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SENATE

THURSDAY, JUNE 12, 1947

(Legislative day of Monday, April 21, 1947)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Rev. James D. Bryden, assistant minister of the New York Avenue Presbyterian Church, Washington, D. C., offered the following prayer:

O Lord, our God, we confess that we need Thee in the affairs of our country, and do believe that our highest concerns are Thine also. Therefore, we pray, bless the Senate of the United States with light upon the issues here considered. Save us from the old lie that selfishness runs the world, and teach us so to read history that we may never forget that selfishness ruins what it touches.

Promote in us true concern to do Thy will and inform us of its meaning in the daily round of business. Help us as individuals, that we may have margins of strength around our necessities and inner resources more than sufficient to do our duty.

May no darkness hide Thee from us, nor light beguile us ever to forget Thee.

Hear our prayer, for Thy mercy's sake. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, June 11, 1947, was dispensed with, and the Journal was approved.

COMMITTEE MEETINGS DURING SENATE SESSIONS

Mr. WHERRY. Mr. President, I ask unanimous consent that a subcommittee of the Committee on Public Lands and a subcommittee of the Committee on the Judiciary be permitted to sit during the session of the Senate today.

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

Mr. IVES. Mr. President, I make a similar unanimous-consent request that the subcommittee that is engaged in hearings today on proposed legislation against discrimination in employment may be permitted to sit during the session of the Senate.

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

CALL OF THE ROLL

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

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

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

Aiken	Hatch	Morse
Baldwin	Hawkes	Murray
Ball	Hayden	Myers
Barkley	Hickenlooper	O'Conor
Brewster	Hill	O'Mahoney
Bricker	Hoey	Pepper
Bridges	Holland	Reed
Brooks	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	Lucas	Taylor
Cordon	McCarran	Thomas, Okla.
Donnell	McClellan	Tobey
Downey	McFarland	Tydings
Dworshak	McGrath	Umstead
Ecton	McKellar	Vandenberg
Ellender	McMahon	Watkins
Ferguson	Magnuson	Wherry
Flanders	Malone	White
Fulbright	Martin	Wiley
George	Maybank	Williams
Green	Millikin	Wilson
Gurney	Moore	Young

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

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

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

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

The Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

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 PRESIDENT pro tempore. Eighty-seven Senators having responded to their names, a quorum is present.

LEAVE OF ABSENCE

Mr. IVES. Mr. President, I ask unanimous consent that I be granted permission to be absent from the Senate tomorrow and Monday.

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

DEATH OF FORMER SENATOR WALSH, OF MASSACHUSETTS

Mr. SALTONSTALL. Mr. President, I regretfully announce the death of former Senator David I. Walsh. In his passing Massachusetts has lost a worthy and distinguished son, and every Member of this body who served with him at any time during the course of his long and notable career in the Senate has lost a warm and sympathetic friend. His many years of faithful public service to his State and to his country, his profound knowledge of government, his courage and good humor endeared him to his colleagues in Congress as they won for him many close friends in Massachusetts. We all deeply regret his passing. I personally have lost a friend.

Senator Walsh's death ended an outstanding political career, steeped in the best American tradition. The son of immigrant parents of the most modest means, he became a prominent figure in Massachusetts political life at an early age. As one of the youngest men ever to hold that office, he served as Governor of Massachusetts for two terms and was then sent to the United States Senate, where he served 26 years. He could always be counted upon to give a helping hand on matters affecting the welfare of the citizens of his native State and of the Nation, irrespective of party differences.

Senator Walsh, the long-time chairman of the Senate Naval Affairs Committee, will always be remembered as a champion of a strong navy, particularly during the period of the last war when the Navy was our first line of defense.

His contribution to the establishment of the selective-service program and to other high-level policy decisions which helped us win the war highlights his long record of public service. The Navy has lost a good friend and loyal adviser and the Nation an able public servant and fine citizen.

Mr. LODGE. Mr. President, I know that all Members of the Senate were sincerely grieved at the news of the death of Hon. David I. Walsh in Boston yesterday. His career, so full of success and accomplishment, will long be remembered and appreciated. He was repeatedly honored by the people of Massachusetts and had served them in the legislature, as Lieutenant Governor, as Governor, as delegate to the Constitutional Convention, as delegate to many Democratic national conventions, and as United States Senator, where he served for 26 years, and for more than half of that period he was chairman of the Naval Affairs Committee.

It would be impossible to enumerate here all the great questions in which he was involved and all the important contributions which he made to the Nation's welfare during his long and active life, but it is appropriate to recall that one phrase in the Constitution which especially appealed to him was the admonition "to establish justice." This was a watchword with him, as I know from

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frequent personal association—an association of which I shall ever keep a valued and pleasant memory.

He will also be remembered because he sought ever to unify the people and shunned efforts to split up Americans along lines of race or creed or color. In his Senate work he was conscientious, industrious, and earnest. In his outlook on life he was tolerant, broad minded, and humane. He was completely and deeply American.

My heartfelt sympathy goes out to the members of his family. I trust that their thought of his years of service to his fellow men will be a source of strength and comfort to them.

Mr. BARKLEY. Mr. President, I cannot let this moment pass without joining the two Senators from Massachusetts in a word of tribute to our late colleague, Senator Walsh. I served here with him during most of his long tenure in the Senate, in which he preceded me by a short period. During the time when I, and many others of us, if not most of us, served together with Senator Walsh, we experienced and were compelled to become participants in some of the most tragic events in the history of the world. Never during his long service did Senator Walsh desert his own conception of what it was his duty to do in any great crisis that affected his country. He was a man of strong convictions. He was a man who believed in the traditions of American history, and he never hesitated to stand by his own convictions, no matter what the political implications might be or what the political advantages to him or to his party might be considered to be.

It fell to my lot in my service in the Senate to serve with him for a long time on the Committee on Finance, to which he devoted a great deal of his attention, and in whose problems he was tremendously interested, which problems he mastered in large measure in the consideration of fiscal policy both in times of peace and in the days of war. In association with him, not only in that committee but in the Senate and in other relationships between us, I learned to admire his courage, his sincerity, his fidelity, and also his gentility and his deep sympathy for what we might call the underdog in the social and economic strata of our great people.

He was warm-hearted, forceful in debate, sincere in his friendships, and had a deep sense of appreciation and gratitude to those who conferred their friendship and their confidence upon him.

I mourn his death as a personal loss. I express to his friends and family my deep condolence, with the assurance that his memory and his high qualities will long endure with all who served with him and who knew him during his lifetime.

Mr. TYDINGS. Mr. President, I should like to add a brief word of respect tribute upon the passing of Senator Walsh.

During almost my entire service in the Senate I served with him on the Committee on Naval Affairs. From 1932 onward he was the chairman of that committee, and during most of that period I was the ranking majority member. He was very attentive to his duties as chairman of that committee. He had a wide comprehension of naval needs and a thorough understanding of the importance of the duties which devolved upon him as chairman of that committee through the critical years preceding and during World War II.

He was a kindly man, of judicial temperament. I doubt if there was ever a committee of the Congress which held a higher regard for the tolerance and fairness of its chairman than was held by all the members of that committee for Senator Walsh during the 15 or more years he served as chairman of the Committee on Naval Affairs.

I think it can be said in measured words that the great record made by our Navy during the course of World War II was to a very large extent due to the foresight, the painstaking effort, and the splendid leadership of David I. Walsh as chairman of the Committee on Naval Affairs of the Senate. He helped to prepare the Navy for its great task in World War II. The people of Massachusetts have every reason to be proud of the service he rendered here, particularly as chairman of the Committee on Naval Affairs. With his passing the Navy has lost one of the best friends it ever had.

We in the Senate join with Massachusetts and with the members of his family in lamenting his passing, but are comforted with the thought that he lived a full life and left his mark upon the history of our time, and particularly upon the greatness of the United States Navy.

Mr. CHAVEZ. Mr. President, I wish to associate myself with Senators who have spoken so kindly of David I. Walsh. I was acquainted with him for a period of about 30 years. Everything that has been said about him is true. Knowing him as well as we did, we can repeat the words of Shakespeare when he spoke of the dead king: "After life's fitful fever he sleeps well."

Mr. MURRAY. Mr. President, I join my colleagues on both sides of the aisle in eulogizing the memory of our late colleague the distinguished Senator from Massachusetts, David I. Walsh. I was closely associated with him from the time I first came to the Senate. I have in my memory a very vivid recollection of his ability, of his sympathy for the ordinary man, and of the splendid work which he performed in this body.

I feel that I have lost one of my very sincere friends. I join my colleagues in expressing our great regret at his passing.

RATIFICATION OF PROPOSED AMENDMENT TO CONSTITUTION RELATING TO TERM OF OFFICE OF PRESIDENT

The PRESIDENT pro tempore laid before the Senate certified copies of joint resolutions of the Legislatures of the States of Nebraska and Delaware ratifying the proposed amendment to the Constitution of the United States relating to the term of the office of the President, which were ordered to lie on the table.

EXECUTIVE COMMUNICATIONS, ETC.

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

AUDIT REPORT OF RECONSTRUCTION FINANCE CORPORATION AND AFFILIATED COMPANIES

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report of the Reconstruction Finance Corporation and affiliated companies, for the fiscal year ended June 30, 1945 (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

MAXIMUM PRICE OF MOTOR VEHICLES PURCHASED FOR USE IN PHILIPPINES

A letter from the Administrator of the Federal Security Agency, transmitting a draft of proposed legislation 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 (with an accompanying paper); to the Committee on Appropriations.

AUTHORITY FOR PUBLIC HEALTH SERVICE TO MAKE CERTAIN EXPENDITURES

A letter from the Administrator of the Federal Security Agency, transmitting a draft of proposed legislation to amend the Public Health Service Act to permit certain expenditures, and for other purposes (with an accompanying paper); to the Committee on Expenditures in the Executive Departments.

PETITION AND MEMORIAL

A petition and a memorial were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the Maryland State and District of Columbia Federation of Labor, at Baltimore, Md., requesting the President of the United States to veto the so-called Taft-Hartley labor bill; ordered to lie on the table.

By Mr. MORSE:

A joint memorial of the Legislature of the State of Oregon; to the Committee on Public Lands:

"House Joint Memorial 21

"To the Honorable Senate and House of Representatives of the United States of America, in Congress Assembled:

"We, your memorialists, the House of Representatives and the Senate of the State of Oregon, in the forty-fourth regular session assembled, most respectfully represent and petition as follows:

"Whereas many Indians from various tribes gather at and in the vicinity of Celilo Falls on the Columbia River, located in Wasco County, State of Oregon, to fish at said Celilo Falls on said Columbia River and elsewhere; and

"Whereas these rights of the Indians to fish have existed and have been continued and maintained for many generations, and granted to said Indians under the treaty of June 9, 1855, with the Government of the United States of America and otherwise, and are the principal source of livelihood and food for many of said Indians; and

"Whereas said fishing operations by said Indians are a valuable source of attraction to thousands of motorists and tourists annually as they drive along the Columbia River Highway, since these fishing grounds are adjacent to said highway, and said motorists and tourists usually stop and view and visit them; and

"Whereas the present buildings for many years past used by said Indians at said Celilo Falls are entirely inadequate, insanitary, unsightly, and very dangerous not only to said Indians who are compelled to use them, but also to the traveling public, and are without sewer connections or disposal or water supply whatsoever, which leaves a bad impression on out-of-State tourists as well as to jeopardize the health and welfare of said Indians who must dwell there; and

"Whereas the United States Department of Indian Affairs is the appropriate and responsible governmental agency to relieve and remedy this deplorable and long-endured situation; and

"Whereas the Columbia River Indians have long lived at Celilo Village and are without any reservation such as other Indian tribes enjoy and their long and continued residence there makes them familiar with conditions at and near Celilo Falls and Celilo Village: Now, therefore, be it

"*Resolved by the House of Representatives of the State of Oregon (the senate jointly concurring)*, That we, your memorialists, the Forty-fourth Legislative Assembly of the State of Oregon, hereby do petition and request the Congress of the United States of America to take the proper steps to immediately have removed the shacks and filth in the present Indian quarter on that certain 7½ acres of Government land at Celilo Village in said county and State, and to have properly and adequately constructed, suitable, and appropriate buildings and dwellings for the use of said Indians, as well as an adequate pure and sanitary water supply; also an adequate sewer system and/or sewage-disposal system to take care of each building and/or dwelling, as well as properly equipped rest rooms, containing wash basins, urinals, toilets, and shower baths, for the use of both said Indian village as well as the tourists and general public on the adjacent Columbia River Highway.

"Adopted by house April 3, 1947.

"Adopted by senate April 4, 1947."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GURNEY, from the Committee on Armed Services:

S. 1218. A bill to stimulate volunteer enlistments in the Regular Military Establishment of the United States; with amendments (Rept. No. 262).

By Mr. BRICKER, from the Committee on Banking and Currency:

S. J. Res. 125. Joint resolution to strengthen the common defense and to meet industrial needs for tin by providing for the maintenance of a domestic tin-smelting industry; without amendment (Rept. No. 263).

By Mr. REED, from the Committee on Interstate and Foreign Commerce:

S. 1297. A bill to extend certain powers of the President under title III of the Second War Powers Act; with an amendment (Rept. No. 264).

By Mr. WILEY, from the Committee on the Judiciary:

S. J. Res. 122. Joint resolution consenting to an interstate oil compact to conserve oil and gas; without amendment (Rept. No. 265).

By Mr. VANDENBERG, from the Committee on Foreign Relations:

S. J. Res. 124. 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; without amendment (Rept. No. 266).

By Mr. TAFT, from the Committee on Labor and Public Welfare:

S. 1056. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, so as to permit adjustment of benefits authorized by section 1506 thereof and similar benefits extended by governments allied with the United States in World War II; with amendments (Rept. No. 267);

S. 1392. A bill to prescribe certain dates for the purpose of determining eligibility of veterans for vocational rehabilitation, and for education, training, guaranty of loans, and readjustment allowances under the Servicemen's Readjustment Act of 1944, as amended; without amendment (Rept. No. 268); and

H. R. 2368. A bill to amend paragraph 8 of part VII, Veterans Regulation No. 1 (a), as amended, to authorize an appropriation of $3,000,000 as a revolving fund in lieu of $1,500,000 now authorized, and for other purposes; without amendment (Rept. No. 269).

CONTRIBUTIONS TO LOCAL GOVERNMENTS ON ACCOUNT OF NONTAXABLE FEDERAL LANDS—REPORT OF A COMMITTEE

Mr. CORDON, from the Committee on Public Lands, submitted a report of an investigation of contributions to local governments on account of nontaxable Federal lands, which was ordered to be printed as Senate Report No. 270.

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. LANGER, from the Joint Select Committee on the Disposition of Executive Papers, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted a report thereon pursuant to law.

PRINTING OF REPORT ON PAONIA FEDERAL RECLAMATION PROJECT, COLORADO (S. DOC. NO. 61)

Mr. MILLIKIN. Mr. President, I ask unanimous consent to present a report on the Paonia Federal reclamation project, Colorado, by the regional director of the Bureau of Reclamation, region 4, as concurred in by the Commissioner of Reclamation and the Secretary of the Interior, and I request that it be printed as a Senate document, with an illustration.

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

PERSONS EMPLOYED BY COMMITTEES WHO ARE NOT FULL-TIME SENATE OR COMMITTEE EMPLOYEES

The PRESIDENT pro tempore laid before the Senate a report for the month of April 1947, from the chairman of a certain committee, in response to Senate Resolution 319 (78th Cong.), relative to persons employed by committees who are not full-time employees of the Senate or any committee thereof, which was ordered to lie on the table and to be printed in the RECORD, as follows:

SPECIAL COMMITTEE INVESTIGATING THE NATIONAL DEFENSE PROGRAM,
June 1947.

To the Senate:

The above-mentioned committee hereby submits the following report showing the name of a person employed by the committee who is not a full-time employee of the Senate or of the committee for the month of April 1947, in compliance with the terms of Senate Resolution 319, agreed to August 23, 1944:

W. Harold Lane to April 18, 1947, 1436 North Inglewood Arlington, Va., Bureau of Internal Revenue; annual salary $7,102.20.

OWEN BREWSTER,
Chairman.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. MILLIKIN, from the Committee on Finance:

John Price Gregg, of Oregon, to be a member of the United States Tariff Commission for the term expiring June 16, 1953 (reappointment).

By Mr. WHITE, from the Committee on Interstate and Foreign Commerce:

Sundry employees for promotion in the Coast and Geodetic Survey.

By Mr. TAFT, from the Committee on Labor and Public Welfare:

Sundry candidates for appointment in the Regular Corps of the Public Health Service.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. MYERS:

S. 1431. A bill for the relief of Mrs. Edna Mary Jakimowicz; to the Committee on the Judiciary.

(Mr. BUTLER introduced Senate bill 1432, to provide for the sale for domestic use of certain fertilizer produced in plants operated by the War Department, which was referred to the Committee on Armed Services, and appears under a separate heading.)

By Mr. BREWSTER (by request):

S. 1433. A bill to provide for the establishment of a Temporary National Air Policy Board; to the Committee on Interstate and Foreign Commerce.

By Mr. ECTON:

S. 1434. A bill for the relief of Royal C. Brown; to the Committee on the Judiciary.

S. 1435. A bill to establish a commission to determine the competency of members of the Crow Indian Tribe; to the Committee on Public Lands.

(Mr. JENNER introduced Senate Joint Resolution 128, to provide for designation of the Veterans' Administration hospital at Fort Wayne, Ind., as the "Thomas Lau Suedhoff Memorial Hospital," which was referred to the Committee on Labor and Public Welfare, and appears under a separate heading.)

DOMESTIC USE OF CERTAIN FERTILIZER

Mr. BUTLER. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill to provide for the sale for domestic use of certain fertilizer produced in plants operated by the War Department.

This bill is designed to help meet the urgent needs of American farmers in the Middle West and elsewhere for some additional supplies of fertilizer for the current season.

In my own State of Nebraska the Army is at present manufacturing fertilizer, and then shipping it thousands of miles across land and water to the countries occupied by American armed forces. At the very same time, there is an urgent need for additional fertilizer by the farmers of Nebraska and other States. The farmers feel that they have produced to the limit all during the war and have seriously depleted the fertility of their soils by doing so. Now they are still being asked to continue this maximum production to feed the starving people of foreign countries, but at the same time the fertilizer they must have for this production is being taken away from them and shipped abroad. During the war they could understand the necessity for doing without. Now the war has been over almost 2 years. They realize our responsibilities to foreign countries; but they feel that they, too, should receive some consideration.

I have taken this problem up with a number of Government officials, requesting that some steps be taken to meet this pressing need at home. In particular, I have suggested that just 1 or 2

weeks of the output of the Grand Island, Nebr., plant should be made available to our farmers. I have pointed out that our need is particularly urgent during this next month, and I have suggested that if we could have a small additional supply right now we would gladly agree to accepting it on a loan basis with repayment of equivalent quantities to the foreign-assistance program later on. Dr. Steelman and the others with whom I have talked have given me a courteous hearing, but have categorically refused to accept any of my proposals.

For that reason, I am introducing this bill which would require diversion of only 2 weeks of the Army output to American agriculture. I hope it will be possible for the bill to receive prompt consideration.

There being no objection, the bill (S. 1432) to provide for the sale for domestic use of certain fertilizer produced in plants operated by the War Department, introduced by Mr. BUTLER, was received, read twice by its title, and referred to the Committee on Armed Services.

DESIGNATION OF VETERANS' ADMINISTRATION HOSPITAL, FORT WAYNE, IND., AS THOMAS LAU SUEDHOFF MEMORIAL HOSPITAL

Mr. JENNER. Mr. President, I ask unanimous consent to introduce for appropriate reference a joint resolution to provide for designation of the Veterans' Administration Hospital at Fort Wayne, Ind., as the Thomas Lau Suedhoff Memorial Hospital, and I request consent to present for appropriate reference and to have printed in the RECORD a resolution adopted by the David Parrish Post, No. 296, the American Legion, Department of Indiana, endorsing the joint resolution I have just introduced.

The PRESIDENT pro tempore. Without objection, the joint resolution will be received and appropriately referred, and, without objection, the resolution will be appropriately referred and printed in the RECORD.

There being no objection, the joint resolution (S. J. Res. 128) to provide for designation of the Veterans' Administration hospital at Fort Wayne, Ind., as the Thomas Lau Suedhoff Memorial Hospital, introduced by Mr. JENNER, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The resolution presented by Mr. JENNER was received, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Whereas there is to be established a veterans' hospital in Fort Wayne, Allen County, Ind., and such hospital will have the status of a memorial hospital bearing the name of a dead comrade; and

Whereas this American Legion post believes that said memorial hospital should be named after one of Fort Wayne's own war dead; and

Whereas Staff Sgt. Thomas Lau Suedhoff died on October 13, 1944, a hero's death as a result of wounds received in combat La Region De Lyon while establishing a road block on a main highway on the east side of the Rhone River near Valence, France, and who was many times decorated for heroic and meritorious service, and who was the first soldier of World War II from Indiana to receive a Bronze Star, and who received many other decorations, including the Silver Star, Purple Heart, Combat Infantry Badge, Good Conduct Medal, Croix de Guerre Bronze Star, Presidential citation with extra cluster, and Bronze Arrowhead for D-day spearheading in southern France; and

Whereas David Parrish Post, No. 296, the American Legion, Department of Indiana, is proud to remember Staff Sgt. Thomas Lau Suedhoff as a gallant and brave soldier who gave everything for his country, and who made the supreme sacrifice: Now, therefore, be it

Resolved, That David Parrish Post, No. 296, the American Legion, Department of Indiana, go on record recommending that said veterans' hospital to be erected in Fort Wayne, Ind., be named the Thomas Lau Suedhoff Memorial Hospital;

That a copy of this resolution be spread upon the minutes of this organization and that copies be forwarded to Senators and Representatives from the State of Indiana.

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

Mr. TAYLOR submitted amendments intended to be proposed by him to the bill (S. 110) to amend the Interstate Commerce Act with respect to certain agreements between carriers, which were ordered to lie on the table and to be printed.

APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, AND JUDICIARY—AMENDMENT

Mr. GREEN submitted an amendment intended to be proposed by him to the bill (H. R. 3311) making appropriations for the Departments of State, Justice, and Commerce, and the Judiciary, for the fiscal year ending June 30, 1948, and for other purposes, which was referred to the Committee on Appropriations, and ordered to be printed, as follows:

On page 4, between lines 15 and 16, insert a new paragraph as follows:

"North Atlantic fisheries: For necessary expenses of surveys, discussions, and other preliminary activities incident to the negotiation of an international agreement relating to conservation of the North Atlantic fisheries, $25,000."

FLOOD DISASTERS IN THE MISSOURI RIVER BASIN

Mr. MURRAY. Mr. President, during the past few days the press of the Nation has been graphically describing a flood story of stark tragedy, human suffering, destruction of property, and destruction of the agricultural business, and industrial life in the great Missouri River Basin. Flood disasters in the Missouri Valley have been recurring with such frequency that we outside the valley take the news as a matter of course. We in the Congress are not quickened into action as we should be by the tragic report which came over the Associated Press wire yesterday in the following words:

HANNIBAL, MO., June 9.—Spilling over levees at several points, the Mississippi River and its tributaries surged to record high levels and left an estimated 22,240 persons homeless in a four-State area. Approximately 26,000 acres of farm land between Wapello, Iowa, and St. Louis were under water, and an additional 120,000 acres on the Illinois side were threatened with inundation. Rail traffic between St. Louis and Burlington, Iowa, had been halted, and highways were closed in flood areas along the river. * * * The American Red Cross had 50 staff workers and about 600 volunteers in the flooded area.

And the following report appears in this morning's paper:

ST. LOUIS, June 11.—The prospect of additional rain in the Missouri River watershed worsened the outlook along the flooding river in central Missouri today. * * * Army engineers, Government agencies, and the Red Cross estimated the Missouri and the Mississippi already had flooded 1,000,000 acres in the two States (Missouri and northern Illinois), adding 5,700 homeless to the total of 18,500 driven from their homes by other floods in Iowa and Nebraska. Further inundation was predicted as the Missouri and Mississippi crests moved toward the confluence of the two rivers about 20 miles north of here.

Mr. President, much is hidden from us by this short, terse description of the devastating flood now sweeping uncontrolled down the tributaries of the upper Mississippi and Missouri, rushing at torrent speed down the high-diked channel of the main river, breaking levees and carrying before it human beings, livestock, farm buildings, machinery, provisions, feed, newly planted crops and costly fertilizer, and worst of all, washing off the valuable productive topsoil of hundreds of thousands of acres, destroying the lifetime toil of thousands of good, honest, hardworking and frugal American citizens.

Let such a report come to us from war-ravaged Europe these days, and Congress would spring into action and send aid to the stricken area to meet the calamity. But such disaster may come again and again to that vast area of the Missouri-Mississippi Basin, and the Congress of the United States and its committees, satiated with the propaganda of the interests who for years have blocked solutions, seem to accept the news as relating just another horrifying chapter in the long history of flood tragedies inflicted on that sadly neglected region—a region which through sound integrated planning of river development and flood control could be a great, rich, well-balanced inland empire safe and secure from such recurring disasters.

When we realize that this problem of controlling the floods, conserving the soil, reclaiming the lands, and developing the resources of that area, it is clear that the Congress and the Government of the United States are collectively responsible for providing a program to prevent the destruction visited upon our fellow citizens in the Missouri River Basin. It has long been within our power to take the necessary steps to make such recurring floods impossible. We could have enacted legislation as proposed in the Missouri Valley Authority bill, S. 1156, and its predecessors offered for the past several years, which would have developed a unified program of flood control and river-basin development for the whole Missouri River area.

Instead, we have deliberately chosen to ignore the interrelated character of the problem and proceeded in the antiquated and discredited piecemeal method of divided responsibility. We meet the emergencies as they come and have no long-range, completely integrated

method of treating the river as a single entire problem. We order the Army engineers to build main-stream dams and levees to prevent floods which are largely uncontrollable when once they have begun to rush on down the main river. We order the Bureau of Reclamation to build upstream dams and carry on irrigation works calculated to store waters and use them on the land irrespective of the effect of that program on the downstream conditions producing floods and destruction. But we provide in no way for the unification of their efforts.

