Judiciary.

By Mr. KENNEDY:

H. R. 3806. A bill for the relief of the Somerville Dressed Meat Co., of Somerville, Mass.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

623. By Mr. MARTIN of Massachusetts: Petition of William S. Greene Chapter, Disabled American Veterans, urging enactment of H. R. 2716; to the Committee on Veterans' Affairs.

624. By the SPEAKER: Petition of the Maryland State and District of Columbia Federation of Labor, petitioning consideration of their resolution with reference to endorsement of a suffrage bill for the District of Columbia; to the Committee on the District of Columbia.

625. Also, petition of the Council of the City of New York, petitioning consideration of their resolution with reference to entry into the United States of displaced persons; to the Committee on the Judiciary.

626. Also, petition of the Montana Society, Daughters of the American Revolution, petitioning consideration of their resolution with reference to representative government; to the Committee on the Judiciary.