No one agency is responsible for really effective flood control. That control begins away back on the land where each drop of water should be controlled and utilized, but here the Army engineers have no responsibility or authority and no professional interest. Neither has the Bureau of Reclamation, for that agency is not in the business of assisting farmers to so organize their pattern of crops and soil-erosion control as to prevent harmful water run-offs.

Nor can either agency conduct forestation and reforestation programs which are essential to the prevention of floods, for this work is the sole responsibility of the Department of Agriculture. But that Department is hindered in accomplishing these essential purposes by meager budgets, and by lack of any comprehensive unified program of action. It consequently makes relatively feeble thrusts at the land, accomplishing on an infinitesimal scale what would have to be projected many thousandfold to be sufficient to do its part in preventing floods.

But the real reason why floods go on unabated, why loss of life and property in the Missouri Valley occurs so often, is that we have not taken the steps to appropriate adequate funds and tie together the abilities and resources of these several Federal agencies in a unified program under a single authority with power to reconcile their several interests, and combine their diverse activities into an effective attack on flood control.

I repeat again, no piecemeal methods, no emergency attacks on this horrible destructive monster, flood, will bring raging waters under control.

Flood-controlled rivers can be the Nation's greatest asset. Their full control can never be achieved by continuing the present program of building dams and levees in the main river channel. As has been amply proved by the experience in the TVA, to control water it is essential to start way back from the rivers and their main tributaries, up on the hills and slopes where the raindrops fall. It is there where raindrops exert their first influence on the land, where they begin to collect to form run-off. And it is there that the first important steps must be taken to prevent floods, to turn these raindrops into benefits to mankind.

Combine a program of land, forest, and water conservation with a system of check dams on the smaller tributaries and multiple-purpose dams on the larger streams and waters will flow downstream under control, no matter what the vagaries of climate and Nature may attempt to dictate. These are sound engineering facts I am relating. There are Senators in this body today who can recall vividly the recurring loss of life and property in the seasonal and flash floods of the Tennessee Valley, floods which were only stopped, and effectively stopped for all time, by the development of the unified program of resources conservation and flood control ushered in with the establishment of the TVA.

Here is proof positive that periodic raging rivers can be controlled by man's action. But this only happened after long years of experience with repeated failure of piecemeal methods of control under the supervision of separate independent and ofttimes conflicting agencies. That antiquated system was finally rejected when the Congress acted to establish a single and inclusive program of river-basin development, under the TVA, which has become recognized as one of the great achievements of the Nation to be copied by other countries throughout the world.

Mr. President, we cannot afford any longer to go on diking up the Missouri River until its stream flows artificially higher than the surrounding land, trusting to Fate that flood crests of its tributaries will not converge at one time in the main stream to break these flimsy artificial boundaries and spill that great river torrent out onto the land, destroying prosperous communities along its banks. Many hundreds of thousands of people live in yearly terror of such an eventuality.

The solution of this problem is clear. It has been demonstrated in the TVA. For us to sit supinely by, trusting to luck and to the hope that the Army engineers are on the job and the other Federal agencies will cooperate is just a snare and a delusion.

The Flood Control Act of 1944 and its limited appropriations constitute no real remedy for preventing floods in the Missouri Basin.

We in the Congress are all too prone to pass an act which has a high-sounding purpose, declared in its title, and then assume that our duty has been discharged and forever afterward our great river systems will be controlled. We must realize that the Flood Control Act of 1944 failed to control the 1946 floods on the Missouri and its tributaries. Nor would such floods be eliminated, according to the plans of the Army Engineers, even if Congress made all appropriations asked for from year to year, until about 1965. Twenty years more of fear, suffering, loss of life and property await the residents of the Missouri River Basin if the plan envisaged in the Flood Control Act of 1944 is carried out to completion on time.

What do we have to offer the people of that vast region during these next 20 years—more floods, hitting in unpredictable places without warning?

The people of the Missouri Valley States are not content with that sort of an answer to their problem, Mr. President. Their dissatisfaction with the Flood Control Act of 1944 grows as its initial pattern unfolds before them. Protests from Missouri are mounting against the Army engineers' plan to build a huge dam in the western part of the State and flood vast acres of highly fertile land. From Kansas comes a report that the proposed dams are meeting with marked disfavor from farmers and townspeople alike. Nebraska, Iowa, and Minnesota show deep concern for needed development of hydroelectric power not contemplated in the program of development under the Flood Control Act. The specific projects to be launched in both North and South Dakota are opposed by citizens from all walks of life who consider them detrimental to the best interests of these States. And in Montana, Wyoming, and Colorado the regional committee for the MVA has exploded the Pick-Sloan plan because of its inadequate consideration of the headwater storage problems and the almost total disregard of forestation and land-control problems in the area.

Mr. President, the initial steps being taken to launch the programs of flood control proposed in the act of 1944 are far too uncertain in their consequences for us to permit them to go forward without a careful appraisal on the ground, where the people themselves may be heard, and where the actual and proposed installations can be considered in relationship to each other. Field hearings on flood control and resources development proposals are essential to a proper understanding of such matters.

This present flood situation is so serious, and is indicative of such future hazards for our people, that I am constrained to urge upon this busy Congress the necessity of early study of a Missouri Valley Authority patterned on the TVA.

Moreover, the present disastrous floods are so widespread in their effects, and so symptomatic of even greater imminent danger to our people and their property, that this Congress should make every effort to ascertain all the facts and seek immediate and appropriate measures to prevent any more floods in the Missouri Valley. Accordingly, I am submitting a resolution calling upon the Public Works Committee, or an appropriate subcommittee thereof, to proceed at once with field investigations and hearings calculated to produce all the essential facts descriptive of the present flood and its causes, and the present conditions of the Missouri River Basin which may cause similar or more serious floods in the unpredictable future, together with such recommendations for action as will prevent such fatal occurrences. The resolution also urges the formulation of an appropriate program of rehabilitation whereby these farmers and townspeople who have been brought to the brink of ruin through no fault of their own shall be assisted to reestablish themselves once more, as speedily as possible and on terms which shall not prove onerous or unfair.

Mr. President, I ask unanimous consent to submit for appropriate reference a resolution for the purposes which I have outlined.

There being no objection, the resolution (S. Res. 125) was received and referred to the Committee on Public Works, as follows:

Resolved, That the Senate Committee on Public Works, or any duly authorized subcommittee thereof, is hereby authorized and

directed to conduct a full and complete study and investigation with respect to (1) the causes of the recent floods in the Missouri River Basin and the Mississippi River Basin and (2) the extent of the damage to the inundated areas and of the injury to the victims inflicted by such floods. Such study and investigation shall be conducted with a view to formulating a program for the prevention of the recurrence of such floods and plans for the rehabilitation of the areas inundated and for the relief of the victims of the floods.

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

SEC. 3. In carrying out the study and investigation, hearings shall be held in the area affected by the floods. For the purpose of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable. The expenses of the committee under this resolution, which shall not exceed $15,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. MURRAY. Mr. President, in connection with my remarks, I ask to have printed in the RECORD a statement bearing on this subject recently prepared by the American National Red Cross.

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

JUNE 11, 1947.

With thousands homeless as a result of floods in the Middle Western States the American Red Cross has dispatched large numbers of experienced disaster relief workers from its area headquarters in St. Louis and elsewhere to affected districts so that they might augment local Red Cross chapter workers and assist in coordinating and directing relief operations.

In Missouri where at least 3,200 persons are said to be homeless, reports to Red Cross indicated that six levees are expected to go. These levees are Franklin Island Levee opposite Boonville; the Boone County Levee; the Capitol Levee; the Hartsburg Levee; the Wainwright Levee; and the Rievaux Levee. These are six of the major levees between Boonville and St. Charles. Latest reports to the Red Cross indicated that the flood crest on the Missouri and the floodcrest on the Mississippi may converge near Alton, Ill., at about the same time but this is as yet by no means a definite certainty.

Flooding of the Grand River, tributary of the Missouri, has called forth Red Cross disaster workers in Livingston County, in addition to those in other areas of the State.

All Red Cross chapters from Boonville to Jefferson City have been alerted for possible action as has also the St. Charles County chapter lying at the confluence of the Missouri and Mississippi Rivers. At Boonville a crest of 29.3 feet was recorded which is 1½ feet less than in 1944. At the present time three Red Cross representatives are making a survey of the affected area along the Missouri and Grand Rivers. The results of this survey are not expected to be available until tomorrow, Thursday. Reports so far indicate that approximately 1,000,000 acres have been flooded by the Missouri, Mississippi and Grand Rivers. Of these approximately half are reported to lie between Glasgow and Boonville along the Missouri.

Four counties in eastern Nebraska have also been affected by minor floods. They are Ashland, Saunders, Cass, and Lancaster. Two Red Cross workers have been sent in to assist chapter workers in providing food and shelter for the homeless and to initiate the usual Red Cross post disaster rehabilitation.

Mr. MURRAY. Mr. President, I also ask that a series of press reports bearing on the same subject be printed in the RECORD at this point.

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

[From the Washington Post of June 10, 1947]

26,000 ACRES UNDER WATER—MISSISSIPPI AND TRIBUTARIES DRIVE 22,240 FROM HOMES

HANNIBAL, Mo., June 9.—Spilling over levees at several points, the Mississippi River and its tributaries surged to record high levels and left an estimated 22,240 persons homeless in a four-State area.

Approximately 26,000 acres of farmland between Wapello, Iowa, and St. Louis were under water, and an additional 120,000 acres on the Illinois side were threatened with inundation.

The muddy waters reached into several river communities.

Downstream from St. Louis a further rise of up to 5 feet was forecast by the Government Weather Bureau, which added that in that area "it will hardly be a major flood in the sense of the 1943 and 1944 floods."

Rail traffic between St. Louis and Burlington, Iowa, had been halted, and highways were closed in flood areas along the river.

United States Army engineers and the Coast Guard had every available worker on the job, and the American Red Cross had 50 staff workers and about 600 volunteers in the flooded area.

Water was 8 to 10 feet deep in the village of Alexandria, Mo., near the Iowa line, and the Coast Guard said a survey from the air showed the little town "completely flooded with only the rooftops showing." The residents all had been moved out when a levee break flooded the community.

In Hannibal, one block of the main street and the Chicago, Burlington & Quincy Railroad yards were under water. The Coast Guard reported farms flooded under 8 feet of water north of Hannibal.

The Alexandria levee failure eased the flood situation at Canton, Mo., somewhat and the water was receding after about half of the city had been inundated. The municipal light and power plant, still surrounded by water, continued to operate. About 125 persons still were unable to return to their homes.

At Quincy, Ill., where the river reached a record stage of 23.6 feet, railroad yards in the water-front area were flooded, but the town itself, situated on a bluff, was not endangered. Several persons were forced from their homes in South Quincy.

Col. W. M. Leaf, district Army engineer at Rock Island, Ill., said the Mississippi was cresting north of Hannibal but that the danger remains great.

"Our heaviest fight now is to save the levee at Pike County, Ill., across from Hannibal," he said. About 120,000 acres were threatened with inundation in this area, he said.

EIGHT LEVEE BREAKS LISTED

The Army Engineers reported eight levee breaks between Wapello, Iowa, and Louisiana, Mo., as follows: Two at the mouth of Iowa River near Wapello, 1,200 acres flooded; at St. Francisville, Mo., 1,000 acres; South Quincy, Ill., 5,500 acres; near the mouth of the Des Moines River, 11,000 acres; two private levee breaks between Clarksville and Annada, Mo., 3,500 acres; and Marion County, Mo., 4,000 acres.

At St. Louis, the midwestern area headquarters of the Red Cross estimated the number of persons forced from their homes at 2,540 in Nebraska, 2,400 in Missouri, 1,300 in Illinois, the number of homeless in Iowa, where the city of Ottumwa was hard hit, was estimated at 16,000.

The Red Cross said its latest report from Nebraska, where several small tributaries of the Missouri River in the eastern part of the State overflowed, was that the situation was easing in that area.

The crest of the Missouri River flood, farthest west in Missouri, was reported nearing Waverly with a stage of 22.5 feet, 4½ feet over the banks.

The Grand River was at 23.6 feet at its mouth near Brunswick, Mo., but was receding further upstream.

[From the Washington Post of June 12, 1947]

NEW FLOODS FEARED AS CRESTS NEAR CONFLUENCE OF TWO RIVERS

ST. LOUIS, June 11.—The prospect of additional rain in the Missouri River watershed worsened the outlook along the flooding river in central Missouri today, but the flood picture improved gradually in northeastern Missouri and northern Illinois.

Army engineers, Government agencies, and the Red Cross estimated the Missouri and the Mississippi already had flooded a million acres in the two States, adding 5,700 homeless to the total of 18,500 driven from their homes by other floods in Iowa and Nebraska.

Further inundation was predicted as the Missouri and Mississippi crests moved toward the confluence of the two rivers about 20 miles north of here.

The Red Cross reported it had alerted all its chapters along the Missouri River between the State capital at Jefferson City and Boonville.

Further levee breaks were anticipated on the Missouri.

More than a half million acres were under water in this area and along tributaries to the north but the only evacuations reported thus far were 20 families at Glasgow and two in Jefferson City. The capitol and other public buildings were safe on high ground.

The Missouri was 7 feet above flood level at Boonville, but still a foot below the 1944 flood peak and had risen only a tenth of a foot in 24 hours as the crest approached.

Federal Meteorologist Harry F. Wahlgren said that while the Mississippi probably would be 5 feet above flood stage when it crests here some time Friday, he did not believe the rising waters would cause any great amount of damage.

The Missouri was 4.5 feet above flood stage today at St. Charles, Mo., near the point where it empties into the Mississippi and it was expected to crest a foot and a half higher tomorrow, Wahlgren said.

ONE HUNDRED AND NINETY PERSONS REMOVED

Stages along the Mississippi below St. Louis rose steadily and farmers as far away as Cairo, Ill., and Cape Girardeau, Mo., 122 miles south of here, prepared to evacuate if necessary.

The Red Cross reported 190 persons were removed by boats from Kaskaskia and Crane islands in the Mississippi below here.

The Mississippi had dropped a foot in the last 24 hours along the 80-mile stretch below Keokuk, Iowa, where much of the damage occurred. Alexander, Mo., remained completely flooded and parts of Canton and Hannibal, Mo., still were under water, but the worst was believed past.

[From the Washington Post of June 11, 1947]

FLOODWATERS OF MISSOURI STILL RAMPANT

HANNIBAL, Mo., June 10.—The Missouri River crumbled levees and poured torrents of muddy water over hundreds of thousands of acres in north central Missouri today, but the swollen Mississippi was leveling off in the hard-hit sector north of here as its crest moved downstream.

Col. W. E. Potter, district Army engineer at Kansas City, estimated in a report telephoned from Glasgow, Mo., that 1,000,000 acres had been inundated by the rampant Missouri and its tributaries in the rich farming district of north central Missouri.

The midwestern area headquarters of the American Red Cross said another 2,200 per-

sons had fled their homes in Missouri and Illinois, bringing to about 5,700 the number of homeless in the 2 States.

Red Cross officials estimated that 16,000 persons were homeless in Iowa, bringing the three-State total to 21,700. Some of these were expected to return to their homes as flood waters receded in the Des Moines River valley.

Meanwhile, lowland residents below the confluence of the Missouri and Mississippi Rivers, near Alton, Ill., were threatened with a repetition of the flood of last April.

In north central Missouri, Colonel Potter reported that about 500,000 acres of the flooded farm land was in the Glasgow-Boonville area. He said that only six levees were still standing in that area and that five of these were expected to break momentarily.

Five hundred weary workers continued their fight to save a 60-mile section of levee in Pike County, Ill., across the Mississippi from Hannibal, with more than 100,000 acres in danger of going under. The upper section of the dike was reported by Army engineers to be in a critical condition.

The muddy waters remained in parts of several river towns, including Hannibal, Canton, and Alexandria, Mo., and the Red Cross said the towns of Annada, Mo., and Meyer, Ill., were being evacuated.

Army engineers reported two new levee failures, one at Riverland, Mo., inundating 5,900 acres and another near Kissinger, Mo., flooding 2,300 acres, and revised upward to more than 39,000 their estimate of the number of acres flooded between Wapello, Iowa, and St. Louis.

The Missouri division of health urged immunization against typhoid of persons in the flood area, and said adequate supplies of vaccine were available at local health offices.

SIXTEEN THOUSAND DRIVEN FROM HOMES BY FLOODS IN IOWA—OTTUMWA INUNDATED—SEVEN LOSE LIVES—MAJOR RISE PREDICTED ON MISSISSIPPI RIVER

GREAT LAKES, ILL., June 7.—Naval Reserve units in St. Louis, Quincy, Ill., and Burlington, Iowa., were alerted tonight for possible flood duty as the Mississippi River neared record stages along the eastern borders of Iowa and northern Missouri. Vice Adm. G. D. Murray, commander of the Ninth Naval District, instructed the units to be prepared to operate as requested by the commander of the second Coast Guard area, St. Louis. The One Hundred and Thirty-eighth Infantry of the Missouri National Guard was awaiting an alert order from Jefferson City.

OTTUMWA, IOWA, June 7.—Seven persons have perished as a result of the Des Moines River flood in this southeastern Iowa city and more than 16,000 persons have been driven from their homes.

As the river rose to a record high and water swept through second-story windows of some homes, Joe Griffin, Red Cross disaster chairman here, estimated today that one-third of the residents of this city of 32,000 persons were homeless.

Five persons drowned when their boat was smashed in the swift current. Herschel Loveless, in charge of flood rescue work, said no attempt would be made to recover the unidentified bodies until the water recedes. Three children and two women were in the boat.

Mrs. Pauline Williamson, 30 years old, died of shock and exposure on her way to a hospital, and Mrs. Charles Saunders, 58, Ottumwa, drowned when she apparently fell down in trying to make her way to safe ground.

About 2,000 persons were stranded during the day, and rescue operations are continuing.

With the power off, part of the business section under water and such big plants as the John Deere farm equipment and Morrell meat-packing plants flooded, business in this industrial city was virtually at a standstill.

Residents obtained drinking water at Red Cross headquarters and various stations about the city.

Electric light service was restored in most sections at 8 p. m. more than 20 hours after the power plant was flooded. Service was resumed when electrical crews cleared a short circuit in a cable on a dike at the edge of the city.

H. A. Brown, superintendent of the city waterworks, said the river would have to drop about 8 inches before the city could supply its residents with drinking water.

Enough typhoid vaccine to immunize 2,200 persons was flown here from Des Moines.

Nearly every home in a low south side residential district was under water, Griffin reported.

The flood reached its crest at 20.4 feet, held firm for several hours and then began falling.

In all, 11 lives have been lost in floods in Iowa this week.

There were other stricken areas, too, and forecasts of more flooding to come.

MAJOR FLOOD PREDICTED

A major flood on the Mississippi River, bordering Iowa on the east, was predicted for Monday by the Weather Bureau in Des Moines. The expected danger spot was the stretch from Keokuk, Iowa, to Quincy, Ill., and Hannibal, Mo.

The Mississippi was expected to reach stages of a foot to a foot and a half higher than the disastrous 1944 floods. Stages of 24 to 25 feet were forecast for Quincy and Hannibal Monday and Tuesday, and 20 to 21 feet at Keokuk.

Already the Mississippi had flooded a third of Canton, Mo., and driven at least 600 persons from their homes, the Red Cross reported. The stage of 19 feet at Canton at noon was only .65 foot below the record set in 1944. Workers began sandbagging the municipal light and water plant.

The Iowa and Mississippi Rivers were rising in Iowa and spilling over fertile farm land and across the State, on the western border, the Missouri and Nishnabotna were flowing into Hamburg, Iowa, and over other farm lands.

South of here in Missouri several rivers were at record 38-year stages and continuing to rise. A man drowned near Bethany, Mo., when trying to swim a creek.

ONE HUNDRED AND THIRTY-SEVEN SHELTERED AT HANNIBAL

In addition to the approximately 150 families driven from their homes at Canton, 137 persons are being sheltered at Hannibal, according to the Red Cross.

About 630 persons were leaving their homes in the face of the flood at Alexandria, Mo., in Clark County, north of Canton, as the town was ordered evacuated.

The Ottumwa (Iowa) Courier maintained a 99-year record of unbroken service in publishing a newspaper with the assistance of the Daily Times of Davenport, 100 air miles away.

With electric power paralyzed in the Ottumwa area, due to floods, the Times received special dispatches from Ottumwa by telephone and over the Iowa Associated Press wirephoto network from Courier reporters.

Pictures were flown to Davenport by plane and with those taken from the Associated Press network, a four-page edition was printed on Times presses and flown to the Ottumwa municipal airport.

The Times and Courier are members of the Lee Syndicate.

NORTHERN MISSOURI STREAMS AT RECORD HEIGHTS

KANSAS CITY, MO., June 7.—Flood waters sent northern Missouri streams to record stages today. Chillicothe was almost isolated by the rampaging Grand River and other streams in the area, and the Kansas City Weather Bureau issued flood warnings for residents and farmers along the Missouri River from St. Joseph down to the mouth.

The bureau predicted a stage of 27 feet at Boonville by next Tuesday, which probably will overflow United States Highway 40 on the north side of the Boonville bridge.

Virtually all avenues of approach to Chillicothe were blocked by flood waters. United States highways 36 and 65 which unite south of the city, were under water for several miles. No busses had left the city since 1:30 a. m. this morning. The Wabash Railroad has operated no trains through the city in 48 hours. Only the Milwaukee Railroad continued to operate.

Hard hit by the floods was Pattonsburg in northwest Daviess County. Here the Grand River, on the south and Big Creek on the north, combined to flood part of the city.

H. H. Green, Pattonsburg grain man, estimated 30,000 acres of crop land was flooded.

Fifty farm families were evacuated from their homes in the Pattonsburg area.

Yellow Creek flooded the water plant at Brookfield leaving that city without water.

Traffic halted by high water east of Brookfield was moving late today, although the slab was covered with 6 inches of water.

At Laclede, 22 miles east of Chillicothe, the floodwaters of Locust Creek and other streams washed out 1,700 feet of track on the Burlington Railroad. All traffic has been diverted to other lines.

GIRL SWEPT INTO FLOODWATERS AT KIRKSVILLE

KIRKSVILLE, MO., June 7.—Miss Sarah Hamilton, 17 years old, of Kirksville, was swept into the floodwater of the Charlton River last night.

Miss Hamilton and Miss Leona Ewing, 16, of Kirksville, were wading in backwater from the flood 6 miles west of here last night and ventured too far. The current caught them and swept them from Highway 6.

Lewis Polovich found Miss Ewing clinging to a tree half a mile away an hour later. Miss Hamilton's body has not been found.

COAL CREEK BREAKS LEVEE TWICE IN ILLINOIS

BEARDSTOWN, ILL., June 7.—A break in the levee of the Coal Creek Drainage and Levee District in Schuyler County was repaired today after heavy rain had opened the breach twice in 24 hours.

Army engineers reported the situation under control after the waters of Coal Creek had flooded the south flank of the district, inundating State Highway 103 near Twin Bridges. Waters of the creek, which rose 5 feet early today, had subsided. Approximately 2,000 acres were flooded.

NO THREAT OF SERIOUS FLOOD HERE, SAYS WAHLGREN

The Mississippi River stood at 28.5 feet here yesterday, 1.5 feet below flood stage. Meteorologist Harry F. Wahlgren said there is no threat of a serious flood here, unless heavy rains fall during the next few days. He doubted that the Mississippi would rise much above the 34.5 foot level it reached here last month.

[From the St. Louis Post-Dispatch of June 10, 1947]

FLOOD RECEDING ON 80-MILE MISSOURI-ILLINOIS STRETCH—SLIGHT DECLINE IN RIVER STAGE AT HANNIBAL AND QUINCY—EFFORT TO PREVENT NEW BREAK, SAVE 120,000 ACRES

HANNIBAL, MO. June 10.—The swirling Mississippi River began receding slightly today along a flood-ravaged 80-mile stretch in eastern Missouri and north central Illinois where the evacuation of about 3,500 persons ran the number of homeless from high water in a four-State midwestern area to more than 22,000.

"The rather long crest" of the Mississippi rose slightly overnight from record heights reached yesterday but, with a slight fall noted today, rivermen and United States Army Engineers expressed belief that only further rains would aggravate the situation.

Declines of a fraction of a foot were noted in the river stages at Hannibal and Canton, Mo., and at Quincy, Ill.

Weather forecasters, while predicting a rise of as much as 5 feet at St. Louis and below when the crest is reached in that vicinity, added, however, that in that area "it will hardly be a major flood in the sense of the 1943 and 1944 floods."

With floodwaters now covering 58,000 acres in the upper Missouri-Illinois area, following overtopping of levees at Kissinger and Riverton, Mo., flooding 8,000 acres of rich farm land, volunteers concentrated on the effort to save the soaked levee across the river from here in Pike county, Ill. Failure of the levee there, Army engineers said, would flood 120,000 acres.

Evacuees, removing livestock, stored grain and household effects, cluttered highways along the Illinois side of the river in southern Hancock, northern Adams, and Pike counties.

Red Cross midwestern area headquarters at St. Louis estimated 2,400 persons were driven from their homes in Missouri and 1,300 in Illinois. It placed the homeless from high water in Nebraska at 2,540. In Iowa, where the city of Ottumwa was hard hit, 16,000 were reported forced from their homes.

Army Engineers and the Coast Guard had every available worker on the job in the flood area and the Red Cross had 50 staff workers and about 600 volunteers aiding the homeless.

Water was 8 to 10 feet deep in the village of Alexandria, Mo., near the Iowa line, the result of a levee break, and all residents have been evacuated.

In Hannibal, a city of 20,000, the water covered 9 blocks of the main street after a break last night. Four thousand residents of south Hannibal were partly isolated.

Guests at the Mark Twain and Windsor Hotels were rowed to the doorways and climbed over the sandbag barricades into the lobbies. Main street merchants sandbagged their stores and hastily moved their merchandise to shelves above the highwater mark.

All night long an electric pump pushed 7,000 gallons of cold water an hour out of the Mark Twain Hotel basement. A bellboy in rubber boots unloaded luggage. Most of the hotel's employees were at work when the levee broke.

At Canton, Mo., 30 miles upstream, the river had reached a stage of 19.92 feet, a record. Although half of the town is under water and a third of the 2,200 residents are homeless, relief work was reported well in hand. No trains or busses are operating out of the town and only one highway is open. Ironically, the ice plant was still running and deliveries were being made in dry areas.

A Riverland district levee, 2 miles north of Louisiana, broke yesterday, flooding 3,000 acres. Sixty families in Louisiana were evacuated.

Rail traffic between St. Louis and Burlington, Iowa, remained halted.

In central Missouri, additional thousands of acres of cropland were inundated as floodwaters of the Grand and Chariton Rivers joined the Missouri River. One levee broke above Boonville yesterday, flooding 5,000 acres of bottom land, and others were expected to fail. Missouri highway patrol closed United States Highway 40 at Boonville.

The Grand and Chariton Rivers fell from 1 to 2 feet overnight, while the crest of the Missouri River flood passed Boonville this morning, the weather bureau in Kansas City reported.

The stage at Boonville was 28.3 or 7.3 feet above flood level and was expected to remain stationary there for about 24 hours. This compared with a crest there of about 30 feet in the 1944 flood.

Jefferson City, farther down the Missouri River, had a stage of 26.2 or 3.2 above flood level. A crest of 28.5 or 29 feet was forecast for tonight. At Hermann the stage was 24.2 with a top of 27 feet predicted for Thursday.

On the Grand River, the stage at Chillicothe was 29.5, a drop of nearly 2 feet in the last 24 hours. At Sumner the stage was 35.6, also a fall of about 2 feet. At Brunswick, near the mouth of the Grand, the stage was 23.4, a drop of 2 feet.

The Missouri Division of Health urged immunization against typhoid of residents in the flooded areas and reported that ample supplies of vaccine have been supplied to local health officers or to special clinics set up in threatened communities.

The State highway patrol, meanwhile, stood ready to fly food or medicines to any point in need of aid. Col. Hugh H. Waggoner said the patrol's two planes would answer any emergency calls.

ILLINOIS LEGISLATURE IS ASKED FOR $2,000,000 FLOOD RELIEF

SPRINGFIELD, ILL., June 10.—The Illinois Legislature was asked yesterday to provide $2,000,000 for emergency flood relief in the State.

The bill, introduced by Senator Frank Dick (Republican), Quincy, would make the funds available for prevention and suppression of disease in the flood areas; repairing highways, bridges, and State-owned buildings damaged by floods, and for advancing money to drainage and levee districts to enable them to acquire rights-of-way for repairing and rebuilding existing levees.

The bill was referred to the senate appropriations committee, which set a hearing for this afternoon.

VALLEY RESIDENTS URGE COMPLETION OF LEVEE PROJECTS

WASHINGTON, June 10.—A House Appropriations Subcommittee yesterday heard Mississippi Valley residents urge early completion of main-line Mississippi levees and increased bank stabilization to protect a $500,000,000 Government investment in levees. They asked for funds to complete the last 30 percent of a lower Mississippi flood-control project started in 1928.

ADDRESS BY FLEET ADMIRAL NIMITZ, RECORD OF VICE ADM. C. H. McMORRIS, AND LIST OF NAVAL VESSELS NAMED FOR ALABAMIANS

[Mr. HILL asked and obtained leave to have printed in the RECORD an address delivered by Fleet Adm. Chester W. Nimitz, United States Navy, at the graduation exercises of the University of Alabama, Tuscaloosa, Ala., on June 9, 1947; a summary of the record of Vice Adm. Charles H. McMorris, United States Navy; and a list of ships in the Navy named for Alabamians; which appear in the Appendix.]

IMPLICATIONS OF INVASION OF SINKIANG—EDITORIAL FROM THE WASHINGTON NEWS

[Mr. McCLELLAN asked and obtained leave to have printed in the RECORD an editorial entitled "Choice of Doctrines," from the Washington Daily News of June 12, 1947, which appears in the Appendix.]

AMERICAN ECONOMIC SYSTEM ON TRIAL—ADDRESS BY GEORGE W. ROCHESTER

[Mr. MORSE asked and obtained leave to have printed in the RECORD a radio address entitled "American Economic System on Trial Against Russian," delivered by George W. Rochester on April 28, 1947, which appears in the Appendix.]

DEVELOPMENT OF COLUMBIA BASIN WATER RESOURCES

[Mr. MORSE asked and obtained leave to have printed in the RECORD a letter addressed to him by Theron D. Weaver, Chairman of the Columbia Basin Interagency Committee on May 29, 1947, which appears in the Appendix.]

FEDERAL AID TO EDUCATION—EDITORIAL COMMENT

[Mr. FULBRIGHT asked and obtained leave to have printed in the RECORD three editorials dealing with Federal aid to education, which appear in the Appendix.]

POSTMASTER OF HARTFORD, CONN.—EDITORIAL FROM HARTFORD TIMES

[Mr. McMAHON asked and obtained leave to have printed in the RECORD an editorial entitled "Mr. Dillon Fills the Bill," from the Hartford Times of June 6, 1947, which appears in the Appendix.]

SUPPLEMENTARY ANALYSIS OF LABOR BILL AS PASSED

Mr. TAFT. Mr. President, in the course of the debate on the conference agreement on H. R. 3020 a number of arguments directed at specific provisions of the bill were made on the floor which were not justified by either the text of the bill or the background of statutes and decisions against which it was written. In addition, numerous completely erroneous statements were made with respect to the effect of certain portions of the bill. In order to make clear the legislative intent, I placed in the CONGRESSIONAL RECORD last Thursday an analysis of its provisions. As I stated at the close of debate on Friday, I consider it advisable to supplement that analysis to cover some additional subjects and to correct mistaken statements made on the floor.

I therefore ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a supplementary analysis.

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

Section 2 (2): One amendment to the Wagner Act which was adopted in conference excludes Federal Reserve banks from coverage of the statute. The objection has been made to this provision that there was no more reason for exempting Federal Reserve banks than national banks. It seems a complete answer to say that Federal Reserve banks are essentially public in character and are operated for public or governmental purposes. They issue the currency. They are the instruments of the Government's open-market policy in purchasing and selling Government bonds. All of their operations are under the supervision of the Board of Governors of the Federal Reserve System, who are appointed by the President and confirmed by the Senate, and the compensation of all of the officers and employees of the member banks are subject to the Board's approval. Consequently, these member banks are prevented by law from making any binding collective agreement with representatives or their employees on the most controversial topic of collective bargaining, namely, wages, since a determination of the wage scale is reserved by law to the United States Government.

Section 2 (2), 2 (13), and 301 (e): The conference agreement in defining the term employer struck out the vague phrase in the Wagner Act "anyone acting in the interest of an employer" and inserted in lieu thereof the word "agent." The term agent is defined in section 2 (13) and section 301 (e), since it is

used throughout the unfair labor practice sections of title I and in sections 301 and 303 of title III. In defining the term the conference amendment reads "the question of whether the specific acts performed were actually authorized or subsequently ratified shall not be controlling." This restores the law of agency as it has been developed at common law.

These amendments are criticized in one breath as imposing too harsh a liability upon unions for the acts of their officers or representatives and as too mild with respect to the liability of employers for the acts of their managerial and supervisory personnel. Of course, the definition applies equally in the responsibility imputed to both employers and labor organizations for the acts of their officers or representatives in the scope of their employment.

It is true that this definition was written to avoid the construction which the Supreme Court in the recent case of United States against United Brotherhood of Carpenters placed upon section 6 of the Norris-La Guardia Act which exempts organizations from liability for illegal acts committed in labor disputes unless proof of actual instigation, participation, or ratification can be shown. The construction the Supreme Court placed on this special exemption was so broad that Mr. Justice Frankfurter, speaking for the dissenting minority, pointed out that all unions need do in the future to escape liability for the illegal actions of their officers is simply to pass a standing resolution disclaiming such responsibility. The conferees agreed that the ordinary law of agency should apply to employer and union representatives. Consequently, when a supervisor acting in his capacity as such, engages in intimidating conduct or illegal action with respect to employees or labor organizers his conduct can be imputed to his employer regardless of whether or not the company officials approved or were even aware of his actions. Similarly union business agents or stewards, acting in their capacity of union officers, may make their union guilty of an unfair-labor practice when they engage in conduct made an unfair-labor practice in the bill, even though no formal action has been taken by the union to authorize or approve such conduct.

Section 3 (d): In order to make an effective separation between the judicial and prosecuting functions of the Board and yet avoid the cumbersome device of establishing a new independent agency in the executive branch of the Government, the conferees created the office of general counsel of the Board, to be filled by appointment of the President, subject to Senate confirmation. We invested in this office final authority to issue complaints, prosecute them before the Board, and supervise the field investigating and trial personnel. It is asserted that this is inconsistent with the Administrative Procedure Act and that it places a tremendous amount of unreviewable power in the hands of a single official.

The Board itself has been sensitive to the reproach that it acts as judge, jury, and prosecutor, and in recent years has promulgated regulations which have delegated the power of issuing complaints to the various regional directors. Presumably the General Counsel would keep these regulations in effect, except that the regional directors would act pursuant to his general instructions rather than those of the Board. The present regulations permit a person aggrieved by the refusal of a regional director to issue a complaint to appeal the matter to Washington. This is not an adversary proceeding but simply a review, based upon the confidential report of the field staff which conducted the investigation. Presumably, under the conference agreement such appeals would be routed to the General Counsel's office rather than to the Board. The assumption that the Board itself presently reviews these appeals, however, is utterly erroneous. According to the testimony of the chairman of the Board these appeals are considered by an anonymous committee of subordinate employees. What the conference amendment does is simply to transfer this "vast and unreviewable power" from this anonymous little group to a statutory officer responsible to the President and to the Congress. So far as having unfettered discretion is concerned he, of course, must respect the rules of decision of the Board and of the courts. In this respect his function is like that of the Attorney General of the United States or a State attorney general.

Section 7. In this section guaranteeing the right of employees to self-organization, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, there has been inserted the language "and shall also have the right to refrain from any and all of such activities * * ." It is contended that the inclusion of the new language destroys collective bargaining and legalizes the device of the yellow-dog contract. Nothing could be further from the truth. There is similar language in the Norris-La Guardia Act, a statute outlawing the yellow-dog contract. Moreover, the Board itself has held that a right to refrain from the exercise of the rights guaranteed in section 7 was always implicit in the Wagner Act. (See Pittsburgh Plate Glass Co., 66 NLRB 1083.) The new language therefore, merely makes mandatory an interpretation which the Board itself had already arrived at administratively. The reason for its inclusion was that similar language had appeared in the House bill and since section 8 (b) (1) of the Senate bill, which was retained by the conferees, made it an unfair labor practice for labor organizations to restrain or coerce employees in the rights gauranteed them in section 7, the House conferees insisted that there be express language in section 7 which would make the prohibition contained in section 8 (b) (1) apply to coercive acts of unions against employees who did not wish to join or did not care to participate in a strike or a picket line.

Section 8 (a) (3): Criticism of this section has not been directed at any amendment made by the conferees, but to a proviso of both the Senate and House bills. It is argued that the requirement of "a majority of the employees eligible to vote" rather than a majority of those voting creates insurmountable difficulties in obtaining a contract requiring compulsory union membership. Elections conducted by the Board differ from political elections in that ordinarily they are conducted on company time and property. The employees' alternative is to go to the poll or continue at work. An average of over 90 percent of the eligible employees participate in such elections and a 100-percent vote is not unusual.

Section 8 (b) (4), relating to illegal strikes and boycotts, was amended in conference by striking out the words "for the purpose of" and inserting the clause "where an object thereof is." Obviously the intent of the conferees was to close any loophole which would prevent the Board from being blocked in giving relief against such illegal activities simply because one of the purposes of such strikes might have been lawful. It has been asserted on the Senate floor, however, that if even one of the strikers had an improper motive he would thereby make the union liable for an unfair labor practice and to an action for damages brought by the employer, even though the demands made upon the employer were perfectly lawful. This is a ridiculous construction. In any strike an employer is informed as to what demands he must submit in order to get the strikers to return to their work. Consequently, the strikers cannot ask him to do anything which would achieve the objectives prohibited by this section. The hidden motives of the union or the employees would be immaterial.

Section 8 (b) (5). Initiation fees: This section was taken in part from the House bill and makes it an unfair labor practice for a union to charge excessive or discriminatory initiation fees with respect to employees covered by a compulsory union membership agreement. It has been argued that the effect of this section is to give the Board vast discretion in regulating the dues and initiation fees of all labor organizations and thereby putting the Government in charge of the internal affairs of unions. The express language of this subsection shows how unfounded such an argument is, for it is only in cases in which the employees affected are covered by union-shop or maintenance-of-membership agreements that the Board has any jurisdiction. Even then it is limited to initiation fees and does not cover dues. It was the opinion of the conferees that unless such a provision was inserted, the restrictions on the union shop in section 8 (3) could be easily circumvented.

Section 8 (b) (6): This is a section taken from the elaborate prohibitions in the House bill with respect to featherbedding. All that it does is to make it an unfair labor practice to cause or attempt to cause employers to pay money in the nature of an exaction for services which are not performed or not to be performed. A number of Senators have contended that this means that union requests for payment to employees of wages for lunch and rest periods or for waiting periods when machinery is being repaired will be illegal. It has also been stated that it would be a breach of this section for employees who are asked to report for work so as to be available as a relief squad in the event of emergency or need, to demand any money for their time. Of course this section does not affect such industrial practices, as such activities are done at an employer's request and for valuable consideration incident to the employment itself. The use of the words "in the nature of an exaction" make it quite clear that what is prohibited is extortion by labor organizations or their agents in lieu of providing services which an employer does not want.

Section 8 (c). Free speech: During the conference the provisions in the Senate bill relating to the right of free speech were rewritten to conform to the House bill so that this subsection now reads as follows: "(c) The expressing of any views, argument, or opinion, or the dissemination thereof, whether in written, printed, graphic, or visual form, shall not constitute or be evidence of an unfair labor practice under any of the provisions of this act, if such expression contains no threat of reprisal or force or promise of benefit."

Several Senators have assailed this section on the ground that the words "shall not contribute or be evidence of an unfair labor practice" would prevent the Board from applying ordinary rules of evidence in unfair labor practice cases. The purpose of the conferees, as said in the statement I placed in the RECORD at the opening of the debate, was to make it clear that the Board is not to construe utterances containing neither threats nor promises of benefit as an unfair labor practice standing alone or as making some act which would otherwise be legal an unfair labor practice. The conferees had in mind a number of Board decisions in which because of the fact that an employer has at some time committed an unfair labor practice a speech by him, innocuous in itself, has been held not to be privileged. The conferees did not believe that past misconduct should deprive either employers or labor organizations of the privilege of exercising constitutional rights. There have also been a number of decisions by the Board in which discharges of employees, even though there was no evidence in the surrounding circumstances of discrimination, have been deemed

unfair labor practices simply because at one time or another the employer has expresssed himself as not in favor of unionization of his employees. The object of this section, therefore, is to make it clear that decisions of this sort cannot be made under the conference bill.

It has been argued, however, that the prohibition against using expressions of opinion as evidence goes much further than the rules with respect to admissibility in a criminal or civil trial. Senators making this argument overlook the fact that the privilege of this subsection is limited to expression of "views, arguments, or opinion." It has no application to statements which are acts in themselves or contain directions or instructions. These, of course, could be deemed admissions and hence competent under the well-recognized exception to the hearsay rule.

Numerous comparisons with criminal and civil trials have been made. Consider a more exact comparison. A man is on trial for selling liquor illegally. The fact that he had argued against adoption of the Volstead Act would scarcely be permitted to be used in evidence against him. In a murder trial in which defendant is accused of killing a Republican Senator his political views or opinions would not be competent testimony. Yet the Board has permitted employers' expressions of opinion on unionism to be used to sustain the theory that he was guilty of violations of the National Labor Relations Act.

Section 8 (b) (4) (D): In the conference the paragraph making strikes to bring about the assignment of work tasks to a particular labor organization was amended to read as follows: "* * * forcing or requiring any employer to assign particular work to employees in a particular labor organization or a particular trade, craft or class rather than to employees in another labor organization or in another trade, craft, or class." It is contended that the addition of the condition "another trade, craft, or class" has transformed this subsection into what started to be a prohibition of jurisdictional strikes into a prohibition preventing one union from striking even though no other union was in the picture. I have no hesitation in saying that this subsection applies not only to strikes over the assignment of particular work to one union rather than another, but also to the assignment of work to one union rather than another group of employees. It is submitted, however, that this is not a proper criticism of this section since under the Labor Relations Act at the present time an employer would be violating subsection 8 (3) if he discharged or discriminated against some employees merely to provide work to members of a union. Under existing law, employers have no right to accede to such union demands unless there is a closed or union-shop agreement in effect. If an employer discriminates in the assignment of work so as to encourage a non-union group by assigning them work which properly should be performed by union employees, it would be an unfair labor practice under the provisions of existing law and the conference bill. In other words all that this amendment to the Senate bill does is to make it illegal for unions to coerce employers into doing something which an employer is already prevented from doing by the operation of section 8 (3) of the present Wagner Act.

Section 8 (d): The amendment to this subsection providing that the duty to bargain collectively should not be construed as requiring either party to discuss or agree to any modification of the terms of a contract if such modification is to become effective before the contract may be reopened has been construed on the floor to mean "parties will be bound by contract without an opportunity for further collective bargaining." The provision has no such effect. It merely provides that either party to a contract may refuse to change its terms or discuss such a change to take effect during the life thereof without being guilty of an unfair labor practice. Parties may meet and discuss the meaning of the terms of their contract and may agree to modifications on change of circumstances, but it is not mandatory that they do so.

Section 9 (C) (4): The conferees dropped from this section a provision authorizing prehearing elections. That omission has brought forth the charge that we have thereby greatly impeded the Board in its disposition of representation matters. We have not changed the words of existing law providing a hearing in every case unless waived by stipulation of the parties. It is the function of hearings in representation cases to determine whether an election may properly be held at the time; and if so, to decide questions of unit and eligibility to vote. During the last year the Board has tried out a device of holding the election first and then providing the hearing to which the parties were entitled by law. Since its use has been confined to an inconsequential percentage of cases, and more often than not a subsequent hearing was still necessary and because the House conferees strenuously objected to its continuance it was omitted from the bill.

Section 9 (C) (5): This amendment was contained in the House bill. It overrules the "extent of organization" theory sometimes used by the Board in determining appropriate units. Opponents of the bill have stated that it prevents the establishment of small operational units and effectively prevents organization of public utilities insurance companies and other businesses whose operations are widespread. It is sufficient answer to say that the Board has evolved numerous tests to determine appropriate units, such as community of interest of employees involved, extent of common supervision, interchange of employees, geographical considerations, etc., any one of which may justify the finding of a small unit. The extent-of-organization theory has been used where all valid tests fail to give the union what it desires and represents a surrender by the Board of its duty to determine appropriate units. Its use has been particularly bad where another union comes in and organizes the remainder of the unit which results in the establishment of two inappropriate units.

Section 9 (h): This provision making the filing of affidavits with respect to Communist Party affiliation by its officers a condition precedent to use of the processes of the Board has been criticized as creating endless delays. It was to prevent such delays that this provision was amended by the conferees. Under both the Senate and House bills the Board's certification proceedings could have been infinitely delayed while it investigated and determined Communist Party affiliation. Under the amendment an affidavit is sufficient for the Board's purpose and there is no delay unless an officer of the moving union refuses to file the affidavit required.

Section 10 (b): The conferees amended this section to require that proceedings before the Board be conducted, so far as practicable, in accordance with the rules of evidence applicable in the United States district courts. This provision has been attacked as one completely strait-jacketing administrative procedure. As I stated on the floor, this is more a preventive measure than one to cure existing abuses. The Board's earlier habit of accepting literally anything into the record was indefensible. I am informed that now the trial examiners conduct their hearings pretty much in conformity with the practice of the courts in the locality where the hearing is being held. Then, too, the limitation "so far as practicable" gives to the trial examiner considerable discretion as to how closely he will apply the rules of evidence.

Section 10 (c): In an effort to lessen the work load of the Board and facilitate its disposition of cases this subsection was amended to give finality to recommended orders of trial examiners without Board review if no exceptions were taken within 20 days. It has been stated that this permits an unsuccessful litigant to stand idly by while an erroneous report of a trial examiner becomes the order of the Board and then embarrass the Board when the case goes into the courts for enforcement. Several checks would prevent this happening. Section 10 (c) provides, "No objection that has not been urged before the Board, its member, agent, or agency, shall be considered by the court." In addition, the attorney trying the case would presumably file exceptions to such a report and the General Counsel in any event would not go forward with enforcement if the order was erroneous.

Section 11: It has been stated that in modifying the procedure for obtaining a subpena we have dispensed with the requirements of materiality and relevancy. Such statements ignore the remainder of paragraph (1) which provides that the Board shall revoke its subpena on a motion to quash if the evidence required is not relevant or not described with sufficient particularity.

Section 206: In the Senate bill the injunction procedures created in national emergencies became applicable in a strike affecting substantially an entire industry. In conference this was amended to read, "affecting an industry or a substantial part thereof." The statement has been made that this amendment would subject a strike of the employees of one automobile manufacturing company to an injunction. Here again the speaker ignored the remainder of the paragraph which imposes the additional requirement that such strike imperil the national health or safety, a condition which, it is anticipated, will not often occur.

COMMENTS OF THE PRESIDENT AT OTTAWA ON ST. LAWRENCE RIVER DEVELOPMENT

Mr. AIKEN. Mr. President, in his speech in Ottawa yesterday Mr. Truman said:

> Gratifying as the volume of our trade now is, it is capable of even further expansion to our mutual benefit. Some of our greatest assets are still to be developed to the maximum. I am thinking of one particularly that holds tremendous possibilities, the magnificent St. Lawrence-Great Lakes system, which we share and which we must develop together.
>
> The St. Lawrence project stirs the imagination of men long accustomed to majestic distances and epic undertakings. The proposal for taking electric power from the river and bringing ocean shipping 2,400 miles inland, to tap the fertile heart of our continent, is economically sound and strategically important.
>
> When this program is carried out, the waterway that is part of our boundary will more than ever unite our two countries. It will stimulate our economies to new growth and will speed the flow of trade.

This enunciation of President Truman should stir our country to do its part without delay. As the President says, the St. Lawrence River project "is economically sound and strategically important." This assertion is supported by the greatest men of this country, men who have a broad outlook on national and international affairs, and are not restrained by the charge of self-interest or provincialism being presented. Only 2 weeks ago ex-President Hoover and Secretary of State George Marshall urged the development of this great waterway for the same reasons that President Truman urged it at Ottawa yesterday.

Already the northeastern section of the United States and the southeastern area of Canada are experiencing an acute shortage of electric energy. Many lines of industry cannot expand because power is not available, while the great middle area of the continent, the greatest agricultural region in the whole world, is producing ever-increasing crops of grain which cannot be moved economically because existing facilities are hopelessly inadequate to meet the needs. Our American economy calls desperately for more power and for more adequate transportation, and yet here and there we still find men of little vision working to prevent developments which will make America greater and stronger and more secure. How long, Mr. President, will we let them block the economic expansion of our Nation? How long will we let them jeopardize our security in the event of war? Is it not about time for the Congress to assert itself to see that the needs of the whole country come first? Let us sweep aside the objections of the myopic obstructionists, and authorize the construction of the St. Lawrence seaway without further delay.

Mr. TOBEY. Mr. President, I should like to ask the Senator from Vermont, my esteemed colleague, whether service to the needs of the entire Nation is not the objective of the St. Lawrence project, which not only President Truman and President Roosevelt, but all Republican Presidents in recent years have favored? Is not that correct?

Mr. AIKEN. That is true.

Mr. TOBEY. I point out to my colleague that the forces that are trying to strangle and kill and put out of business the successful carrying out of the St. Lawrence seaway find a deadly parallel in the corporate forces that are trying to put through the so-called Bulwinkle bill. Is not that true?

Mr. AIKEN. In many instances I think they are interlocking interests.

Mr. TOBEY. Of course they are.

SUGGESTED VETO OF LABOR BILL

Mr. MORSE. Mr. President, I ask unanimous consent to have published in the body of the RECORD a statement by George W. Taylor and a statement by William H. Davis, Chairman and former Chairman of the War Labor Board, respectively, urging a Presidential veto of the Taft-Hartley bill.

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

[From the newspaper PM for June 11, 1947]

TWO EX-WLB CHIEFS URGE TAFT-HARTLEY VETO

Two former chairmen of the War Labor Board today join other former public members of the WLB in denouncing the Taft-Hartley Labor Bill now awaiting President Truman's signature or veto.

Yesterday PM printed exclusive statements from Lloyd K. Garrison, Frank P. Graham, Edwin E. Witte, Nathan P. Feinsinger, and Senator Wayne L. Morse. These men were members of the small group of WLB public members who held the balance of power between labor and management in framing a successful wartime industrial relations policy. Unanimously they branded the Taft-Hartley bill unworkable, inequitable, and unsound.

William H. Davis and George W. Taylor served successively as Chairman of the WLB from January 1942 until after VJ-day. They had great responsibilities and unparelleled experience in industrial relations during the war. Their statements on the labor bill, written expressly for PM, are printed below.

GEORGE W. TAYLOR, PROFESSOR, UNIVERSITY OF PENNSYLVANIA

"The labor-management bill of 1947 has been characterized as antilabor. Anyone who takes a position against it on the ground that it is merely antilabor is due for a rude awakening.

"Labor relations in this country have been anchored in collective bargaining, which presupposes that the working out of employment conditions is a private matter between unions and management.

"The bill says that its 'purpose and policy are to prescribe the legitimate rights of both employees and employers in their relations affecting commerce, to provide orderly and peaceful procedures for preventing the interference by either with the legitimate rights of the other, to protect the rights of individual employees in their relations with labor organizations * * * to define and prescribe practices on the part of labor and management which affect commerce, and to protect the rights of the public.'

"I don't believe that we have to look to government to interject itself to direct labor and management in resolving the issues between them. I believe they are perfectly able to work out their own affairs without Government direction. For a long time we have tried to apply the principle of free collective bargaining, and with great success. This bill substitutes Government-managed collective bargaining. I am not willing to accept Government-managed bargaining because I, for one, do not propose to sell democracy short."

WILLIAM H. DAVIS, ATTORNEY

"I have read the comments on the Taft-Hartley bill by the public members associated with me on the War Labor Board as they appear in this morning's PM. I agree with them that the Taft-Hartley bill, if it becomes law, will be on the whole a handicap to good management-labor relations and detrimental to the national welfare.

"Wherever it goes in any significant way beyond the recommendations made by the President in his message of last January, the bill reflects a yearning to go backward to conditions of the roaring but disastrous thirties. The fact is, however, that when we discovered how to release the energy of the atom, we blew up our bridges behind us. There is no road back to those good old days. We have to go forward.

"I think all of the objections to the Taft-Hartley bill made by my conferees on the War Labor Board are sound. The most disturbing of these all, in my opinion, is that the bill gives no real answer to the question: What shall we do about strikes that endanger the national welfare? This lack is correctly expressed by Mr. Garrison, in Tuesday's PM, when he points out that the bill ties the hands of Government in such cases, and that its provisions would be no good, for instance, in an emergency created by a strike in the bituminous-coal mines."

EFFECTS OF PASSAGE OF LABOR BILL

Mr. PEPPER. Mr. President, I have a communication which is not very long, which I should like to read, and then I have an observation which I should like to make.

This is a letter dated June 12, 1947. It reads as follows:

CIO MARITIME COMMITTEE,
Washington, D. C., June 12, 1947.

The Honorable CLAUDE PEPPER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR PEPPER: Maritime workers have followed with deep interest the outstanding fight you have waged in behalf of all American workers. In your statements in opposition to the Taft-Hartley bill you pointed out the effect of the passage of this legislation would have upon the living standards, working conditions, and union rights of American workers.

It was clear to us, with our contracts expiring June 15, that the first impact of this legislation would be felt in the maritime industry. As you recall, during the month of June in 1946, the maritime industry faced a national shut-down because of the stalling of the employers and it was only the threat of a strike and the intercession of certain Government agencies that prevented this. The history of collective bargaining in the maritime industry is replete with evidence that the shipowners just do not believe in collective bargaining.

In the current negotiations we have been faced with the same medieval attitude with something new added. Under the shadow of the Taft-Hartley bill even the pretense of collective bargaining has disappeared.

Our contracts have been open for renegotiation since the early part of May. Despite strenuous efforts on the part of the unions to conclude a new contract, the shipowners have engaged in the most blatant kind of stalling and have made quite clear their intention of prolonging negotiations indefinitely without any effort to really bargain. At the present time, although only 3 days remain before the expiration of the contracts, the employers are still refusing to bargain on the reasonable demands of the unions. In an earnest desire to conclude the contracts before the dead line, the unions have proposed night and day negotiations. The shipowners refused this request.

We are trying to negotiate with a group of employers who currently enjoy the most profitable years in maritime history. As Under Secretary of State Will Clayton recently told a congressional committee, the shipping companies are "making enormous profits, unheard of profits in peacetime * * * I tell you they are making plenty of money and they are not complaining on that score. They would be laughed out of court if they should."

This confirms the truth of your statements during the debate on the Taft-Hartley bill, that totally apart from the punitive provisions, the bill is a complete barrier to real collective bargaining.

* * * * *

We are informing you of this situation because it so clearly illustrates that what you foresaw has already come true.

Mr. Senator, our problem is that even before the Taft-Hartley bill is law, we cannot achieve genuine collective bargaining. It is obvious that collective bargaining relations will be infinitely worsened if and when the bill became law. We are hopeful that you will bring these facts to the attention of the Senate and the American people.

Sincerely yours,

JOSEPH CURRAN,
Chairman.

MURRAY WINOCUR,
Secretary, East Coast Joint Policy Committee.

Mr. President, I previously called attention to my belief that the effect of the Taft-Hartley bill would be to prolong industrial strife. The coal, maritime, and textile industries furnish examples, in my opinion, of employers, who, made more recalcitrant by the imminent passage of the bill, are stalling during the renegotiation of contracts, even before the measure becomes law.

Not the Taft-Hartley bill but merely the threat of it has led to a hardening of the collective-bargaining arteries. A number of important union-management contracts, notably in coal, maritime, and textile, expire at this time of the year. I

am informed that the pattern of employer refusal to bargain is consistent. There appears to be a widespread effort to lock out hundreds of thousands of workers in an effort to make it appear that there is a general strike against the Congress.

In the coal industry negotiations have collapsed in the face of completely inadequate proposals by the northern operators. Negotiations with the southern operators never really got underway because they are awaiting action on the Taft-Hartley bill.

Mr. President, I doubt whether there will be presented again for many years such a favorable opportunity for the coal business and other businesses in the United States as the one today at hand. So it seems to me they are doing a disservice to themselves when they try to take advantage of the contemplated enactment of this law to deprive their workers of the advantages which they have enjoyed in the past, and deny them the renewal of contracts.

On the west coast the CIO maritime unions today accused the shipowners, as I said before, of stalling contract negotiations while awaiting action on the Taft-Hartley bill. On the east coast a similar situation has developed. This means that June 15 may see a Nationwide shipping tie-up. Although the contracts expire midnight this Sunday, the shipowners have refused, despite the insistant demands of the union negotiation committees, to schedule 'round-the-clock bargaining sessions. Instead the shipowners consent to meet with the unions for brief sessions. This is not even the shell of collective bargaining. The unions opened negotiations more than a month ago, but no bargaining sessions involving anything more than formalities have yet taken place.

In the textile industry there are numerous examples of employers coming into collective bargaining meetings and openly admitting that they will delay negotiations pending the outcome of the Taft-Hartley bill, after which, they candidly state, they will not bargain at all.

The present record of collective bargaining under the shadow of the Taft-Hartley bill proves that it will not solve a single labor-management dispute. What is needed in each of these industries—coal, maritime, textile—is real collective bargaining. The Taft-Hartley bill prevents this.

LEAVES OF ABSENCE FOR ATTENDANCE AT PRINCETON BICENTENNIAL CELEBRATION

Mr. SMITH. Mr. President, on Monday and Tuesday next, June 16 and 17, Princeton University is concluding the year of its bicentennial celebration. Last year, the Senate and the House of Representatives by joint resolution appointed a commission from the Senate and the House to participate in the bicentennial celebration and to be present at the ceremonies. In view of that fact, I ask unanimous consent that on Monday and Tuesday next, the following-named Senators, who have been appointed the Senate members of the commission, be excused from attendance on the Senate: The Senator from Kentucky [Mr. BARKLEY], the senior Senator from New Jersey [Mr. HAWKES], the junior Senator from Virginia [Mr. ROBERTSON], and myself, the junior Senator from New Jersey.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 3756) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1948, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

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, was read twice by its title and referred to the Committee on Appropriations.

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. MURRAY. Mr. President, I address myself to the Reed-Bulwinkle bill, and I shall give in detail my reasons for opposing its passage.

A growing concentration of economic power is steadily subjecting an ever larger part of our industry and our economic life to the control of a smaller and smaller group of interlocked financial and industrial interests. There is general agreement, in principle at least, that this concentration of dominating power in a few hands, whether private or public, threatens the freedom of individual opinion, individual initiative, individual opportunity, and individual enterprise on which our Nation has always relied for present welfare and future progress.

In this difficult time when our Nation is exerting its influence throughout the world to preserve individual freedom and encourage democratic political and economic ideals, this Congress is confronted with a bold proposal to sanction here at home a regimentation of our transportation industry under a system of private collective controls operating under Government license without Government supervision. This system of regimentation, which we are today asked to approve by enacting Senate bill 110, the Reed-Bulwinkle bill, has been in operation for some years in brazen defiance of our laws intended to preserve the American system of free trade and free competitive enterprise. The sponsors of this proposed legislation seek our license now only because the Association of American Railroads, and the private collectivism through which it secretly governs railroad affairs, are today in court charged with violations of the antitrust laws. They therefore seek to have this Congress cut off the jurisdiction of the courts by immunizing a palpable combination in restraint of trade from the operation of the antitrust laws.

Yet we are told by its sponsors that this bill will not affect the pending antitrust suits. What, then, is the purpose of this proposed legislation? The conference method of rate making, authorized by Senate bill 110, is already in full operation under the private authorization of the Association of American Railroads, and therefore requires no enabling legislation from the Congress. It is obvious that the real purpose of the bill is to protect the private collective control over railroad affairs which now exists from an anticipated condemnation under the antitrust laws. This conclusion is fortified by the haste with which this bill is pressed upon us, by the unseemly vituperation which a sponsor of this bill has publicly heaped upon the Department of Justice for daring to introduce the law into the private preserve of the railroad combination, and by dire predictions of the chaos and disaster which the sponsors of the bill assure us will result from any interference with the presently functioning private system of collective control over railroad affairs.

Mr. President, I see no need for haste in this matter. On the contrary, I see compelling reasons for delay. The Department of Justice and the sovereign State of Georgia have brought serious charges against the railroad combination. It is charged that under the dominating control and active supervision of the Association of American Railroads the railroads of the country are operating under a private form of collectivism which, outside and beyond the jurisdiction of the Interstate Commerce Commission, fixes railroad rates and services through agreements which have almost entirely eliminated competition and freedom of individual initiative and enterprise from railroad affairs. It is further charged that this conspiracy and combination has allied itself with eastern financial and industrial interests to serve their mutual selfish purposes in preserving the status quo by maintaining rigid rate relationships. The Government charges that eastern railroads and their industrial and financial allies have sought to preserve the West as a source of raw materials for eastern fabricators, confining the western railroads to the carriage of western grist to eastern mills and keeping the people of the West in colonial status as drawers of water and hewers of wood.

These charges are serious and are worthy of serious answer. They cannot be dismissed as the delusions of Government visionaries. I am informed that both Georgia's and the Government's charges have withstood preliminary judicial scrutiny. The evidence submitted by the United States to the district court in Lincoln, Nebr.—evidence procured from the files of the railroads—is open to examination. The evidence submitted by the State of Georgia is likewise available. The latter case has been submitted to a special master designated by the Supreme Court, and his findings of fact may be reported to the Supreme Court

at any time. The unwillingness of the Association of American Railroads to test the facts in the time-honored, traditional American way in a court of law suggests a recognition on the part of the railroads that the charges are well founded. The powerful lobby of the Association of American Railroads is now working night and day to persuade this Congress to exempt the transportation industry from the antitrust laws by passing this bill. I ask this question, Mr. President: If the serious charges made by the Government in the western case are unfounded, why the anxiety on the part of the Association of American Railroads to deny the Congress and the public at large the benefit of a judicial examination of the charges?

By "the public at large" I do not mean the—I quote from Government exhibit 166 in the Western case—"lawyers, operating men, traffic men, transportation men, and local surgeons" who constitute the backbone of the railroad lobby, and from whom we have been hearing, nor am I referring to those shippers whose selfish interest is also served by the preservation of the status quo. Rather by the "public at large" I mean all our constituents who, as consumers, pay the freight. This is the one group that finds no representation in the railroad lobby. This is the one group that must depend upon its representatives in Congress for the protection of its interest. If we are going to allow the railroad lobby to persuade us to cut off the jurisdiction of the courts to try the charges brought by the Government against the railroad combination, then we can hardly discharge our obligation to the great mass of the American people unless we, ourselves, examine the evidence which the Government brings forward to support its charges.

That evidence is substantial and voluminous. It was presented by the Government to the district court at Lincoln, Nebr., on April 23 of this year, after this bill had been favorably reported by the Committee on Interstate and Foreign Commerce. In my opinion this bill should now be referred back to the committee for consideration of the evidence presented by the Government in support of its charges.

I understand that a large part, but by no means all, of the Government's evidence was placed before the Interstate Commerce Committee of the last Congress, when it was considering a similar bill. I also understand that the Department of Justice was invited to present only brief statements when the pending bill was before the Committee on Interstate and Foreign Commerce. I quote from the statement submitted to the committee by the Attorney General:

> The pending legislation would authorize the Interstate Commerce Commission to approve agreements setting up basic plans of organization and procedures whereby private groups would be empowered to regiment the transportation industry. I am convinced that the proposal before this committee to set up such immunities from the antitrust laws raises a serious question concerning the entire antitrust program.
>
> * * * * *
>
> While in the field of transportation the Interstate Commerce Commission has been given the power to limit and control railroad rates and practices in many important respects, both the Commission and the courts recognize that under the statutory scheme of regulation the railroads possess wide latitude and are charged with individual responsibility and initiative in the establishment and modification of rates and fares and in the provision of facilities and services. As to those respects in which the carriers are free, competition remains the rule of law in transportation and in those respects the public relies upon competition between carriers for the protection and advancement of the public interest.
>
> The bill now under consideration by this committee would set up machinery that could permit powerful groups to destroy free enterprise in the transportation industry by freeing that industry from restraint of the antitrust laws. I am aware that the immunity from the antitrust laws which the bill would accord under the private agreements between carriers authorized by the bill is made contingent upon the approval by the Interstate Commerce Commission of such agreements. The bill fails, however, to give any assurance that the private power created by such agreements, once they are approved by the Commission, will be susceptible to public control and supervision. It is the things which might be done under these private agreements which threaten the public interest; and it is these very things which the bill shields from the attention of the prosecuting agencies of the public.
>
> The Department of Justice is seriously concerned with the extent to which private controls in the railroad industry have already become, even without the sanction of law, a fulcrum upon which private groups have successfully applied pressure to eliminate competition in other industries, to create rigid, noncompetitive market relationships, and to preserve the economic status quo. These private controls within the railroad industry are now under attack by the Department of Justice. Should the passage of this bill succeed in immunizing such private controls from the antitrust laws, I am fearful that the transportation industry will turn its face from the ideal of free enterprise to a new order of private regimentation. Our experience in the enforcement of the antitrust laws demonstrates that there are powerful influences in the economy constantly seeking rigidity of market control and the elimination of competition. Congressional approval of regimentation in transportation would both accelerate the present drive for the immunization of private controls in other industries, and furnish a mechanism for the indirect extension of such controls. And, because transportation is a basic factor in every industry, our problem in enforcing the antitrust laws in the "free" remainder of the economy would be seriously complicated.

Assistant Attorney General Wendell Berge, in testimony before the committee, condemned the bill as "a bold and flagrant attempt to get special privileges and special protection" for the railroad "monopoly group already well entrenched."

Mr. Berge pointed out that the bill would have the effect of exempting from the antitrust laws the railroad, truck and bus, water carrier, pipe-line and freight forwarder industries.

Mr. Berge told the committee that—

> (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 cement and oil combines, has so fixed transportation prices as to maintain the industrial status quo and to prevent new enterprises from competing with the industrial monopolies.

This was so well recognized 10 or 12 years ago that I recall when we were building the Fort Peck Dam in Montana, and were in need of huge quantities of cement, the prices of cement were skyrocketed so high that it was necessary for the Secretary of the Interior to reject the bids and threaten to build a Government plant to produce cement for the construction of that project.

I continue the quotation of Mr. Berge's testimony before the committee:

> (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.

Mr. Berge further stated:

> The apparent purpose of pressing for early enactment of this bill is to attempt to deprive the courts of jurisdiction in pending antitrust cases instituted by the Government and the State of Georgia against the railroad combinations.

Mr. Berge added that other interests have "already announced their intentions to follow the example of the transportation industry in asking the Congress to exempt them from the antitrust laws."

This matter was discussed on the floor of the Senate a day or so ago when our distinguished leader pointed out that just such consequences would flow from the sort of legislation now proposed.

James E. Kilday, special assistant to the Attorney General in charge of the Antitrust Division's Transportation and Public Utilities Section of the Department of Justice, appeared before the committee and quoted statements by railroad officials describing private rate-making associations within the railroad industry as constituting a private government endowed with powers of police, administration, and self-regulation unknown to the law.

Mr. Kilday described the commissioner plan, under which a neutral commissioner functioned for many years—until the plan was discovered by the Department of Justice in 1943—as the arbiter of western rates and competitive practices, backed by a committee of directors representing stockholding interests, which met regularly at 40 Wall Street, New York City, to hear reports from the commissioner, to review decisions of western rate bureaus, and to formulate policies to be followed by the western railroads.

Mr. President, I have here the plaintiff's trial brief in the Nebraska case, which gives a detailed statement of the situation. On page 13 of that brief, I find the following:

> B. THE PRESENT CONSPIRACY
>
> 1. THE WESTERN COMMISSIONER AGREEMENT
>
> (Pt. II, pp. 7–24)
>
> A common bond between western carriers which would prevent the exercise by individual railroads of independent managerial discretion was formed in 1932 by the western commissioner agreement establishing the commissioner plan for the railroads serving the States west of the Mississippi, known as the western district of the United States.

This plan was explicitly designed to expand the private control over western rates and practices previously exercised by the Western Association of Railway Executives and its subordinate organizations, and to insure that decisions affecting railroad rates, service, and policy should be made collectively rather than individually, from the standpoint of group interest rather than that of individual initiative.

Under this agreement, which became effective December 1, 1932, the defendant railroads individually agreed to submit proposed changes in rates, both passenger and freight, and changes in facilities and services, to existing rate bureaus for group consideration and decision in the interest of the carriers as a whole. The agreement established an additional control over western rate matters by creating the office of the western commissioner, to be occupied by the ex-officio chairman of the Western Association of Railway Executives, empowered to decide appeals from subordinate rate organizations. The commissioner was also given power to stay the action of any road which might propose independently to effectuate a rate or practice disapproved by the group. Any road refusing to accept his decision was to be cited to a committee of directors which met regularly at 40 Wall Street, New York City. One of the organizers of the plan subsequently pointed out that its purpose was to subject western railway management decisions concerning rates and practices to review by eastern financial interests:

The directors already supervised expenditures by management to a very close degree and yet large sums could be lost in unfortunate traffic experiments or improper traffic policies without the matter coming to the notice of directors until after the damage was done. With the onset of depression conditions, directors made closer and closer scrutinies of expenditures but were still powerless to exercise any effective supervision over policies of rates and practices involving substantial sums.

The directors' committee created by the commissioner plan was designed to correct this situation—to them the commissioner reported many of the problems which came to him—so as to give the Directors the benefit of his investigations and research. All problems in which the recommendation of the commissioner were not adopted came to the committee. * * * In this committee of directors all personality, prejudice, and suspicion of traffic officers was left behind, the necessity of management to uphold a subordinate did not exist, because no president, vice president, or trustee was eligible for membership.

2. THE ASSOCIATION OF AMERICAN RAILROADS

(Pt. II, pp. 25–27)

The agreement establishing the commissioner plan for the governance of western railroads made specific provision for cooperation by the Western Association of Railway Executives with the railroads in the eastern and southern district of the United States in the collective determination of railroad policy, rates, and services on a national scale. This cooperation was earnestly sought by railroad bankers, leading institutional investors and railroad managers, whose common apprehension of competitive initiative induced a common course of action.

Preliminary discussions among banking and investment groups led to the creation in 1933 of a national steering committee of railroad directors to represent stockholding and investment interests in creating a national organization for the collective control of railroad affairs. The members of this committee and their principal financial and industrial affiliations were:

Pierre S. du Pont, director, Pennsylvania Railroad; E. I. du Pont de Nemours; General Motors.

W. A. Harriman, chairman of the board, Union Pacific System; Harriman Bros.; Guaranty Trust.

Jeremiah Milbank, director, Southern Railway; Chase National Bank; Metropolitan Life.

John R. Morron, director, Baltimore & Ohio Railroad; Alton Railroad; First National Bank of New York City; First Security Company of New York; Pullman, Inc.

R. F. Loree, director, New York Central Railroad; Guaranty Co. of New York; vice president, Guaranty Trust Co. of New York.

W. W. Colpitts, director, Seaboard Air Line; Chicago, Milwaukee, St. Paul & Pacific Railway; Pere Marquette Railway; Central National Corp.; Pierce Petroleum Corp.; partner, Coverdale & Colpitts.

F. B. Adams, director, Atlantic Coast Line; Louisville & Nashville Railroad; Chicago, Indianapolis & Louisville Railway; Air Reduction Co.; Lima Locomotive Works; International Motor Truck Corp.; Mack Trucks; National Carbide; Remington Arms; United State Industrial Alcohol.

H. W. deForest, director, Southern Pacific Lines; Illinois Central Railroad; Delaware & Hudson; Texas & New Orleans Railroad; Guaranty Trust Co.; Western Union; Tide Water Associated Oil Co.; partner, deForest Bros., New York City.

Arthur Curtiss James, director, Chicago, Burlington & Quincy Railroad; Great Northern Railway; Colorado & Southern Railway; Western Pacific Railroad; Phelps-Dodge Corp.; Northern Securities Co.; First Security Co. of New York.

Under the western agreement, the previously independent or loosely allied western rate bureaus and associations were combined into a hierarchy of trade associations that ultimately placed private control over the western railroad industry in the hands of a committee composed principally of representatives of eastern financial interests. This integration of existing bureaus into a unified system of controls was the model after which the conspirators patterned the national combination.

The need for authoritative control at the top was expressed by one of the conspirators in the following words:

"The necessity for a strong effective committee or organization representing the railroad industry as a whole as opposed to the interests of individual railroads is emphasized at the present time in connection with the weakness the railroads are showing in protecting their rate structure.

* * * * *

"From the way that this grain rate reduction is spreading like a prairie fire, it now looks as if the only hope would be for some individual or organization, disassociated with any particular railroad, to take the lead in opposing the rate reduction. * * *

"It would seem to me that our committee should bring this matter immediately to the attention of the executives with whom we are discussing the formation of a committee whose duty it would be to prevent the individual carriers forcing the industry as a whole along the road to suicide."

General Atterbury, of the Pennsylvania Railroad, took the lead in preparing a plan of organization that would embrace all of the railroads, that would not be subject to Government supervision, and that would have power to control all of the economic aspects of railroad transportation that had theretofore been left to competition.

The conception evolved by the Pennsylvania group to eliminate competition between railroads was bold, clear, and simple. This group proposed that all existing trade associations be merged into a single integrated structure of controls bound together at the top by a new national association which would have the power to enforce its mandates by the economic discipline of its members.

I take that statement from the brief filed by the Government in the case of United States of America, plaintiff, versus the Association of American Railroads, the Western Association of Railway Executives et al., defendants, which is known as the Nebraska case. It is found at page 13 of the brief.

In connection with his testimony, Mr. Kilday introduced an exhibit listing 81 overt acts of control or prevention of rate or service changes in the West which were actually carried out by the private collective controls which he described.

Mr. Kilday stated that the Association of American Railroads is the apex which dominates and coordinates the entire hierarchy of private rate mechanisms.

The proponents of this legislation deny these charges brought by the Government but are unwilling to abide by the test of judicial determination. Indeed by inference they admit the existence of the private collective controls alleged by the Government when they argue that collective action in the determination of railroad rates and policies is necessary to the efficient operation of our transportation system. This argument has an ominous resemblance to the justification advanced for the strikingly similar fascistic system of collective control established in Italy by Mussolini—that it was necessary in order to make the trains run on time. Recent history has persuaded me that the incidental inefficiencies of democracy are preferable to the efficient tyrannies of a regimented totalitarianism.

I cannot agree that the bill establishes any effective public control over the private collective action which it approves. As pointed out by the Attorney General, the approval which the bill requires from the Interstate Commerce Commission is an approval only of the basic agreements establishing private machinery for the private determination by railroads, acting as a group, of collective rates and policies. The rates made and the policies enforced pursuant to these basic agreements are shielded by the bill from the scrutiny of our public prosecutors. The influences which shape the products of this private machinery, and their purposes and objectives, are to be protected by the bill from public disclosure and from public responsibility. I am aware that the rates made by this approved private machinery will continue to be subject to the jurisdiction of the Interstate Commerce Commission. But the rates now made by collective action without our approval are subject to that jurisdiction. The Government charges that the railroad combination has been able to flout and even to preempt the Commission's control over rates. The bill adds nothing to the existing power of the Commission to deal with rates. Will not the railroad combination be emboldened by approval of the bill to go further than it has already gone in mocking the regulatory process?

Indeed, under the bill the railroads collectively are given greater powers than the Congress has heretofore seen fit to entrust to the public regulatory body, the Interstate Commerce Commission. For under the bill a group of railroads acting

through a rate bureau can collusively fix and agree upon not merely the maximum rate for a given transportation service, or the minimum rate for such service, but the specific rate, in so many dollars and cents. The Interstate Commerce Commission can rarely prescribe a specific rate, and then only on the basis of findings that pre-existing rates were unlawful. And two or more groups of carriers in different sections of the country, acting collectively under the bill through their respective rate bureaus, can fix and agree upon rate differentials, or relationships, which determine how much more a furniture manufacturer in Montana, for example, must pay to move his furniture to the St. Louis market than a furniture manufacturer in the East pays to move the same product approximately the same distance to the same market; or, indeed, how much more the Montana manufacturer must pay to move his product the much shorter distance to common western markets in which he must compete with the eastern manufacturer.

As a representative here of the people of the State of Montana, I am particularly concerned with the injury which the bill threatens to impose upon my State. The bill would license those who control the railroads to continue with impunity to impose upon the people of my State and of the West the discriminatory and prejudicial treatment which the Government charges has been and is now accorded the West by the railroad combination.

I quote from the statement made to the court at Lincoln, Nebr., on April 23 of this year by Wendell Berge, then Assistant Attorney General in charge of the Antitrust Division, in opening the presentation of the Government's evidence against the private collective controls which we are now asked to approve:

The power to discriminate which is implicit in monopoly control of an industry has in this case been made explicit against the West. The Government's evidence will show that under the terms of the western agreement ultimate control over western rates and practices was vested in a committee of directors which met in New York City to review the decisions made by western railroad management with respect to rates, services, and practices.

The evidence conclusively shows that the authority and influence of this committee of directors was exerted to prevent rate reductions and the inauguration of competitive practices sought by individual western roads. For example, in 1933 the committee of directors prevented the Chicago Great Western Railroad from publishing reduced rates on packing-house products. And in 1934 the committee of directors dissuaded the Missouri-Kansas-Texas Railroad from extending industrial-track facilities designed to develop new industry at San Antonio, Tex.

Again, the evidence shows that the Association of American Railroads prevented western railroads from establishing transit privileges on grain at cities in the Midwest, thereby denying midwestern cities the opportunity to develop industries engaged in processing grain into flour, cereals, or other grain products. The evidence also shows that in 1938 the committee of directors, under the western agreement, directed the western commissioner to "convey to the western executives their concern over the extension of transit privileges to Omaha and Council Bluffs," and "to request the executives to review these transit privileges in an effort to find a way to correct the situation."

The specific acts of discrimination against the West disclosed by the evidence, injurious though they have been to the western economy, are merely surface manifestations of the deeper discrimination against the West which the combination and conspiracy here has effectuated by its maintenance of traditional geographic rate differentials. Because of these differentials, the people of the West pay more for railroad service than people in the East pay for railroad service, and the product of western industry suffer a rate disadvantage when they compete in common markets in the East with the products of the East, notwithstanding the fact that the actual mileage may be in favor of the western industry.

The evidence shows that this differential in the class rate scales shows a discrimination varying between 112 percent and 160 percent against the West and in favor of the East, and a discrimination of 136 percent against the South and in favor of the East.

These traditional differentials are not justified by differences in the cost of service. * * *

The Government's evidence conclusively establishes that these differentials have been perpetuated by the operations of the combination and conspiracy here in preventing rate reductions and readjustments sought by shippers and by individual railroads.

This regional rate discrimination penalizes substantially the present and potential movement of processed goods from the South and West, thereby discouraging the expansion and diversification of industry natural to those areas. * * *

Decentralization and diffusion of industry based upon local resources is a part of the price of national unity and maximum economic stability. The present interterritorial freight-rate barriers militate against this attainment. Their continuance tends to accentuate the development of one region as an urbanized industrial area and to maintain the other regions in a colonial position as contributors of raw materials.

This charge that the railroad combination discriminates against the West is supported by evidence presented by the Department of Justice to the district court at Lincoln, Nebr. The charge of discrimination is also supported by findings of the Interstate Commerce Commission. On May 12 of this year the Supreme Court upheld an order of the Commission in the so-called Class Rate Investigation, Docket 28300, which found these regional class-rate differentials to be unlawfully discriminatory against the West and against the South. At page 5 of the slip opinion delivered on behalf of the Court by Justice Douglas, the Court said:

The Commission found that class rates within southern, southwestern, and western trunk-line territories, and from those territories to official territory, were generally much higher, article for article, than the rates within official territory. It found that higher class rates have impeded the development and movement of class-rate freight within southern, southwestern, and western trunk-line territories and from those territories to official territory. It concluded that neither the comparative costs of transportation service nor variations in the consists and volume of traffic within the territories justified those differences in the class rates. The Commission also determined that equalization of class rates is not dependent on equalization of nonclass rates and that interterritorial rate problems can be solved only by establishing substantial uniformity in class ratings and rates.

Section 3 (1) of the act outlaws undue or unreasonable preferences or advantages to any region, district, or territory. The Commission found that the relation between the interterritorial class rates to official territory from the other territories in question and the intraterritorial class rates within official territory results in an unreasonable preference to official territory as a whole, and to shippers and receivers of freight located there, in violation of section 3 (1).

After setting forth tables and figures showing the degree to which specific rates from western and southern origin points exceeded rates for the same distance from eastern origin points to common markets, the Court said, at page 15:

The disadvantage to the southern or western shipper who attempts to market his product in official territory is obvious. Thus the first of these tables shows that a Nashville shipper pays 39 cents more on each 100 pounds of freight moving to Indianapolis, Ind., than one who ships from Indianapolis to a point of substantially equal distance away (Kent, Ohio) in official territory.

Similar disadvantages suffered by southern and western shippers are revealed in the other comparable interterritorial freight movements set forth in the tables.

There is rather voluminous evidence in the record tendered to show the effect in concrete competitive situations of these class rate inequalities. The instances were in the main reviewed by the Commission. They are attacked here on various grounds—that some of them involved rates other than class rates, that others were testified to by shippers who made no complaint of class rates, that others showed shippers paying higher rates, yet maintaining their competitive positions and prospering. We do not stop to analyze them or discuss them beyond saying that some of the specific instances support what is plainly to be inferred from the figures we have summarized—that class rates within southern, southwestern, and western territories, and from those territories to official territory, are generally much higher, article for article, than the rates within official territory. That was the basic finding of the Commission; and it is abundantly supported by the evidence.

Thus discrimination in class rates in favor of official territory and against the southern, southwestern, and western trunk line territories is established.

Again, at page 20, the Court said:

As we stated in *Georgia* v. *Pennsylvania R. Co.* (324 U. S. 439, 450), "discriminatory rates are but one form of trade barriers." Their effect is not only to impede established industries but to prevent the establishment of new ones, to arrest the development of a State or region, to make it difficult for an agricultural economy to evolve into an industrial one. Nondiscriminatory class rates remove that barrier by offering that equality which the law was designed to afford. They insure prospective shippers not only that the rates are just and reasonable per se but that they are properly related to those of their competitors. Shippers are then not dependent on their ability to get exception rates or commodity rates after their industries are established and their shipments are ready to move. They have a basis for planning ahead by relying on a coherent rate structure reflecting competitive factors.

The Court found that the development of the West and South had been prejudiced by discriminatory freight rates. At page 25 the Court said:

In 1940 the average annual dollar income per person employed in official territory was $1,988; in southern, $940; in southwestern,

$1,177; in western trunk-line, $1,411. Official has 69 percent of all workers engaged in manufacturing in the United States and 29 percent of all workers in extractive industries. It has, for example, a high concentration in the manufacture of steel and copper products, though less than 4 percent of the iron ore reserves, and no reserve of metallic copper. The South and West furnish raw materials to official and buy finished products back. They are also dependent to a great extent on the markets for their products in official, which has over 48 percent of the population of the country, 76 percent of the national market for industrial machinery and raw materials, 64 percent for all goods and sources, 62 percent for consumer luxuries, and 53 percent for consumer necessities. Yet the South and West suffer rate handicaps when they seek to reach those markets.

The charge that the railroad combination has perpetuated these historic rate differentials against the West and South is supported, and their motivation in doing so is indicated by findings of the Interstate Commerce Commission. I quote from the Commission's decision in this class rate case, at pages 695–696 of volume 262 of the Commission's reports:

Although manufacturing has grown in the South and Southwest and to a lesser extent in western trunk-line territory in the last decade, it is still vastly less in diversification and amount than in official territory. The increases in manufacturing in these territories has created a demand for rates which will at once permit the free movement of the manufactured articles, but because of the level of the intraterritorial and interterritorial class rates, such free movement has been impeded insofar as such commodities move at class rates. In most instances it has been necessary either to reduce the class rate levels or to establish exception or commodity rates in order that the manufactured products may move freely, and this action has frequently been subject to long delays because of the failure of individual carriers or groups of carriers to agree upon a basis.

Official territory is the greatest consuming territory in the country, and is the market that nearly all manufacturers desire to reach, particularly where they have a surplus of their products to sell. In shipping to official territory, manufacturers in the other territories not only have the disadvantage of location, but are subjected to an additional burden in those instances where they must pay class rates on a much higher level than their competitors in official territory. This situation reacts to the disadvantage of manufacturers in the other territories, and to the advantage of those in official territory, tends to restrict the growth and expansion of the manufacturers in the other territories, and, to some extent, to prevent the establishment of new manufacturing plants in those territories.

The statistics which reflect the economic results of the discrimination against the West perpetuated by the railroad combination make dull reading. But the consequences are real and vivid enough to the people who suffer the blighting effects of the discrimination. The people of Montana have felt this blight of discriminatory freight rates.

After the turn of this century Montana created in a small way an independent milling industry. Most of its mills were what may be termed local consumption mills, milling only sufficient grain to provide local markets with flour, feed and cereals. One of these milling concerns grew into prominence in the bakery-goods industry because of its excellent flour, and projected its sales into interstate commerce.

Today throughout the great western grain-producing area there are deserted grain mills with their broken windows and rusting machinery. These gaunt mills are silent monuments to the independent milling industry in the West, destroyed by freight-rate discrimination.

On the representations of the railroads and of the midcontinent and midwestern millers, most of which are chain mills, the Interstate Commerce Commission in 1930 created the so-called rate-break method of rate making for the movement of grain and its products—One Hundred and Sixty-fourth Interstate Commerce Commission Report, page 619. What is meant by the rate-break method is this: When a farmer living in Montana or any of the Western grain-producing States ships his grain, he pays the initial freight rate from the farm shipping point—if he sells locally, the grain elevator or the mill deducts the freight rate from the price paid—to the controlling market. The leading midwestern price-controlling market was then and is still Minneapolis, Minn. Its quotations govern the markets throughout the western plains region. If the farmer sells his grain at any of the great midwestern markets located on the Missouri River, the purchasing grain miller or speculator can and normally does continue the grain or grain products milled from the same grain—or may substitute an equal poundage of any like kind of grain—to milling markets east of the Missouri River territory on payment of the so-called "proportional" rate. Such proportional rate is the difference between the local rate already paid by the farmer and the through rate from initial origin to final destination.

A common example illustrates the prejudice to the Montana farmer. The basic freight rate on grain and its products originating at points located within the region in Montana termed The Montana Triangle to Minneapolis, Minn., is 42 cents per 100 pounds in carloads of 60,000 pounds. The average distance for the movement is approximately 950 miles. After arrival at Minneapolis the grain can be milled into flour, then reshipped by the Minneapolis miller to Chicago, a distance of 437 miles, on a rate of 12 cents per hundred pounds with a lower minimum carload weight of 36,000 pounds. The Minneapolis miller, not the Montana farmer, enjoys the benefit of the through rate. And the independent Montana miller cannot compete in the Chicago market with the chain miller who enjoys both the geographical advantage of location at Minneapolis and the transportation advantage of a low proportional rate.

After the rate-break plan became effective, a small Montana miller was forced to acquire a mill located at Cleveland, Ohio, so that it, too, would be enabled to manipulate its grain under transit arrangements. Under present transit arrangements, a miller or shipper may stop a carload of wheat three times after it leaves its origin point in the West. Each stop must be made west of the so-called primary markets located on the Mississippi and Missouri Rivers. Grain may be stopped for cleaning in transit, for grading, for blending and milling. Such stops are free of charge and were authorized by the Commission in supplemental orders entered in docket 17000—part 7, One Hundred and Sixty-fourth Interstate Commerce Commission Report, page 619. Who derives the benefit from such stops in transit? Not the small miller who owns only one mill. These transit arrangements favor the chain miller. Chain-mill corporations own scores of mills in some cases, and they manipulate Montana, Idaho, North Dakota, and other western hard high-protein wheat by stopping the car at any of their mills, en route eastward, unloading the lading, and then loading soft wheat to be used at another mill which may need such grain. All this is done on the primary market rate, which the farmer has already paid, either directly or indirectly, plus the low proportional rates which are available from any midwestern milling point. Transit on grain today has become an economic advantage which produces fat profits for chain millers at the expense of and to the marketing disadvantage of the western farmer.

Here is another prejudicial situation in the grain-rate structure: Supplemental orders in the Hoch-Smith case authorized the transcontinental railroads to publish rates of 65 cents per hundred on grain and grain products originating at Minneapolis, Duluth, Omaha, and so forth, and destined to Pacific Coast cities. The stated rates are basic and do not include subsequent rate increases since authorized by the Interstate Commerce Commission. These rates apply over several routes and are applicable from any of the above-named origins to Seattle, San Francisco, Portland, or Los Angeles. A carload of flour or grain destined to Los Angeles, which originates at Duluth, Minneapolis, or Omaha, may be transported at this rate via the Northern Pacific, the Great Northern, the Chicago, Milwaukee, St. Paul & Pacific to Seattle, thence, after further milling or blending, to Los Angeles via Southern Pacific. The movement from Seattle to Los Angeles over the Southern Pacific Railroad, which line has not participated in the haul from the origin point to Seattle, is a free ride for the Missouri River miller. It is not meant that Southern Pacific will haul the carload of flour free. What is meant is that the originating line will have to divide the 65-cent rate, Duluth to Seattle, with the Southern Pacific, and the shipper will pay no part of that cost.

Why do the Northern Transcontinentals publish such rates and routes? The answer is, first, that they desire to participate in California traffic, and to do that, they accept a routing which will decrease their earnings; and, second, that their friendly patrons, the Missouri River millers who own mills both at Seattle and at the Missouri River milling point at which the car originates, desire to have the privilege of shipping certain types of grain for use in certain milling blends at a Seattle mill; or, if

the car is loaded with flour, the miller may desire to utilize the flour at Seattle in making staple blends, and then reload the car with grain needed at its Los Angeles mill. The independent California mills which draw wheat from Idaho, Utah, and Montana cannot meet such competition. If the shipper located at the Missouri River milling point happens to be General Mills, it can use one stop in transit at Seattle, where it operates a large mill; it can then exchange the lading, and stop the car at San Francisco, where it also operates a large mill; and finally the new lading, with which the car is loaded at San Francisco, arrives at Los Angeles. All this can be done on through billing and on the 65-cent basic rate, with no charge for the three stops in transit. If the grain in the car originated in Montana, North Dakota, South Dakota, or northern Idaho, the freight was prepaid by the farmer to any of the Missouri River markets. Thousands of cars move each year under these conditions. It will be noted that the grain or the flour, if milled from western wheat, makes a round trip through the States where it was grown.

How can southern Idaho, Utah, or Montana independent millers meet such competition? It cannot be done, especially in view of the fact that a shipper, whether he is a miller or a farmer, cannot ship grain from any of these States to Los Angeles via San Francisco, through the Butte gateway, with the privilege of stopping in transit for any transit operation on the grain. The Interstate Commerce Commission is now in process of making a determination as to whether such stops in transit in the Sacramento River Valley are lawful; but the investigation, initiated early last year on the Commission's own motion, is limited to Idaho grain.

Similar examples can be adduced to show the prejudicial effects of freight-rate discrimination upon other western industries and upon the people of my State. The effect of all these discriminations is to limit Montana and the West to the production of raw materials. The railroad combination effectively bars the way to the industrial development which would otherwise be the natural consequence of the West's rich endowment of natural resources.

The manner in which the railroad combination discourages the establishment of new manufacturing industries in Montana is illustrated by the case of the Yellowstone Cabinet Co., located in Billings, Mont. This case was documented before the Senate Interstate Commerce Committee of the Seventy-ninth Congress, during hearings on H. R. 2536, at pages 1046–1051. I shall not take time now to read that documentation, but I call it to the attention of the Senate.

Mr. President, at this point I should like to give a list of examples of the kinds of rate adjustments which operate to Montana's disadvantage.

In 1946, C. E. Childe, transportation consultant of the Senate Small Business Committee, made a study of rail freight rates as they affect Montana. Following his study, Mr. Childe made the following report to the Small Business Committee:

These rail freight rates fall generally into the following classes: (1) Excessive rates on finished manufactured articles, compared with rates on the raw materials, which discouraged manufacturing near the sources of raw materials by making it cheaper to ship them to distant markets for manufacture; (2) more favorable rates, distance considered, for long transcontinental hauls than for shorter hauls to and from intermediate territory; (3) excessive rates on some raw materials; (4) excessive class rates.

Montana's growth and prosperity will depend, of course, on the extent of utilization of its natural resources, either by shipping raw materials to other States for manufacture and consumption or by manufacturing at home. It would be to Montana's advantage to manufacture its raw materials at home, rather than ship them outside, because manufacturing employs many more people and creates more wealth than the mere production of raw materials.

It is economically desirable that manufacturing be performed wherever it will result in the lowest ultimate cost to the consumer. If freight rates on all commodities, both raw materials and finished products, were based on the cost of hauling them, plus a fair profit, production and manufacturing would be encouraged at the points where they could be done most economically. Unfortunately, that is not the way freight rates are made. The cost of the service has largely been ignored, and custom, competition, and the desire of the railroads for long hauls, heavy tonnages, and "all that the traffic will bear" have been the controlling considerations.

Montana's retarded economic development, the dependence of the people upon raw-material production, and lack of manufacturing are indicated by the fact that it is losing population. It had more people 30 years ago than it has today. Statistics show that, although it is the third largest State in the United States, it has a population of only about 500,000. Nevertheless, it is a rich State in point of natural resources. It possesses extensive cattle, wool, beet sugar, and wheat-growing industries. It has an abundance of forest and mineral resources which, properly developed, can bring about a substantial increase of industry and business, and place the region on a basis of continuous prosperity. It has vast undeveloped deposits of phosphates so essential in the agricultural industry. It has rich, productive soils and favorable climatic conditions. It has water resources with magnificent potentialities for irrigation, reclamation, and electric-power development. Yet, the population of the State is static. Just before the war it had less people than it had 30 years ago.

Only 7 percent of Montana's workers are engaged in manufacturing, as compared with an average for the rest of the country of 25 percent, whereas 40 percent of Montana's workers are producing raw materials as compared with 20 percent for the rest of the United States. If manufacturing industry can be stimulated in Montana, it will increase the production and value of its raw materials, as well as providing finished products, and, by providing more jobs and bringing more population to the State, will increase all lines of business and general prosperity, including that of the railroads. Certainly, there is no advantage to anyone in maintaining an adjustment of freight rates which holds down population, income, and traffic.

Mr. President, I should now like to point out that officials of the western railroads recognize the need of industrial development in many of these Western States. Mr. Frank J. Gavin, president of the Great Northern Railway Co., in an interview printed in the Great Falls Tribune in May 1944, discussed the need for the development of Montana's resources. Among other things, he said:

Power has a lot to do with development. Montana certainly has the raw materials, and I don't know why Montana can't have manufacturing if it has power, labor, and population.

Mr. Childe's report continues as follows:

The principal commodities which Montana produces and ships are wheat, flaxseed, barley, rye, oats, and mill products; dried peas and beans, livestock, lumber, petroleum and products, copper, lead and zinc ores, concentrates, and ingot; bituminous coal, phosphate rock, cement, and sugar. Statistics are available showing carloads and tons originated, and an analysis was made, by the Board of Investigation and Research, of 1939 traffic, showing States to which Montana ships these products and the rates charged as compared with the cost to the carriers of performing the transportation. Reference will be made to typical rates and transportation costs on raw materials and products shipped out; also on commodities consumed in Montana.

Wheat and products: Rates on wheat from Montana are high compared with cost of performing the service. The following table shows typical rates compared with the approximate cost, including 4-percent return to the railroads, as developed by the Board of Investigation and Research for the year 1939. Costs were somewhat lower in the war years. The trend of costs is now upward, because of declining traffic and higher wages and material prices. However, it is doubtful that 1946 costs will exceed those of 1939. The railroads are now seeking general increases in rates to offset rising costs. If costs have gone up, rates will go up correspondingly. The 1939 rate-and-cost relationships may therefore be taken as representative of the present-day relationships.

[In cents per hundred pounds]

From—	To—							
	Minneapolis		Chicago		Pittsburgh		Seattle	
	Rate	Cost plus 4 percent	Rate	Cost plus 4 percent	Rate	Cost plus 4 percent	Rate	Cost plus 4 percent
Great Falls	44	32	57	43	78½	56	41	27
Billings	44	29	57	39	78½	53	42	31
Kalispell	50	36	63	47	84½	60	37	21

Rates on other grains and flaxseed are the same as the wheat rates. The cost, per 100 pounds, of hauling the lighter-loading grains is slightly higher than on wheat, but otherwise what is said about wheat is applicable to the other grains.

Flour and feed rates are the same as wheat rates, which gives Montana flour and feed mills an opportunity to ship to consuming markets, but rates on more highly finished articles manufactured from wheat or flour are prohibitively high. For example, the rate on macaroni and spaghetti, in carloads, from Montana points to Chicago, is $1.38 per 100 pounds, and to Pittsburgh, $1.54 per 100 pounds, which is, to Chicago, more than double, and to Pittsburgh almost double the rate on wheat and flour. Since the price which the Montana farmer gets for wheat and other grain is based on the price quoted at consuming markets, less the freight rate from the point of shipment to market, farmers would benefit from a reduction in these rates to reasonable levels approximating the

cost figures shown above, which include a reasonable profit to the carrier. Rates on macaroni products could reasonably be reduced 50 percent and still yield the carriers a handsome profit.

Beans and peas: Montana is the thirteenth State in production and shipment of these commodities. The rates on dried beans and peas from Montana are even higher than the rates on wheat. The following table shows typical rates compared with approximate cost, including 4 percent profit to the carriers:

[In cents per hundred pounds]

From—	To—					
	Minneapolis		Chicago		Seattle	
	Rate	Cost plus 4 percent	Rate	Cost plus 4 percent	Rate	Cost plus 4 percent
Great Falls	55	41	72	56	75	35
Billings	39	36	59	51	95	40
Kalispell	65	46	77	60	79	27

If, instead of shipping beans and peas, dried, a Montana canner should attempt to ship the canned products, the rates would be:

[In cents per hundred pounds]

From—	To—			
	Minneapolis		Chicago	
	Rate	Cost plus 4 percent	Rate	Cost plus 4 percent
Great Falls	64	41	88	56
Billings	64	36	76	51
Kalispell	88	46	88	60

The rates on canned goods from Montana to Chicago are higher than the rate from Seattle and Portland to Chicago, which is 70 cents per hundred pounds, notwithstanding the shorter hauls from Montana. On a cost basis, canned goods rates from Montana to the East should be at least 15 cents, from western Montana, to 30 cents, from eastern Montana, lower per 100 pounds than the rate from the north Pacific coast to the East.

Livestock: Rate levels maintained by the railroads on livestock are relatively low; for most hauls they are only slightly above out-of-pocket costs, and for some of the longer hauls they are even below out-of-pocket cost levels; in no case are they high enough to cover full cost plus 4 percent profit. Montana's livestock rates are somewhat higher, mile for mile, than the rates prevailing east of the Montana-Dakota border, but cannot be said to be unreasonably high. The objectionable feature of the livestock rate adjustment from the standpoint of Montana's development, is that rates on products are so much higher than the rates on the live animals that slaughter and manufacturing of livestock products near the source of production is discouraged. It costs the railroads no more to haul fresh meats than livestock. The cost of hauling cured meats and inedible products of livestock is less than cost of transporting livestock. However, the rates on fresh meats are much higher than the livestock rates. As a consequence, eastern and Pacific coast packing houses and processing plants have decided rate advantages over packing plants located in Montana or other interior Western States.

To the East, the rate disadvantage in shipping fresh meats is about 50 percent. To the Pacific coast, which would be a logical market for Montana meat products, interior western meat packers were, until recently, at a still greater disadvantage but succeeded in getting an order of the Interstate Commerce Commission reducing their rates, which, however, did not apply to the rates from Montana to the Pacific coast. For example, the rate from Omaha to Portland, Oreg., on livestock, was $1.09 per hundred pounds; on fresh meats, $2.56 and on cured meats, $2.05 per hundred pounds, which were respectively 235 and 188 percent of the livestock rate. The Commission ordered the rate reduced on fresh meat to $1.56, which is 143 percent of the livestock rate, and on cured meat to $1.30 per hundred pounds, which is 119 percent of the livestock rate.

Now, taking a Montana example, the rates on livestock from Butte to Portland is 57 cents per hundred pounds; the rate on fresh meats, $1.09 per hundred pounds, and on cured meat, 80 cents per hundred pounds. If the meat rates from Butte were made the same percentage of the livestock rates as the Commission applied from Omaha, the rates from Butte to Portland would be reduced, on fresh meat, to 82 cents per hundred pounds, and on cured meats, to 68 cents per hundred pounds. Similar large reductions should also be made in rates to other Pacific coast cities.

Lumber: Like the livestock and products rates, the levels of rail rates on lumber are relatively low, but on finished wood products, they are high. The effect is to discourage the manufacture of finished wood products near the source of the lumber. Lumber rates from Montana are, however, on relatively higher levels in comparison with the cost of transportation than the rates from the Pacific coast, and equality of treatment would call for lower rates from Montana. The following examples are typical:

[In cents per hundred pounds]

From—	To—			
	Minneapolis		Chicago	
	Rate	Cost plus 4 percent	Rate	Cost plus 4 percent
Seattle	65½	72	75½	88
Libby	60	53	72	69
Missoula	60	52	72	68

To destinations east of Chicago, as far as the Atlantic coast, a blanket rate of 82 cents per hundred pounds is in effect from the North Pacific coast and also from Montana. The cost of shipping from Montana is about 20 cents per hundred pounds less than from the North Pacific coast. The Montana rates should be lower, reflecting this difference in cost. There is very little production in Montana of finished products manufactured from wood. The rates on finished wood products, such as furniture, are several times higher than the lumber rates, and 50 percent or more higher than rates on similar articles manufactured in the East and South.

Nonferrous metallic ores, concentrates, and ingot: Rates on Montana's ores and concentrates are relatively low. There is no manufacture or movement of metal products of any consequence from Montana to points outside of the State. Rates on finished products are so many times higher than the rates on the raw material that it is cheaper to ship the raw materials to the East for manufacture.

Phosphate rock: Rates on this commodity from Montana to the East are reasonably low. For example, the rate from Garrison to Chicago is $8.58 per ton, and the cost of transportation, including 4 percent profit, is approximately $8.50 per ton.

Petroleum products: Movement from Montana is principally for short distances and the rates are not excessive. For example, the rates from Cutbank to Great Falls is 9½ cents; to Butte, 22 cents; to Missoula, 30 cents; to Billings, 29 cents, compared with approximate cost, including 4 percent profit, of 10, 20, 22, and 24 cents, respectively.

Bituminous coal: Hauls from Montana mines are short. Rates, especially on domestic sizes, are rather high. The following rates from Roundup, Mont., are typical:

To—	Rate (per ton)	Cost plus 4 percent (per ton)
Great Falls	$2.35	$2.14
Butte	2.36	2.06
Missoula	3.38	2.78
Miles City	2.25	1.40

Cement: Montana's shipments are for relatively short distances. Rates are high in relation to cost. The following rates, from Trident, are typical:

[In cents per hundred pounds]

To—	Rate	Cost plus 4 percent
Great Falls:		
25-ton car	18	
40-ton car	14	9½
Butte	14	6½
Missoula	20	10
Miles City	24	14

Sugar: The freight-rate adjustment on sugar, from Montana and other western producing States, is a very peculiar one and is complicated by the system of quoting prices, delivered at destination, on a base price at New Orleans or San Francisco plus the freight rate therefrom, rather than having a price at the western mill plus the freight rate from the western shipping point. As a result of this system, the price charged by Montana sugar mills on their product delivered at a nearby point in Montana, is much higher than the delivered price at a point farther east, such as Fargo, N. Dak. The delivered price at Minneapolis is still lower than at Fargo, and the delivered price at Chicago is lowest of all. For this reason, manufacturers of candy and other sweet products located near the western sugar mills, are unable to compete with manufacturers located at Chicago, who buy the sugar cheaper, notwithstanding the long haul to Chicago compared with the short haul to a Montana destination. Even the manufacturers at the Twin Cities have trouble competing with Chicago because sugar costs them more. This situation is reflected in the freight rates; the railroads charge very high rates on sugar from western producing points to nearby destinations, and relatively very low rates to Chicago. For example, from Chinook, Mont., to Helena, the rate is 46 cents per hundred pounds, whereas a reasonable rate based on cost plus 4 percent would be about 12 cents per hundred pounds. The rate from Chinook to Fargo, N. Dak., is 52 cents per hundred pounds, although a reasonable rate based on cost would be 25 cents. The rate from Chinook to Minneapolis is also 52 cents per hundred pounds and a reasonable rate based on cost would be about 32 cents. The rate from Chinook to Chicago is 47 cents per hundred pounds, 5 cents lower than either to Fargo or Minneapolis. This is just about equivalent to the cost of transportation from Chinook to Chicago, including 4-percent return. Of course, the rate of 46 cents, from Chinook to Helena, for a haul of 243 miles, is prohibitive as compared with a 47-cent rate to Chicago for a haul more than 1,000 miles longer. Both the inequitable price system and freight-rate system on sugar must be broken up before Montana manufacturers and consumers will be able to use Montana sugar on a fair relationship with the distant Chicago market.

Class rates: Class rates are the rates maintained by the railroads on miscellaneous small shipments on which the volume of traffic or competition is not great enough to cause them to establish lower individual commodity rates. Class rates are on much higher levels than individual commodity rates, and are much higher in the West than in the area east of the Mississippi River. Class rates in the South are also high compared with the eastern rates. General complaints of the southern and western shippers about this situation brought about an investigation by the Interstate Commerce Commission of all the class rates in the United States, except those in the Mountain-Pacific Territory, which comprises Montana and most of the area west of the Rocky Mountains. The Interstate Commerce Commission's decision in this investigation was made a year ago, and ordered reduction of 10 percent in all of the western and southern rates involved, along with a 10-percent increase in the eastern rates. The decision has been held up by a temporary injunction, obtained by eastern States, but this week the Federal court denied a permanent injunction and the changes ordered will presumably become effective in the near future. The effect of the decision will be to leave Montana's rates at levels much higher than those in all of the area east of the Montana-Dakota line. Some comparisons of Montana rates with the present eastern scale are shown below, taking first class (which applies on such commodities as dry goods, shoes, etc., in less-than-carload lots, as an example:

[In cents per hundred pounds]

Between—	And—									
	Minneapolis		Chicago		Seattle		Great Falls		Billings	
	Present rate	Eastern scale	Present rate	Eastern scale	Present rate	Eastern scale	Present rate	Eastern scale	Present rate	Eastern scale
Miles City	253	149	309	193	378	190	167	109	96	73
Helena	340	196	392	240	279	157	---	---	---	---
Kalispell	359	201	416	246	233	141	130	90	200	122

It will be noted that the Montana rates range from 130 to 199 percent of the eastern scale. The 10 percent reduction ordered by the Commission, in the rates east of the Montana-Dakota line, together with the 10 percent increase in the eastern rates, is a temporary expedient until the Commission has time to prescribe a uniform classification and a uniform scale of class rates throughout the United States, except the Mountain-Pacific territory. The Commission found that there was no reason why the rates should not be uniform. The reason that the Mountain-Pacific States were left out was because the Mountain-Pacific States asked that they be left out. There is no reason, from a cost standpoint, why the rate levels from Montana or other far western States should be any higher than from the Dakotas and east. Class rates are the rates paid by the small manufacturer and shipper until he is able to get a start to develop enough traffic to demand commodity rates. It is important, therefore, that Montana take steps to get its class rates reduced to the same levels as those of the States to the east.

Carload commodity rates from the East to Montana: Rates on carload freight shipped into Montana from the East are generally related to the class rates. Although commodity rates somewhat lower than the class rates are in effect on most carload freight which moves in any volume, they are, nevertheless, exceedingly high compared with the cost of the transportation. Typical examples of present inbound commodity rate levels are shown below:

AGRICULTURAL IMPLEMENTS

[In cents per hundred pounds]

From—	To—					
	Kalispell		Helena		Miles City	
	Rate	Cost plus 4 percent	Rate	Cost plus 4 percent	Rate	Cost plus 4 percent
Minneapolis	157	78	150	75	103	50
Chicago	182	102	173	99	125	74
IRON AND STEEL WIRE AND NAILS						
Minneapolis	116	52	109	50	97	33
Chicago	135	67	131	65	121	48

It is interesting to note that the rate on agricultural implements from Chicago to Seattle is $1.54, and on wire and nails from Chicago to Seattle, $1.10 per hundred pounds. The rates are lower to Seattle, notwithstanding the longer distance.

Machinery: The rate on power machinery in carloads, from Chicago to Montana destinations (Billings, Great Falls, Butte, Helena) is $1.74 per hundred pounds, as compared with a rate to Seattle of $1.78 per hundred pounds, with a special rate on boilers and like heavy machinery from Chicago to Seattle, of $1.15 per hundred pounds.

On a cost basis, the rates on agricultural implements and machinery to Montana points should range from 25 to 50 cents per hundred pounds lower than the rates to Seattle; the rates on iron and steel wire and nails, from Chicago to Montana, should be 15 to 30 cents per hundred pounds lower than the rates to Seattle.

Mr. President, the recent decision of the Supreme Court upholding the Interstate Commerce Commission's finding of unlawful discrimination against the West in class rates is a step in the right direction. But class rates move only approximately 5 percent of the freight carried by rail. The rates on the remaining 95 percent of freight traffic remain under the discriminatory power of the railroad combination which would be legalized by this bill. The power of the railroad combination headed by the Association of American Railroads to discriminate against the West remains untouched by the class rate decision. It is the Association of American Railroads' power authoritatively to control railroad affairs which gives rise to such discriminations against the West as the perpetuation of rate differentials. The unequal distribution of freight cars, now receiving attention from the caucus of western Congressmen, is another instance of discrimination against the West attributed to the Association of American Railroads. Other discriminations inevitably result when the interests of the West conflict with the Association of American Railroads' firm policy of preserving the industrial and economic status quo. This policy is but a reflection of the interest of the eastern financial and industrial interests, which, consistent with their history of intimate participation in railroad affairs, were very active in the formation of the Association of American Railroads and have since been actively involved in the formation of Association of American Railroads' policy and the exercise of its control over the railroad industry.

The fashion in which dominant eastern industries work through collective railroad controls to erect an arbitrary rate blockage against the entry of new industry in the West into competition with established industries in the East has been documented by the Government in the evidence presented on April 23 to the district court at Lincoln, Nebr. I shall summarize one example taken from railroad documents offered to the court by the Government.

During the war, the Government, through the Defense Plant Corporation, invested approximately $200,000,000 for the construction of the steel plant at Geneva, Utah. The plant was built to meet the needs for steel at points on the west coast during the war and to provide facilities for making iron and steel articles in a section of the country which had not been developed industrially.

Before the Geneva plant was placed in operation, the Defense Plant Corporation took steps designed to secure a fair and equitable level of rates for general application to shipments of iron and steel articles from Geneva to the West coast. Its purpose was to reduce costs of operation during the period of governmental operation and to provide a fair and equitable level of rates which would be available after the war to any purchaser of the plant.

Upon at least three separate occasions during December 1943, and January, February, and March 1944, representatives of the western carriers met and rejected proposals for reduced rates from the Geneva plant.

Although it has been stated that shippers are provided, through the conference method of rate-making presided over by the Association of American Railroads which would be approved by this bill, with a forum in which to present their needs for rates to the carriers, discussion of the domination over carriers exercised by the powerful shipping interests through the conference method has been avoided. The eastern iron and steel manufacturers were promptly consulted by the railroads when the proposal for reduced rates from Geneva was first made. As a matter of fact, those manufacturers were invited to participate in the discussions between the railroads and the representatives of the Government. The eastern manufacturers were vehement in their opposition to the request made by the Government for reduced rates. It threatened the rigidity of the entire steel basing point system. The eastern steel interests controlled the western market for iron and steel prior to the war. The action taken by them during negotiations between the railroads and the Government indicates that they intended to exercise, to the fullest extent possible, every means within their power to prevent independent operation of the Geneva plant after the war.

An illustration of the length to which they went is shown by the statement made by H. C. Crawford, general traffic manager of the Bethlehem Steel Co. The Western Pacific and the Denver &

Rio Grande Western granted the Government early in 1944 special reduced rates for the duration of the war only and 6 months thereafter. On April 19, 1944, D. C. McCready, eastern traffic representative of the Western Pacific, wrote to Mr. H. E. Poulterer, vice president of the Western Pacific, that Mr. Crawford, after referring to the 78,529 tons shipped by Bethlehem over the lines of the Western Pacific during 1943, said:

> You can tell your people that your 1944 figures will be nil if I have anything to say about it.

The eastern steel companies also applied pressure through the Association of American Railroads. On March 8, 1944, A. F. Cleveland, vice president of the association, wired Mr. Poulterer as follows:

> Serious complaints have been made to me by steel companies regarding proposition section 22 quotation from Geneva to Pacific coast points, and especially application of those rates at intermediate points to commercial consumers either at the intermediate points or at the Pacific coast terminals. They think this constitutes unfair competition against competing commercial steel industries.

The close working arrangement between the eastern manufacturers and the railroads results from common control of the carriers and the steel companies. This common control is typified by Thomas W. Lamont, who holds the positions of director upon the boards of J. P. Morgan & Co., Atchison, Topeka & Santa Fe Railway, and United States Steel Corp. The Santa Fe refused to grant even special reduced rates for the Government from Geneva to the west coast.

After the war, the Geneva plant was acquired by United States Steel, and for its benefit the roads promptly published reduced rates from Geneva. It is significant that the Sante Fe, which is closely allied with United States Steel, declined to join in these reductions. There is reason to believe that this refusal of the Santa Fe to join in reductions for its ally, United States Steel, was a part of a deliberate scheme to deny rate reductions to Kaiser's plant at Fontana, Calif. Kaiser represents the only threat to the continued control of the western steel market by eastern steel interests. Kaiser's plant at Fontana is served by the Santa Fe and the Southern Pacific. If the Santa Fe joined in the reductions from Geneva to the west coast, it would run the risk of being compelled to reduce rates from Kaiser's plant at Fontana, in order to avoid unlawful discrimination. The Southern Pacific, which is the only other road serving Fontana, likewise declined to join in the recent reductions from Geneva. These two roads also refused to grant reductions requested by Kaiser from Fontana. Because these two roads did not join in the reductions from Geneva, the discrimination against Kaiser's Fontana plant cannot be remedied under existing law.

Many other similar illustrations of common control could be provided which would show not only what has been done but what may be done legally if the pending bill is approved.

The bill seeks to substitute government by commission for government by law. With limited exceptions, the regulatory pattern which has been created by legislation establishing commissions and regulatory bodies in various industries, leaves the actual day to day trade practices and activities of those regulated industries subject to the basic policy of free enterprise embodied in the Antitrust Acts.

Various commissions and regulatory bodies have been given power, it is true, to approve certain mergers and other forms of integration in certain industries, with immunity from the antitrust laws. This power of absolution from the antitrust laws extends, however, only to the structure of individual components of the industry and does not reach so far as to permit collusive agreements and other restraints effected by agreements between a number of independent companies engaged in a similar trade.

Two so-called exceptions to this rule have been brought forward by proponents of this bill as precedents for the action now urged upon the Congress. We are told that the Civil Aeronautics Act of 1938 provides for agreement between air carriers "not inconsistent with the public interest." Upon approval by the Civil Aeronautics Board, parties to the agreement are relieved from the antitrust laws with respect to carrying out agreements so approved.

Again, the Shipping Act of 1916 permitted agreements by common carriers by water and provided for immunity from the antitrust laws upon approval of the agreements by the Shipping Board.

Neither of these so-called exceptions is a valid precedent for what we are now asked to do. Both relate solely to contractual agreements providing for specific cooperative action, in the form of a single transaction, or of a continuing specific relationship, such as a pooling arrangement, an agreement for the interchange of equipment or for the cooperative use of facilities, or the like. The Interstate Commerce Act already gives the Interstate Commerce Commission similar authority. An example of its exercise is found in the Commission's recent approval of the joint purchase and operation of the Pullman Co. by a group of carriers. Under the War Shipping Act, the Civil Aeronautics Act, and the Interstate Commerce Act, the things to be done under the immunized agreements are before the agency authorized to grant antitrust immunity at the time the agreement is approved. None of these acts provide for a blank check to the parties to an approved agreement to enter into subsidiary agreements immune to the antitrust laws. Any such subsidiary agreements must be brought in for specific approval by the Board or Commission before antitrust immunity attaches. A good example of this is furnished in the order issued on May 5 of this year by the Civil Aeronautics Board in Docket No. 2423, which approves an agreement for the interchange of equipment between the Pan American Airways and Pan American Grace Airways, commonly known as Panagra, under the authority of the act cited as a precedent here. The parties to that agreement sought approval not only of the interchange agreement, but of such subsidiary pooling arrangements as might follow therefrom in the day-to-day operations under the basic interchange agreement. The Civil Aeronautics Board interpreted the act as requiring that any such subsidiary agreements must be brought in for specific approval by the Board before antitrust immunity could be given.

It is clear that that act is in no way a precedent for the provision in the pending bill of a blanket antitrust exemption to be given to the things done pursuant to an approved agreement for the establishment of a rate bureau, without requiring specific approval by the Interstate Commerce Commission of the things done pursuant to the rate-bureau agreement. It is argued that the rates made by such approved rate bureaus must be approved by the Interstate Commerce Commission before they can become effective. Of course the advance agreement among the carriers on the rate filed with the Commission operates to preclude the raising before the Commission of any objection, and unless objection is raised, Commission approval is merely a formality. Commission representatives testified at the hearings that perhaps 99 percent of the rates filed with the Commission are approved without anything more than formal examination.

But the real answer to that argument is this: There is no provision in this bill for approval or even for a public knowledge of the agreements reached through the approved rate-bureau machinery not to publish a proposed rate, not to grant a reduction sought by shippers, not to permit changes in schedules, facilities, and services. And the Government's antitrust charges against the railroad combination are founded not on the rates and services which have been affirmatively made by the rate bureaus and filed with the Interstate Commerce Commission, but rather on the rates and services which have been throttled, stifled, and suppressed by the rate bureaus.

The authorization in the Shipping Act of 1916 is, of course, peculiar to the field of foreign commerce and it stands upon a basis totally different from that advanced in support of this measure. It is more appropriately grouped with such measures in aid of our foreign commerce as the Webb-Pomerene Act, which permits independent companies engaged in the same trade to channel their foreign trade through a common export corporation when they find it necessary and desirable to resort to such collective action in order to meet competition from state trading corporations and groups which pool the entire trade resources of foreign companies engaged in the same foreign trade and commerce.

The measure now before the Congress would establish a precedent for the collusive control of the day-to-day activities of independent transportation agencies under an agreement for absolute private collective action. Only the agreement, and not the action taken pursuant to it, would be subject to the control of the Interstate Commerce Commission.

If the bill passes, Congress will be unable to deny the demand from other powerful industries that they be afforded

the same relief from the antitrust laws, that is, the same authority to substitute private collective control for independent initiative and freedom of competitive action. I apprehend that the radio and communications companies would bring forward similar legislation providing for the approval by the Federal Communications Commission of agreements under which competition would be replaced by collective action in the communications industry. I assume that this would be a logical outcome of the announced purpose of the Associated Press to seek immunity from the antitrust laws. We often pay tribute to freedom of the press as one of our basic guaranties of the continued liberty of our people. Yet it is a fact no longer controverted that the application of the antitrust laws to the Associated Press was required within the last few years in order to permit certain newspapers of an independent opinion to have access to the news which had been monopolized by the Associated Press, and without which the independent newspapers in question were seriously handicapped and probably would have failed in their efforts to become established. Can we afford to abandon the antitrust laws in the communications industry? If not, how shall we answer the advocates of such legislation once we have conferred this favor upon the transportation industry?

I likewise apprehend that there would be similar demands from the other industries. The insurance industry has already sought this immunity, and I anticipate that their demands will soon be renewed. Under the precedent set by the bill, I assume that there would be little difficulty in granting insurance the same favor as transportation. All that would be necessary would be to provide a commission authorized to approve the restrictive agreements desired by the insurance industry.

The banking and financial interests so closely allied to the insurance industry would, I think, be next in line. Their activities are now subject to limited regulation by different agencies of the Government. If the bill were passed it would seem appropriate that the Securities and Exchange Commission, which now has jurisdiction over the securities market, should be given authority to approve agreements between investment and security houses under which the recent victory of Robert R. Young and of progressive railroad management following his lead in bringing about competitive bidding for railroad securities would be completely nullified. The agreements between the bankers might, perhaps, be authorized by the Federal Reserve Board. There have been some demands in recent months for the application of the antitrust laws to alleged restrictive agreements between financing and lending institutions, particularly in New York City, under which, according to complaints which have been publicly voiced by various individuals and groups, collective control over credit is used to restrict competition not only in the lending and supplying of money, but in industry generally. Are we prepared to shield this alleged suppression of competition from the enforcement of the laws designed to preserve economic opportunity for all our people?

It would be a short step from the development which I have just described to authorize the Securities and Exchange Commission to immunize mergers and consolidations in industry generally from the antitrust laws. And it would be an equally short step to authorize the Federal Trade Commission to grant antitrust immunity to all sorts of restrictive agreements which would impose the dead hand of collective uniformity upon the hitherto vigorous, competitive enterprise in those parts of our economy not now controlled by monopoly.

If the bill is passed it will constitute the figurative "last straw that breaks the camel's back." Already we have gone a long way along the road to a collectivist economy. In the last 50 years our so-called system of free enterprise has been radically affected by the growth of monopoly and concentration of industry. Hardly a day passes in this body that we do not hear a warning sounded to the effect that we are approaching the deadline which marks the end of free enterprise. It must not be forgotten that it was the rapid increase of monopoly that led to the collapse in 1929 and subsequent failure to restore sound economic conditions, notwithstanding Government aid to the extent of billions of dollars. It was World War II and a national debt of nearly $300,000,000,000 that pulled us out of the hole.

I say that the bill is a fundamental departure from the original American concept of free competitive enterprise which has stimulated and made possible the phenomenal growth and development of our economy. The bill would eliminate free competitive enterprise from the transportation industry—and from such other allied industries as might be construed to be within the term "other persons party to such agreements," to whom the antitrust immunity provided by the bill would be given. At the same time the bill opens the door to a general abandonment of the principles of free competitive enterprise—not directly, not honestly nor openly, but by an indirection which pays lip service to those principles even as it violates them. I maintain that we must not accept the bill unless we are prepared openly and honestly to go down the road of collectivism on which the bill sets our feet.

Mr. President, I say we must reject the bill. I am persuaded to that conclusion by broad considerations of public policy. I do not approve resort to the Congress by special interests for relief from anticipated unfavorable court decisions rendered under public laws applicable to all. I think it would be unfair to exempt big business—and the railroads are our biggest single industry—from antitrust prosecution and leave little business subject to the law. I believe that the bill is an unconscious step in the direction of eventual Government ownership of the railroads.

Mr. HILL. Mr. President——

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

Mr. MURRAY. I yield.

Mr. HILL. The Senator speaks of exempting big business from the antitrust laws and keeping little business under the limitations of the antitrust laws. When the Senator does so he speaks not only as a Member of this body, but as former chairman of the Special Committee on Small Business. I know that the Senator from Montana, while chairman of that committee, spent many long days and weeks and months studying the problems of small business. Can the Senator think of any step that will be more harmful to small business than the passage of the pending bill?

Mr. MURRAY. No; I think passage of the measure would be disastrous to small business. We all know how the big monopolistic concerns can influence the railroads in the matter of favorable rates and rulings and decisions—I have already brought out that point in the course of my discussion—whereas small business cannot bring influence to bear to receive favors. I gave as an illustration the case of the Billings, Mont., furniture company, which sought to find a market in other areas of the United States outside the State of Montana, but for a period of over 18 months, it was blocked in its efforts even to secure a ruling; indeed I believe that no ruling has even yet been handed down. Whereas when the United States Steel Corp. took over the Geneva plant it was only a very short time before they were able to secure all the favorable rates they needed to be able successfully to conduct their activities at that plant. At the same time matters were so arranged that Fontana, the independent plant in California, was unable to get favorable and reasonable rates in order to be a competitor in that field.

Mr. HILL. The Senator could stand on this floor for many hours citing examples, as he has done, illustrating what the monopoly-cartel system in our transportation industry is doing not only to individual industries, not only to great sections of our country, but to the entire American economy. Is not that true?

Mr. MURRAY. That is absolutely true. I can give as an illustration the situation in the State of Montana. We are completely blocked and prohibited from developing any industry in our State, although in area it is the third largest State in the Union and in point of natural resources is one of the richest States. We are compelled to exist under a raw-material economy. We are unable to engage in manufacturing in the first place, because the rates are discriminatory against us, and secondly, because of the power monopoly in that area where power rates are so high it is difficult to engage in industrial activities. If that State could have favorable railroad rates, comparable to those which are in effect in other parts of the country, there is no question that with our enormous natural resources we could develop industries which would enable the young folks who grow up in Montana to find jobs and remain at home, whereas at the present time, when they obtain their

education they are compelled to leave the State to go to other sections of the United States in search of employment. The president of the State university discussed this question not long ago, and pointed out that following the last war only a small percentage of the boys who went off to fight in that war were able to return and settle in Montana, because they had nothing to come back to. He pointed out that the same situation prevails today. Under these conditions Montana will not be able to prosper. It is becoming poorer every year because as we extract our natural resources, our raw materials, and ship them elsewhere, our assets are being depleted and we are becoming poorer and poorer each year.

Mr. HILL. What the Senator says about Montana and the retardation and strangulation of the development of Montana is absolutely true. Is it not also true that in other sections of the United States, in the eastern or official territory, which enjoys lower freight rates, consumers, as American citizens, are entitled to buy the goods, commodities, and products which they need in the most favorable market? They are entitled to obtain those commodities and goods at the most reasonable price and therefore should be entitled to buy from Montana if a free market existed.

Mr. REED. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. REED. I do not want to have to invoke the rules of the Senate, but I hope my colleagues will observe the rules when it comes to yielding the floor for any purpose except a question.

Mr. HILL. Mr. President, the Senator from Alabama was asking the Senator from Montana a question—a very relevant, germane question. If the Senator wishes to invoke what he calls the rules of the Senate, I can assure the Senator that the rules work both ways. The Senator from Alabama knows how to invoke them on his behalf as well as the Senator from Kansas may know how to invoke them on his behalf. The Senator from Alabama was asking the Senator from Montana a very germane, relevant, and legitimate question, a question which ought to be asked, a question which should be brought out in this debate. If the Senator from Alabama is not permitted to bring it out by asking the Senator from Montana a question, the Senator from Alabama, in his own right, will take the floor and bring out the information which should be brought to the attention of the Senate.

Mr. REED. Mr. President, the RECORD shows that very little regard has been paid to this rule of the Senate. Being in charge of the bill, I have not wanted to invoke it; but I believe that when it comes to yielding the floor we ought to have some regard for the rules of the Senate. Frequently discussion back and forth does develop information which is very helpful, and we are all more or less guilty of disregarding the rules. However, this practice consumes time. We have already exceeded the time which my friends on the other side thought would be necessary. We should conclude consideration of the bill as early as possible.

Mr. HATCH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATCH. Is the point of order debatable?

The PRESIDING OFFICER. The Chair is endeavoring to ascertain just what the point of order is.

Mr. HILL. Mr. President, I should like to be heard on the point of order before the Chair rules.

Mr. REED. Mr. President, I am going to withdraw the point of order after we discuss it.

Mr. HILL. There is absolutely no merit to and no basis for the point of order.

Mr. REED. The point of order is that a Senator may not yield except for a question. If he does, he loses the floor. That is the rule of the Senate.

The PRESIDING OFFICER. The Senator from Montana yielded to the Senator from Alabama for the purpose of asking a question. So far as the Chair observed, the Senator from Alabama was still in the process of asking his question.

Mr. HILL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HILL. There is nothing in the rules of the Senate which says how long or how short the question may be. Is not that true? If it is a question, it is a question, and it is in order under the rules of the Senate.

The PRESIDING OFFICER. The rule of the Senate is that a Senator may not make a statement in the guise of a question. As the Chair has observed, he does not believe that the Senator from Alabama was making a statement, but was asking a question. The Senator from Alabama may proceed.

Mr. HILL. The Chair is eminently correct, as he usually is.

Mr. President, will the Senator from Montana yield?

Mr. MURRAY. I yield for a question.

Mr. HILL. I ask the Senator from Montana if it is not true that the monopoly-cartel system about which he has been speaking not only works adversely to the interests of Montana, as he has so well described, strangling the growth and development of Montana, but also denies to consumers in other sections of the country the right and the opportunity to buy the goods, commodities, and products which they need, and which they must have in their every-day life, in the most favorable markets and at the most favorable prices. Is not that true?

Mr. MURRAY. Of course, that is true. It destroys free competition, and sets up monopoly in its place. The expansion of monopoly and concentration of business in this country have proceeded so far that economists feel that we are now operating under practically a collectivist economy, because the great basic industries of the country are all under the control of monopolies.

Mr. HILL. Is it not true that in waging the battle against this bill the Senator from Montana is fighting for the interest of all the people, as well as for the interests of the people of Montana?

Mr. MURRAY. Certainly. That is the motive which we all have. We do not want any special favors for any State or any area or section of the country. However, we in the South and West do not want to be discriminated against. We feel that the plan which is here proposed, if adopted, would discriminate against the western and southern sections of the country.

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

Mr. MURRAY. I yield.

Mr. TAYLOR. Continuing that thought, I ask the Senator from Montana if it is not his conviction that those of us who are opposing the bill are in reality serving the best interests of the railroads and of industry, big and little? If our economy is concentrated into monopolies and cartels, does not the Senator from Montana feel that there is much more likelihood that the entire economy will be taken over and operated by the Government?

Mr. MURRAY. The Senator from Idaho is exactly correct. In fact, that question has been discussed in the Congress heretofore and it has been suggested that because of the great growth of monopoly the time will come very soon when the Government will have to take over some of the Nation's industries. Take, for example, the steel industry. Who can say that the steel industry is a purely private institution? It has an investment of billions of dollars and employs a million men or more. By its very bigness it is of public concern. The same is true with reference to the railroads. If the railroads get together under the plan which they are proposing, and it works out to create a monopoly, of course the Government will take them over; there can be no question about that. The extent to which we have already gone in that direction has, as I say, been the subject of very careful studies.

I have an article from the Fortune magazine which discusses the growth of monopoly and the wiping out of free enterprise. The article goes on to say:

> American business was founded upon the principle of free competition maintained through free markets. But during the era of bigness, when American business was, so to speak, winding up, the units of business became so big that they developed a fear of price wars; they dared not compete against themselves, and no one dared compete against them. There consequently emerged the super units—well-defined industrial groups whose members act in concert and whose aim is not price competition but, on the contrary, price stabilization.

That is exactly what the railroads are trying to accomplish under this bill. They do not want competition; they want to escape from competing with each other. So they get together under the kind of a program contemplated by the bill, and enter into arrangements whereby they fix rates and determine what

States are to receive favorable rates and what States are to be favored for industrial purposes.

The article continues as follows:

The efforts of the super unit produce the reverse effect of the competitive effort. When the market falls off the super unit tries to keep prices up. And often it does not consider it advisable to lower prices until recovery actually sets in.

The article goes on to say:

Now, this technique of bigness, involving the artificial control of prices and other basic factors, is a collectivist technique. And the operation of the collectivist technique has created for business a precarious situation. Business has carried collectivism so far in its private affairs that its affairs are no longer private, but by the bigness of their impact, public. It is untenable, indeed, to suppose that the policies of the steel industry with regard to prices, production, and employment are strictly private matters.

The same can be said with reference to the railroads. If they get together in this kind of program of course the Government will have to step in eventually. As it is discovered what the effect is upon the country, there will be a demand for the Government to take over the railroads, and, doubtless, they will be taken over. We shall help the railroads by opposing this proposed legislation, because if the railroads will put into effect fair and reasonable rates for all sections of the country there will ensue a huge development in America; the South and West will develop, and the railroads will benefit by the increased freight traffic which will be created. They are working against their own interests in endeavoring to seek monopolistic privileges under this legislation. I believe, Mr. President, that this bill is a step along the path of Government ownership of the railroads.

Let us remember that the way for state socialism in Italy and in Germany was prepared by state approval of the private cartelization of industry. I question whether freedom of enterprise can live in our land if the railroads are given, as contemplated by this bill, a license for the private collective determination of the rate levels and rate relationships on which the competitive success or failure of virtually every business, large and small, depends.

Mr. President, this is the most dangerous piece of legislation which has ever come before the Senate. If enacted it will lead the country straight into a controlled economy and the downfall of democratic government. If free enterprise is to be retained in America, this bill must be rejected.

MEETING OF COMMITTEE DURING SESSION OF THE SENATE

Mr. BUCK. Mr. President, if the Senator from Wyoming will yield to me, I wish to ask unanimous consent for the Committee on the District of Columbia to meet at 2 o'clock this afternoon.

Mr. O'MAHONEY. Of course the Senator from Delaware recognizes the fact that by his request he is asking unanimous consent that certain Senators may be absent from the Senate while I shall be speaking. Does the Senator from Delaware expect me to yield for that purpose?

Mr. BUCK. I am sorry, but I wish to request such unanimous consent.

Mr. O'MAHONEY. Mr. President, again I wish to call attention to the fact that it is the granting of such requests for unanimous consent that committees be allowed to meet during the sessions of the Senate that results in emptying the Senate Chamber. It is a practice which should not be followed. I am calling the attention of the majority to the sad effect such a practice has upon the attendance of Senators in the Senate Chamber during the consideration of important legislation. However, I shall not object.

The PRESIDING OFFICER (Mr. O'CONOR in the chair). Without objection, consent is granted.

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, will the Senator from Wyoming yield, to permit me to suggest the absence of a quorum?

Mr. O'MAHONEY. I am glad to yield.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hatch	Morse
Baldwin	Hawkes	Murray
Ball	Hayden	Myers
Barkley	Hickenlooper	O'Conor
Brewster	Hill	O'Mahoney
Bricker	Hoey	Pepper
Bridges	Holland	Reed
Brooks	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	Lucas	Taylor
Cordon	McCarran	Thomas, Okla.
Donnell	McClellan	Tobey
Downey	McFarland	Tydings
Dworshak	McGrath	Umstead
Ecton	McKellar	Vandenberg
Ellender	McMahon	Watkins
Ferguson	Magnuson	Wherry
Flanders	Malone	White
Fulbright	Martin	Wiley
George	Maybank	Williams
Green	Millikin	Wilson
Gurney	Moore	Young

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

BULWINKLE BILL (S. 110) WOULD SANCTION CONTROL OF TRANSPORTATION BY GOVERNMENT OF PRIVATE ORGANIZATIONS

Mr. O'MAHONEY. Mr. President, 10 years ago this month, if my memory serves me correctly, this Chamber was filled and the galleries were filled during a debate upon a proposal to reorganize the Supreme Court of the United States. Congress and the country were aroused by what they conceived to be a measure which would change the traditional American system and lodge in the Chief Executive the power to sway the decisions of the Supreme Court. The bill failed. Today we are considering a measure which, in its present form, I believe goes to the other extreme, and proposes to give congressional sanction to the organization of a private government to handle the transportation system of the United States.

The Bulwinkle bill, as it is before us now, is in fact a delegation to private organizations of the congressional power to regulate interstate transportation. It is a delegation in the second degree. Already Congress, by the Interstate Commerce Act, has given the Interstate Commerce Commission the power to adjust rates, but here is a measure which goes beyond that, and, for the first time in the history of the transportation system of this country, places legislative sanction upon the creation of private organizations, not only among carriers who are engaged in the same business, but among carriers who are engaged in different kinds of business, carriers who are engaged in competitive enterprise, as well as carriers who are engaged only in supplementary enterprise, one supplementary to the other.

No standards are laid down in the bill to govern the manner in which this power in the second degree delegated to these private organizations shall be exercised, save only that certain prohibitions are provided, and certain standards are required to be observed by the Interstate Commerce Commission before approval is granted to the agreements which are here proposed to be legalized.

Mr. HATCH. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I yield to the Senator from New Mexico.

Mr. HATCH. I do not desire to interrupt the Senator's train of thought. In the course of his remarks, going back over the years, the Senator mentioned a situation that existed on the floor of the Senate 10 years ago. I recall, as I am sure the Senator recalls, that, about that time, the first reorganization bill was presented to the Congress, which merely gave certain powers to the President of the United States to reorganize the executive branch of the Government. I recall very well—I do not know whether the Senator does—the protests which came from all over the United States about the terrible thing that was taking place in the delegation of power to the executive branch of the Government, predicting all kinds of dire disaster, if Congress did not retain within its own hands the powers vested in it by the Constitution. The Senator recalls that very well, does he not?

Mr. O'MAHONEY. Yes, indeed.

Mr. HATCH. I was also thinking of what the Senator was just saying about the pending bill. Does not the pending measure, insofar as it relates to the Interstate Commerce Commission, with respect to agreements submitted to the Commission, delegate to an executive branch of the Government, to a bureau,

if the Senate please, sole and exclusive authority to determine what is in the public interest, and what does or does not amount to undue restraint of trade or competition? Does not the pending bill do that?

Mr. O'MAHONEY. I feel that it does. I am glad the Senator has raised that question. The Senator comes from New Mexico.

MANY WESTERN AND SOUTHERN STATES WOULD HAVE NO REPRESENTATION

I call his attention to the fact that the entire Tenth Federal Reserve District, which includes the State of Wyoming, the State of Colorado, the northern part of New Mexico, the northwestern part of Oklahoma, Kansas, Nebraska, and the western part of Missouri, is without representation on the Interstate Commerce Commission. It will have no representation, unless one of the amendments which I have proposed is adopted, upon the new organizations to which it is proposed now by legislative sanction to convey the congressional power of fixing railroad rates and fares, and guiding the other matters relating to transportation. So I say, Mr. President, it is a delegation of the congressional power, in the second degree. If the people were aroused for fear that Congress should hand over to some executive officer of the Government or to some executive bureau the powers granted to it by the Constitution, how much more should they be concerned that we are here dealing with a proposal to delegate the powers to private organizations? We are not doing a thing to determine what the character and form of the organizations shall be. If the pending bill is adopted as it came from the committee, without amendment, it will be congressional authority to the railroads and the pipe lines, the pipe lines and the water carriers, the railroads and the motor carriers, to enter into agreements which will affect the most fundamental interests of all business in the United States; and it will be done outside any public agency. Such agreements, by the terms of the bill, when made by the carriers, shall be approved by the Interstate Commerce Commission, unless they violate certain prohibitions.

Mr. President, I am not one of those who believe that the men who are administering the railroads are seeking opportunities to monopolize transportation within the United States. I do not believe that they have any evil intent. As a matter of fact, I feel that the genesis of the pending bill was the very plain fact that the transportation companies of the country cannot make agreements on through rates or on through routes, without danger of running afoul of the antitrust laws, and they would like to be given a relief from the possibility that they would be committing a crime or rendering themselves liable to punishment under the law, if they should make arrangements regarding the administration of the transportation system, which in their judgment are essential in the interest of efficient transportation.

The difficulty, Mr. President, however, is that by the pending bill the grant of power is much broader than that which the carriers need, much broader than they should have. I think that can be clearly illustrated by reading the bill.

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

Mr. O'MAHONEY. I yield to the Senator from New Mexico.

Mr. HATCH. Mr. President, I have given considerable study to the pending bill, myself. I am not a member of the committee, and I do not think the Senator from Wyoming is a member of the committee. I know that he has studied the bill. I have been concerned, first, with the transfer of powers, as the Senator has pointed out, to private industry itself; secondly, with the determination by the Interstate Commerce Commission of subjects that are so vital to American life. Is there a provision in the bill to the effect that when such an agreement is submitted to the Interstate Commerce Commission for approval, a hearing shall be held?

Mr. O'MAHONEY. There is no adequate provision; but I have offered an amendment to take care of that aspect.

Mr. HATCH. The bill, as it comes from the committee, merely proposes submission of the agreement to the Interstate Commerce Commission, and the determination by the Commission according to such standards as may be contained in the bill, without any opportunity whatever to the public or to anyone interested from the Senator's section of the country, or mine, to be heard. It will represent solely an ex parte determination by the Interstate Commerce Commission. Am I right in that construction?

Mr. O'MAHONEY. The Senator is correct, as I understand the provisions of the bill.

I might say, Mr. President, that the public as a whole, I think, entertain the belief that the Interstate Commerce Commission fixes all railroad rates. The Interstate Commerce Commission does not do that. If it should attempt to do it, it probably would have to be a much larger body than it is, not only in its membership but in the number of its employees. There are, I suppose, thousands upon thousands of rates which are made and which become effective every year, without having been passed upon by the Interstate Commerce Commission at all. The Commission has what amounts to appellate jurisdiction. When a complaint is made, the Interstate Commerce Commission then moves into action.

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

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

Mr. TAYLOR. I pointed out in my talk on the floor yesterday that the Interstate Commerce Commission actually reviews about 2 percent of the rates submitted to it, a mere sampling.

Mr. O'MAHONEY. I myself was about to say that approximately 90 percent of the rates are put into effect without actual review by the Interstate Commerce Commission.

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

Mr. O'MAHONEY. Yes; I yield.

Mr. REED. I am very much interested in the question asked by the Senator from New Mexico of the Senator from Wyoming, and the reply of the Senator from Wyoming, and their apparent agreement upon what is obviously a wrong view of the bill. Paragraph 8 on page 6 of the bill provides:

> No order shall be entered under this section except after interested parties (including in all cases the Attorney General of the United States) have been afforded reasonable opportunity for hearing.

I shall be happy to have the Senator from New Mexico now, with the permission of the Senator from Iowa, or later, explain why that is not a completely adequate provision for hearings.

PUBLIC SHOULD BE HEARD ON MATTERS AFFECTING PUBLIC WELFARE

Mr. O'MAHONEY. Mr. President, I am aware of that provision of the bill, but it seems to me that it does not go quite far enough. I was about to point out that the difficulty in this measure arises from the fact that in paragraph (2), which appears on page 2 of the bill, a mandate is placed upon the Interstate Commerce Commission to approve any of the agreements which are made by these carriers, if the approval is not prohibited by paragraph (4), (5), or (6), "if it finds that the object of the agreement is appropriate for the proper performance by the carriers of service to the public, that the agreement will not unduly restrain competition, and that it is consistent with the public interest as declared by Congress in the national transportation policy set forth in this act."

My point is that these provisions are so vague that, if we are to protect the public interest, language additional to that to which the Senator from Kansas has just alluded should be incorporated in the bill. Let me illustrate what I mean by turning to paragraph (4) of the bill, which is one of the paragraphs supposed to be a prohibition upon the nature of the agreements to be made.

Mr. HATCH. Mr. President, will the Senator yield once more? I beg the Senator's pardon, but I am compelled to leave the floor, as I have another engagement I must keep.

Mr. O'MAHONEY. I am glad to yield to the Senator from New Mexico.

Mr. HATCH. In connection with what the Senator from Kansas has said, I merely want to observe that while the paragraph to which he refers does in a measure prescribe something in the way of a hearing, yet it is very vague, very uncertain, very indefinite as to its terms, especially as to the parties to be heard. It includes the Attorney General of the United States. It says "interested parties—including in all cases the Attorney General of the United States." I have given some thought as to who are interested parties who would be heard. I ask the Senator from Wyoming if his State or my State would have an opportunity to come here and be heard? I do not find language to that effect in the bill. The provision is not clear. It is vague. What I have in mind may be covered by the amendment which the Senator from Wyoming intends to propose. I should be glad to have the Senator explain the matter and make it a part of the history being made here in reference to the bill.

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

Mr. O'MAHONEY. May I say first, so that the position may be clear, that I have offered two amendments dealing with this precise question, and it seems to me there should be no hesitation on the part of the Senator in charge of the bill to accept them. The first of the amendments is on page 2, line 15, after the word "if", to insert the words "after public notice in the Federal Register and public hearing not less than 60 days thereafter," so that that part of the sentence would read:

The Commission shall by order approve any such agreement (if approval thereof is not prohibited by paragraph (4), (5), or (6)) if after public notice in the Federal Register and public hearing not less than 60 days thereafter—

Then the second amendment which I have proposed would be inserted on page 2 in line 21, after the word "The" in the last sentence. That sentence now reads as follows:

The approval of the Commission shall be granted only upon such terms and conditions as the Commission may prescribe as necessary to insure compliance with the standards set forth in this paragraph.

I may say that I think that sentence in itself indicates an intention upon the part of those who drafted the bill to give the Commission power to review and to make certain that the antitrust law is not actually being evaded. But at the very beginning of the sentence, following the word "The" I would add the following language:

Commission shall prescribe and may from time to time modify the rules and regulations under which such agreements may be made (which shall include provision for the representation of shippers and interested State regulatory commissions or other authorities in hearings thereon), and the.

AN AMENDMENT TO GIVE SHIPPERS AND STATES REPRESENTATION

That language, I call to the attention of the Senator from New Mexico, would make it certain that States like those which he and I have the honor in part to represent, which are not now represented on the Interstate Commerce Commission, would have official representation when these matters so vital to the welfare of the people of that area were under consideration.

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

Mr. O'MAHONEY. I yield.

Mr. HATCH. I merely express the hope that the Senator in charge of the bill will agree to the amendments which have been read, because they are so obviously fair and give the protection which I am sure the Senator from Kansas is anxious to give.

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

Mr. O'MAHONEY. I yield.

Mr. REED. At the proper time in the course of the debate or consideration of the bill I shall discuss the amendments of the Senator from Wyoming. Now I only want to say that the language of the paragraph so far as hearings are concerned is consistent with the language used throughout the Interstate Commerce Act. All the way through we find the language "The Commission, after hearings." It does not go any further than that. The practice of the Interstate Commerce Commission as to hearings has been established and is well known. I have never heard of any complaint of a failure on the part of the Interstate Commerce Commission to give everybody a full opportunity to be heard upon anything that comes up relating to the Interstate Commerce Act. On the other hand I have heard plenty of criticism of the Commission——

Mr. O'MAHONEY. What the Senator from Kansas said is to my way of thinking indicative of one of the oversights which have been made, as I see it, in drafting the bill. There is a great difference in the system which the Senator now proposes from the system which is now in effect, because the language of paragraph (2) places the solemn sanction of the Congress of the United States upon the privately organized groups and associations which the carriers already have or which they may want to have in the future. That introduces an utterly new system into the Interstate Commerce Act, and for which there is no provision by the mere casual sort of hearings which have been held in the past.

Mr. REED. With the permission of the Senator from Wyoming I want to say that I do not agree with that statement, but I shall discuss it later. I am interested in the discussion by the Senator from Wyoming of the amendments which he has offered. I think his approach to the bill is an intelligent approach—I was tempted to say almost the first intelligent approach to it.

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

Mr. O'MAHONEY. I yield.

Mr. HATCH. If the Senator had made such a statement I would have been compelled to make the point of order that he was not asking a question.

Mr. President, I must leave the Chamber, but I wish to say that the mere fact that the Interstate Commerce Act in the past has only provided that so and so shall be done after hearings does not spell anything in particular. We are, as the Senator from Wyoming has just said, embarking upon a new and, I think, a rather revolutionary course. Certainly we should scan the language being adopted far more carefully than has been done before we embark upon this revolutionary—and to some of us somewhat strange—course. I hope the Senator from Kansas will give the most careful consideration to these amendments and, regardless of what the Interstate Commerce Act may have provided in the past, insert in this new bill every safeguard and every protection possible.

Mr. O'MAHONEY. Mr. President, let me say first that I am very much interested to note that the three of us who are now discussing the bill, namely, the Senator from Kansas, the Senator from New Mexico, and I, all come from States which are without representation on the Interstate Commerce Commission. In the present situation the shippers of Kansas are as unrepresented as are the shippers of northern New Mexico and of Wyoming. Under the provisions of this bill, they would be sitting by while Congress delegated away authority to new associations to be authorized in the name of Congress, to govern the transportation system of the country.

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

Mr. O'MAHONEY. I yield.

Mr. REED. The second amendment to be offered by the Senator from Wyoming relates to notice to be given to the States and to the participation of State bodies. In paragraph (3) of section 13 of the act as it presently stands, on page 51 of the printed volume of the Interstate Commerce Act, is the following language, going to the very thing which the Senator from Wyoming and the Senator from New Mexico bring up:

Whenever in any investigation under the provisions of this part—

"This part" means the part which relates to railroads. Part I relates to railroads; part II to motor carriers; and part III to water carriers—

Whenever in any investigation under the provisions of this part * * * there shall be brought in issue any rate, fare, charge, classification, regulation, or practice made or imposed by authority of any State or initiated by the President * * * the Commission, before proceeding to hear and dispose of such issue, shall cause the State or States interested to be notified of the proceeding. The Commission may confer with the authorities of any State having regulatory jurisdiction over the class of persons and corporations subject to this part.

I shall discuss this question later. I know that the Senator from Wyoming is trying to be helpful. I value his cooperation in offering the amendment. It is an intelligent approach to the question, and I assure him that I shall give it the fullest consideration.

Mr. O'MAHONEY. I appreciate the assurance of the Senator; but let me remark in connection with what he has just said that if the implication which he seeks to give, that paragraph 3 on page 51 of the printed copy of the Interstate Commerce Act does what I seek to do by these amendments, then certainly he has no possible ground for objecting to the amendments.

However, my fear is that the language on page 51 will not apply to the formulation of these agreements. In any event the Senator has acknowledged—and I am very happy to have that acknowledgement—that there ought to be notice and representation. Let us make sure that we have it.

Before the beginning of the colloquy between the Senator from New Mexico and the Senator from Kansas I was referring to the fact that the bill as it comes to us provides that the Commission shall approve these agreements if the approval thereof is not prohibited by paragraph (4), (5), or (6). Let me turn to paragraph (4) to show what the prohibition in that paragraph is. It reads as follows:

(4) The Commission shall not approve under this section any agreement between or

among carriers of different classes unless it finds that such agreement is limited to matters relating to freight classifications—

That amendment was inserted by the committee—

or to transportation under joint rates or over through routes; and for puposes of this paragraph carriers by railroad, express companies, and sleeping-car companies are carriers of one class; pipe-line companies are carriers of one class; carriers by motor vehicles are carriers of one class; carriers by water are carriers of one class; and freight forwarders are of another class.

CAREFUL READING SHOWS BILL COVERS WHOLE FIELD OF TRANSPORTATION

At first reading one might gain the impression from this section that the Interstate Commerce Commission was being forbidden to approve an agreement among carriers of different classes unless it finds that such agreement is limited—using the words in the bill—to freight classifications, joint rates, or through routes. But the draftsman who prepared this section was careful not to limit it in that way. The draftsman added these qualifying words: "Limited to matters relating to transportation under joint rates or over through routes."

So it is obvious that this limitation, instead of being a prohibition against any sort of an agreement except with respect to freight classifications and joint rates or through routes, is as broad as a barn door, because the permissible agreement may consider not only those factors, but also all matters relating to them, and also all factors involving transportation under joint rates or over through routes. Obviously from a mere reading of the paragraph the broadest liberty is allowed to the carriers of different classes to make their rates and to fix their routes.

I should now like to draw the attention of the Senator from Kansas to the interpretation which should be given this section. What is meant by "carriers of different classes," particularly when we read the definition of classes? One might at a hasty glance imagine that railroad carriers and pipeline carriers are in different classes. I am not so sure that they are, as I read the bill, because the language which is employed is a clear result of differentiating only freight forwarders as a different class, because it provides that—

for purposes of this paragraph carriers by railroads, express companies, and sleeping-car companies are carriers of one class; pipe-line companies are carriers of one class.

Does that mean the same class or another class? The difficulty arises because, when we come to the last classification, we find that freight forwarders are of another class, which is the first time that the word "another" is used in the bill.

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

Mr. O'MAHONEY. I yield.

Mr. REED. There is a reason for that. Railroad companies, express companies, and sleeping-car companies are carriers of one class. Pipe line companies are carriers of one class—

Mr. O'MAHONEY. Does that mean another class?

Mr. REED. That is another class.

Mr. O'MAHONEY. But it does not say so.

Mr. REED. Carriers by motor vehicles are carriers of one class. They are all common carriers, and only in this bill are they put into separate classifications for the purposes of the bill. The language to which the Senator from Wyoming refers regarding freight-forwarders relates to a horse of quite a different color.

Mr. O'MAHONEY. The Senator is not getting my point.

Mr. REED. I am coming to it.

Mr. O'MAHONEY. I realize that freight-forwarders are horses of a different color.

Mr. REED. During the time I have been in the Senate I have served on the Committee on Interstate and Foreign Commerce. One of the most difficult questions which that committee ever had to solve was the status of a freight forwarder among common carriers and contract carriers. What is a freight forwarder? The committee has always held—and it has never been overruled on the floor of the Senate—that a freight forwarder is not a carrier at all, and yet for practical purposes we have undertaken to regulate freight forwarders, and we apply pretty much the same regulation to them as we have applied to common carriers, but we have been very careful not to classify them as common carriers. I shall be very happy, if the Senator is interested, to tell him why. They are, in effect, shippers.

Mr. O'MAHONEY. May I interrupt the Senator at that point?

Mr. REED. Certainly.

Mr. O'MAHONEY. I understand that there was a very definite reason for that; but let me call the attention of the Senator to line 10. Paragraph (4) purports to forbid the Interstate Commerce Commission from approving any agreement between or among carriers of different classes. Therefore, it becomes very important to determine what are the different classes. My statement to the Senator is that the language of the definition is so vague and uncertain that it is not clear whether the committee meant to say that all carriers by railroad, and express companies, and sleeping-car companies are of a class different from pipeline carriers. Are they?

Mr. REED. If the Senator will go back to page 1, he will note that the first paragraph on page 1 contains this language:

The term "carrier" means any common carrier subject to part I—

Which is a railroad—

part II—

Which is a motor carrier—

or part III—

Which is a water line.

It does not say that a freight forwarder is a carrier. It carefully refrains from saying that. It says: "and shall include any freight forwarder subject to part IV of this act."

That is the part of the Interstate Commerce Act regulating freight forwarders.

Mr. O'MAHONEY. That is perfectly plain. But the issue here is not the definition of a carrier; it is, What is the definition of different carriers in paragraph (4)? I shall state the reason why that is very important. If the Senator will bear with me for a moment I think he will get the point I am trying to make. Paragraph (4) undertakes to prohibit agreements among carriers of different classes unless such agreements are limited to a specific kind of matter. Therefore it becomes important to know whether pipe-line companies are of a different class from railroad companies, because if they are not a different class, this prohibition does not apply to them. If they are, in fact, as this language seems to make possible, carriers of the same class, then the railroads and the pipe lines can make agreements without coming within this provision at all. Does the Senator follow me?

Mr. REED. Yes, I do. This paragraph of the bill was written very largely at the request of the National Industrial Traffic League, which, as the Senator from Wyoming doubtless knows, is the great traffic organization of the country, including in its membership and on its various committees the foremost traffic experts of the United States. This is the very section which they asked the committee to put in the bill so as to limit carriers of a different class from negotiating or making agreements with carriers of the other classes, except for transportation under joint rates and over through routes.

Mr. O'MAHONEY. With the purpose I am in entire agreement, but I do not think it has been accomplished, because apt language to accomplish it has not been used, unless it is made clear that the intention is to regard pipe-line carriers, motor-vehicle carriers, and railroad carriers as carriers of different classes. The question is a simple one: Do we or do we not correctly understand that they are carriers of different classes?

Mr. REED. They are carriers of different classes.

Mr. O'MAHONEY. My point is that that is not clear from the language, and it should be cleared up; but I have not offered any amendment to that effect.

Mr. REED. Let me remind the Senator from Wyoming that this proposed legislation has been kicking around for 4 years. The hearings were the longest hearings that I can remember upon any subject. The bill passed the House and has been twice before the Senate committee, and this is the first time we have adopted the language of the recommendation of the National Industrial Traffic League, which is composed of the most expert traffic men in the whole country, and this is the first time that any question has been raised with respect to placing railroads in one class, motor carriers in another class, and pipe lines in another class.

Mr. O'MAHONEY. Mr. President, I acknowledge that it is a technical criticism, but it arises from the fact that in the listing of these carriers, it is only in the case of freight forwarders that the phrase "another class" is used. All the others are listed as one class. Certainly the proper way to make this matter clear, if I may make a suggestion to the Senator from Kansas, would be to state that for the purposes of this paragraph, carriers by railroad, express companies,

and sleeping-car companies are carriers of one class; pipe-line companies are carriers of another class; carriers by motor vehicle are carriers of another class; carriers by water are carriers of another class; and freight forwarders are, likewise, carriers of another class. That would make the matter perfectly clear.

However, my amendment is not directed to that part of the language. I was calling attention to it merely because it came up in the course of the discussion.

AMENDMENT TO LIMIT THE FIELD OF AGREEMENTS AND PROTECT PUBLIC INTEREST

However, Mr. President, what I am calling attention to is the fact that the amendment which I have proposed would strike out, in line 12, the words "matters relating to"; in lines 12 and 13, the words "transportation under"; and also in line 13, the word "over", so that it will be clear to the Interstate Commerce Commission and to everyone else that the only type of agreement which may be made by carriers of different classes is an agreement on freight classification, on joint rates, or on through routes. I think that is what the Senator wished to do, but certainly it is not what this language does.

Mr. REED. That is what we did do.

Mr. O'MAHONEY. If that is what was intended, then to "make assurance double sure," let the Senator accept my amendment. Then there will be no doubt.

Mr. REED. The bill as it now reads has the approval and support of the Interstate Commerce Commission. We have put into the bill, I think, virtually every amendment which has been suggested. The bill as it is now before the Senate is a very different bill, as I think the Senator from Wyoming knows, than the bill which came to the Senate from the House of Representatives.

Mr. O'MAHONEY. I know that, and I commend the Senator from Kansas for the diligent attention he has given to this measure. I think he has tried to improve it, and I think he has improved it.

Mr. REED. I thank the Senator.

Mr. President, let me say that we have had the benefit of the help of the Interstate Commerce Commission. Quite a number of the changes which we have made in the bill as it came to us from the House of Representatives have been made at the suggestion of the Interstate Commerce Commission. We have invited the Commission to make criticisms and suggestions and to give us the benefit of its views, and it has done so.

The bill as it now stands has been changed only slightly, as the Senator from Wyoming knows, from the bill which was reported by the committee last year, but which failed to pass the Senate because it got caught in the legislative jam at the end of the session.

Mr. O'MAHONEY. I suggest to the Senator from Kansas that the Interstate Commerce Commission is not beyond the capacity to err, as indeed, none of us are. Therefore, the fact that the Interstate Commerce Commission may have approved this measure is no reason why we should not improve the language.

Mr. REED. I shall accept any language of the Senator from Wyoming improving the bill, Mr. President.

Mr. O'MAHONEY. Mr. President, that is progress.

Mr. REED. Mr. President, if the Senator from Wyoming will permit me to interrupt again, I wish he would further discuss his reasons for offering the amendment which he has proposed, striking out the two words in one case and three words in the other case, I believe. The Senator from Kansas is unable to follow the line of reasoning behind those two suggested changes.

Mr. O'MAHONEY. I shall be very glad to accommodate the Senator.

Mr. President, I say that an agreement on joint rates is one thing, but an agreement on matters relating to joint rates is another thing, and an agreement as to transportation under joint rates is still quite another thing altogether. When the words "transportation under" are used in connection with joint rates, they widen the area of the agreement almost beyond definition. It is impossible, as I see it, for any Senator to stand here this afternoon and define what character of agreements might be made under that language.

But if the words are stricken out, then it is clear that the agreements shall expressly be limited, as the language seems to indicate in the first place, to joint rates or to through routes. When the agreements are so limited, the possibility of abuse, the possibility of making agreements which are not in the public interest, the possibility of making agreements with respect to collateral and sometimes substantial collateral matters, would be very much reduced, if not eliminated. That is my purpose. Have I made it clear?

Mr. REED. Mr. President, the Interstate Commerce Act, in regulating and covering the property of railroad carriers, places this burden and responsibility on the carriers: They are required by law to establish through routes and to maintain joint rates.

If they are going to be permitted to talk about classifications and joint rates and transportation, I do not see how they can be prevented or should be prevented from talking about all matters which relate to transportation on through routes and under joint rates. The Senator from Wyoming attempts to make a much finer distinction there than my mind is able to follow.

Mr. O'MAHONEY. Mr. President, if I remember correctly, the Interstate Commerce Act contains, somewhere, a definition of transportation. The Senator from Kansas, the chairman of the subcommittee, probably can put his finger upon it immediately. I ask the Senator from Kansas whether I am correct. Does not the Interstate Commerce Act contain a definition of transportation?

Mr. REED. It contains a definition of transportation facilities. I think it does contain such a definition as the one the Senator has mentioned, but I cannot put my finger on it now.

Mr. O'MAHONEY. Mr. President, my point is that "transportation," as defined in the Interstate Commerce Act, is very much broader than "joint rates," and it is very much broader than "through routes"; and when we give permission to carriers of different classes to make agreements respecting "transportation," we are granting them a very broad power.

The Senator from South Carolina [Mr. JOHNSTON] has kindly handed me the definition as contained in the act. So, Mr. President, I am now able to quote directly from the Interstate Commerce Act when I say that the term "transportation" is defined in that act to include "locomotives, cars, and other vehicles, 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, and transfer in transit, ventilation, refrigeration or icing, storage, and handling of property transported."

Obviously, therefore, when in the guise of a prohibition we grant authority to make agreements upon that broad segment of the transportation industry, we are going so far as to make it difficult for anyone to determine whether the exemption from the antitrust laws which we are asked to make would be wise and in the public interest.

Let us consider, for example, agreements between railroads and pipe lines, with respect to the transportation of oil. To me it seems to be perfectly clear that if we say in the bill that railroads and pipe-line carriers shall be limited to agreements on joint rates and through routes, we are saying one thing, but if we say they shall be limited to agreements on matters relating to transportation under joint rates or through routes, we are granting a very different power and authority.

Oh, Mr. President, there are in this body many lawyers who know the skill of the advocate when an issue arises in court, or in negotiations between businessmen and others; they know how every little word and phrase is weighed and measured in order to determine what is right and what is wrong. We may be sure that when a question of the violation of the antitrust laws arises every phrase will be carefully measured and weighed, and when we undertake to grant an exemption from the antitrust laws, and say that such laws, which were intended to maintain free enterprise and a competitive economy, shall not apply to agreements between railroad carriers and pipe-line carriers, then it becomes clear that the exact meaning of every single one of the words contained in this bill must be determined before the measure is passed.

Mr. REED. Mr. President, I do not want to break in on the argument of the Senator from Wyoming——

Mr. O'MAHONEY. I am always glad to have the Senator break in. The Senator helps to illuminate the discussion.

Mr. REED. Is not the Senator from Wyoming overlooking the fact that every agreement after being made must be submitted to the Interstate Commerce Commission for approval before the parties may proceed under it?

Mr. O'MAHONEY. That is precisely the point I am discussing. I am pointing out to the Senator that the language of the bill which he has brought in says, on page 2, line 13, "and the Commission shall by order approve any such agreement (if approval thereof is not prohibited by par. (4))." I am undertaking to demonstrate to the Senator that paragraph 4 is an illusory prohibition, that while it seems to be limiting these agreements between carriers and among carriers of different classes to rate classifications, to joint rates and through routes, as a matter of fact it gives them the broadest possible latitude, and therefore that the prohibition is not effective.

Mr. REED. The only reason for the inclusion of the parentheses is to prohibit any agreement which is not in accordance with the provisions of paragraph (4).

Mr. O'MAHONEY. My point is that it is a prohibition which does not prohibit.

Mr. REED. Let me finish. If carriers of different classes should make between themselves an agreement which was in violation of paragraph (4) the Commission could not approve it if it desired to do so, because it would be prohibited.

Now let us get back to the character of the standards provided.

Mr. O'MAHONEY. Before the Senator leaves that question let me ask him, What sort of an agreement does the Senator have in mind as permissible under paragraph (4)?

Mr. REED. I suppose agreements under paragraph (4) will be rather scarce. Possibly, however, there might be transportation of oil over a part of the distance in tank cars, and a part of the distance by pipe lines under a joint rate. Of course, joint rates can be made between the railroads and the water-borne carriers. They could be made, if the railroads would make them, between motor carriers and the railroads. As a general policy, the railroads do not maintain joint rates with motor carriers. It is agreements of the character I have indicated which might be made.

Mr. O'MAHONEY. With respect to what?

Mr. REED. Any agreements. They make an agreement, and they have to apply to the Commission for approval, "and the Commission shall by order approve any such agreement," except paragraph (4) agreements, "if it finds that the object of the agreement is appropriate for the proper performance by the carriers of service to the public, that the agreement will not unduly restrain competition, and that it is consistent with the public interest as declared by Congress in the national transportation policy set forth in this act."

There is the standard by which the Commission must judge these agreements, and unless they meet the test of that standard, the Commission may not approve them.

Mr. O'MAHONEY. Mr. President, it is clear that I have not stated my position so that it can be understood by the Senator from Kansas, so I shall try once again. If I understand the English language, under paragraph (4) as it has come in from his committee, it would be possible for a railroad carrier to enter into an agreement with a pipe-line carrier on matters relating to joint rates, not as to joint rates as such, that the rail carrier should charge such and such a rate on oil transported between points within the railroad, and the pipe line should charge such and such a rate between points within the pipe line, in order that oil which was transported on both the railroad and the pipe line might be carried at different rates. That would be perfectly possible, however unlikely, under the language of the bill as reported by the Senator from Kansas. But if the amendments which I have proposed were adopted, it would not be possible, because then the prohibition would be a real limitation, and would mean that the agreement would have to do with joint rates, that is to say, with rates which applied to both the railroad and the pipe line jointly.

I recognize how difficult it is to deal with these very complex matters by writing down words, marks on white paper, to convey thoughts and ideas. It is one of the most difficult things in the world, and because it is so difficult, the courts are full of lawsuits among parties to contracts who thought they had clear meetings of minds, and who thought they wrote them down in contracts upon white paper. But when they came to watch them operate, they discovered that they were in violent disagreement. Every lawyer has had such experiences with his clients. They come into his office and say, "I entered into a contract with this man, and we were perfectly agreed. This is what is said in the contract, but this is what he is trying to do." Then they go to court about it.

I am saying, Mr. President, that the exemption of any group of carriers or any group of businessmen from the prohibitions of the antitrust laws is so grave an issue that we must be doubly certain that we are saying precisely what we mean, because if we do not do that, we shall be opening the door to great abuses.

I know the Senator from Kansas desires to prevent abuses arising under this exemption which he asks the Congress to grant, and I believe that upon consideration of the suggestions which I have made he will go much further than he has gone already this afternoon in discussing them so as to help close the door against creating opportunity for agreements which are against the public interest. I believe that upon consideration of the suggestions which I have made, he will go much further than he has gone already this afternoon in the discussion in helping to close the door against creating opportunities for agreements that are against the public interest.

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

Mr. O'MAHONEY. I yield.

Mr. REED. I should be very happy if the Senator from Wyoming would proceed to discuss all his amendments, and I promise not to interrupt him too much. I am interested in the reasons behind the Senator's amendment. It is an intelligent approach to the pending bill. This is an important bill. I have certain responsibility in connection with it, and I want to discharge that responsibility with the fullest knowledge it is possible for me to have. I recognize the very able Senator from Wyoming as being equally interested.

Mr. O'MAHONEY. I should be very glad to accommodate myself to the Senator's suggestion. I have taken so much time upon this amendment solely because the Senator from Kansas was asking me questions.

Mr. REED. I was interrupting the Senator all the time.

AMENDMENT TO GUARD AGAINST DISCRIMINATION

Mr. O'MAHONEY. Mr. President, there are two other amendments to which I think there should be no possible objection upon the part of the Committee on Interstate and Foreign Commerce or its able chairman. I have mentioned certain others already in the discussion, but the two that I have in mind at the moment are the following: On page 2, line 18, to amend by inserting after the word "agreement" the language "is not discriminatory among shippers or geographical areas." The purpose of that is to set up one of the standards for the guidance of the Interstate Commerce Commission in passing upon these agreements, to make it plain, in explicit language, that no agreement should be approved if it is discriminatory among shippers or discriminatory among geographical areas.

Mr. President, the lawsuits that are now pending in the Supreme Court of the United States affecting this issue have arisen from the fact that respectable representatives of great areas of the country have charged, and apparently they sincerely believe, that great areas have suffered discrimination in the fixing of railroad rates. I know that the Senator from Kansas does not desire to permit discriminatory rates or discriminatory agreements with respect either to shippers or to geographical areas. I say to him, however, again, that when one considers that every acre which is in the Tenth Federal Reserve District—every State within that district—is without representation upon the Interstate Commerce Commission it becomes clear how important it is to us all that there be written into the pending bill specific language which will make it clear that we do not want to have the Interstate Commerce Commission approving agreements among carriers which are geographically or individually discriminatory.

Then, Mr. President, the second amendment on this floor is the one which I seek to insert at the bottom of page 2. The last sentence on that page reads as follows:

> The approval of the Commission shall be granted only upon such terms and conditions as the Commission may prescribe as necessary to insure compliance with the standards above set forth in this paragraph.

I would have it read as follows—and I ask, Mr. President, that the inserted language appear in the RECORD in black type, so that it may be clear.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. O'MAHONEY. This is my amendment:

On page 2, line 21, after the word "The", where it appears a second time, insert the following: "Commission shall prescribe and may from time to time modify the rules and regulations under which such agreements may be made (which shall include provision for the representation of shippers and interested State regulatory commissions or other authorities in hearings thereon), and the."

That is the end of the amendment. I now go on with the sentence:

The approval of the Commission shall be granted only upon such terms and conditions as the Commission may prescribe as necessary to insure compliance with the standards above set forth in this paragraph.

Obviously, the purpose of that amendment is to guarantee, to the shippers and to the States affected, representation when the agreements are being made. That, Mr. President, seems to me to be a very mild request to make. When we are saying by law of Congress that the carriers may combine, why should we not say in the same breath that when they are discussing the combination, the shippers who are to be affected, and the States which are to be affected, shall be present during the discussion? It seems to me, Mr. President, there can be no reasonable objection to that amendment. I think it clarifies what the advocates of the measure have said that they mean. All I am trying to do, with respect to the amendments, is to clarify the language and make certain so far as possible that the people of the United States shall be present by representation when the private agreements are being made.

RAILROADS LONG CONTROLLED BY EASTERN FINANCIAL INTERESTS

It should be pointed out, Mr. President, that the system now in use for the making of rates and handling transportation is a growth over many years. When the railroads were first built in this country, they were few in number. They covered comparatively small areas. They extended gradually westward, across mountains and rivers and plains, and reached finally to the Pacific coast. They have been controlled, Mr. President—everybody knows this—largely by the financial interests of the East. It has been common usage to refer to such-and-such a railroad as a Morgan railroad or a Hill railroad, or a Vanderbilt railroad. The financial institutions which have financed the railroads have exercised a great influence in the affairs of the country. But the management thus affected has also been affected by the needs of growing communities, the needs of the growing West, and of course a great problem, as the country became settled, was one of adjusting the freight rates in one area to the freight rates in another area. Agreements were made among the railroads; they had their rate bureaus and their conferences; but, heretofore, those bureaus and conferences never had the sanction of law; they were never expressly approved by law. Today, if we pass the pending bill we shall have said that in the opinion of the Senate of the United States, the railroad bureaus and conferences which have thus grown up should now have approval of the Congress of the United States by statute, and become semiofficial agencies of Government.

Who is there to deny that if that is to be done the Congress should exercise the greatest care to make certain that the rules and regulations whereby they are governed shall be rules and regulations in the public interest? In paragraph (2) of the bill we are doing an utterly new thing. We are giving sanction not only to the fixing of rates but to the creation of these organizations. Those are two very different things. I think adequate protection for the fixing of rates in the manner which has grown up—and I would not disturb that procedure at all—will be granted by the language of the bill and the amendments which I have proposed or suggested, amendments which are designed to prevent discrimination and to grant representation.

AMENDMENT TO PROVIDE CONGRESSIONAL APPROVAL OF ORGANIZATIONS TO SET RATES, ETC.

But there is another most important factor which is completely and utterly overlooked, and that has to do with two amendments which I realize the Senator from Kansas and the members of his committee may regard as being perhaps a little difficult to take. I suggest, Mr. President, that they are not so difficult to take as may be imagined. The first of these amendments is on page 2, line 25, immediately following the word "paragraph.", to insert the following:

No such agreement—

Referring of course to the agreements among the carriers—

for the establishment of any association or organization composed of two or more carriers, or prescribing rules, regulations, or procedures for its consideration of any of the subjects heretofore specified, shall be approved by the Commission unless such agreement shall first have been submitted to and approved by the Congress by joint resolution.

That does not mean, as some Senators have thought when first they glanced at it, that every rate agreement would have to come to Congress. It does not mean that at all. It does not say so. It would be impossible to bring the rate agreements to Congress. I recognize that. I do not want to turn Congress into a rate-making body. That would be absurd. It was because Congress, as constituted, cannot be a rate-making body, that we created the Interstate Commerce Commission over a half century ago. Congress delegated the power to the Interstate Commerce Commission to supervise these rates. I have no objection to that. That is necessary. I do not wish to recall that action. But on the other hand, Mr. President, when we go beyond anything that Congress has ever done before and we say in words of one syllable, "the railroads and the pipe lines and the motor carriers and the water carriers may create an organization to provide rules and regulations to govern transportation throughout the United States," then I say Congress will be neglecting its duty if it does not look at the type of organization that is set up, if it does not examine the powers which the carriers will give to themselves.

I make no charge of wrongful intent. Mr. President, this is merely a part of the great problem that is affecting the whole world, the problem of adjusting the individual economy to the organization under which we live. We have been struggling with this problem for 25 years and have not solved it. We have tried one scheme after another. One thing we know is that because leadership throughout the world has failed to make that adjustment, totalitarian power has appeared in the world, for when people in their individual capacity were unable to receive what they thought was justice and fair dealing from private organizations, they turned to government to do the job, and that is why the authoritarian governments were set up.

Here we are establishing a new private authority. Call it what you will, gloss it over with the necessities of the occasion, acknowledge that the railroads have done a great job, and I do—during the war they did a magnificent job—acknowledge all of that, nevertheless when it is provided in the bill that "any carrier party to an agreement between or among two or more carriers concerning, or providing rules and regulations pertaining to or procedures for the consideration, initiation, or establishment, of rates, fares, charges," and so forth, "may, under such rules and regulations as the Commission may prescribe, apply to the Commission for approval of the agreement, and the Commission shall by order approve," unless so and so—when the bill contains such a provision, Mr. President, surely it is plain to anyone who cares to pay one moment's attention to the plain words of the English language, that we are saying that the Interstate Commerce Commission shall approve this private authority to handle the transportation system of the United States. So I say, let not Congress abrogate its solemn duty to make certain that it shall not turn loose a private authoritarian power to govern the basic transportation industry of America.

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

Mr. O'MAHONEY. I yield.

Mr. ELLENDER. The Senator does not mean to say, does he, that although authority is given for the formation of the agreements the Commission itself does not have the final say in what the rates shall be?

Mr. O'MAHONEY. Before the Senator came onto the floor——

Mr. ELLENDER. I will say to the Senator that I was busy in a committee.

Mr. O'MAHONEY. I know. We are all busy, and I have complained many times that committees are sitting during the session of the Senate, when Senators ought to be here on the floor. I am pointing out that there is a grave difference between rates and the organization which will fix the rates. I do not want to bring the rates to Congress for determination of them, but I say that

when we are giving authority to the carriers to set up an organization, then we have got to be very sure that we know what sort of an organization they are going to set up.

Mr. ELLENDER. What is proposed to be done under the bill is simply to give legal sanction to the custom which has prevailed for the past 40 years. The point I want to try to emphasize is this. Is it not true that even under the bill as it is now drafted, the Interstate Commerce Commission, which is a creature of Congress, shall finally pass on whether the rates shall be as presented to the Commission, or whether they shall be changed. Is that not true?

Mr. O'MAHONEY. No; it is not.

Mr. ELLENDER. That is the way I understand it.

Mr. O'MAHONEY. I will tell the Senator why I believe it is not. I think that was the intent.

Mr. ELLENDER. Why not put it in language to make it certain?

Mr. O'MAHONEY. I am sure the Senator feels that way. That is why I hope he will give attention to the amendments which I have proposed. The Senator from Kansas has already indicated that he will give them careful consideration; and I think he means more than those two words sometimes mean. If the Senator from Louisiana will examine them, I am sure he will agree that those amendments, except for two which I am now discussing, are intended to make clear, in the public interest, the system with respect to rates which has grown up.

Mr. REED rose.

Mr. O'MAHONEY. Mr. President, let me say to the Senator from Kansas that I must answer the Senator from Louisiana first.

The importance of this matter becomes clear when we read the terms of the delegation of power contained in paragraph 2. First let me say to the Senator that this is a broad delegation to the carriers, no matter what their classification, to enter into agreements of every shape and form relating to the transportation service of America—not only in connection with rates and charges, but the use or nonuse of safety devices—perhaps suppression as well as utilization. It is a delegation of power in the broadest possible language to the carriers to make agreements; but the authority of the Interstate Commerce Commission to approve is restricted.

Mr. ELLENDER. Where?

Mr. O'MAHONEY. I will show the Senator.

Mr. ELLENDER. I should like to have the Senator point to specific language.

Mr. O'MAHONEY. I know that some may say that it is not intended to restrict it, but I shall indicate that it is necessarily restricted, because we say in paragraph (2) that when an agreement is made any carrier may apply to the Commission for approval of the agreement. Bear in mind what that means. An agreement is made. Some of the carriers are great railroad transportation companies. Some of them are little companies. The big company may apply, as well as the little company. It may be the pipe-line carrier which will apply, or the railroad carrier, or the motor carrier. But all these carriers, dealing with every branch of the transportation industry, are given authority to establish rules and regulations "pertaining to or procedures for the consideration, initiation, or establishment, of rates, fares, charges (including charges as between carriers), classifications, divisions, allowances, time schedules, routes, the interchange of facilities, the settlement of claims, the promotion of safety, or the promotion of adequacy, economy, or efficiency of operation or service."

There is the grant of power. These agreements go beyond the mere making of rates. They deal with every single phase of the transportation industry, but they deal also with the impact of the motor carrier upon the railroad, of the railroad upon the pipe line, the water carrier upon the pipe line, and the water carrier upon the motor-transport unit. So we are now saying, in a law of Congress, that carriers which have these various modes of transportation, many of which are supposedly competitive, may nevertheless form organizations and make agreements, rules, and regulations; and the Commission shall approve them—unless what? Unless they are prohibited by paragraphs (4), (5), or (6), and if the Commission finds certain things set out in the language beginning in line 16 and extending to the end of the paragraph.

Mr. ELLENDER. If the Senator will continue reading from where he left off, he will find this language——

Mr. O'MAHONEY. I have read it several times during the debate:

> if it finds that the object of the agreement is appropriate for the proper performance by the carriers of service to the public, that the agreement will not unduly restrain competition.

By the way, I have submitted an amendment to insert "is not discriminatory among shippers or geographical areas"——

Mr. ELLENDER. But all these agreements come into being "under such rules and regulations as the Commission may prescribe," reading from lines 11 and 12. The carriers apply to the Commission for approval of the agreement, and the Commission shall order approval of such agreement.

Mr. O'MAHONEY. I beg the Senator's pardon. He is misreading the language. He referred to lines 11 and 12. The rules and regulations there authorized to be laid down by the Commission do not apply to the approval of the agreements. They apply only to the manner in which the application for approval may be made. The carrier—

> may, under such rules and regulations as the Commission may prescribe, apply to the Commission for approval of the agreement.

That is a purely procedural provision.

Mr. ELLENDER. In line 12 there is the language:

> apply to the Commission for approval of the agreement.

What would the agreement consist of, except an agreement as to rates, and everything else enumerated?

Mr. O'MAHONEY. It would apply to the organization, such as the Association of American Railroads, the Western Association, the Southeastern Association, or the Eastern Association, which are private governments.

Mr. ELLENDER. But if an agreement were entered into among 3 or 4 carriers providing certain rates, and providing that the classifications, and so forth, should be as stated in the agreement, is it not true that such an agreement among the several carriers must be submitted to the Commission for approval?

Mr. O'MAHONEY. Yes; but the Commission must approve it unless it falls within certain narrow prohibitions. That is my point.

Mr. ELLENDER. What are those prohibitions?

Mr. O'MAHONEY. If the Senator had been in the Chamber instead of in committee, he would have heard me discuss paragraph (4) which is a prohibition to the eye, but to the mind, when we read it, it is no prohibition at all.

Mr. ELLENDER. I should like to ask the Senator this specific question: Suppose 3 or 4 railroads should enter into an agreement sanctioned by the Commission, under rules and regulations set out by the Commission, and should agree to certain rates. Is it the Senator's view that the Commission itself cannot alter or change the rates agreed upon?

Mr. O'MAHONEY. Not unless it can cite a specific phrase in paragraph (2).

Mr. ELLENDER. Does the Senator mean to tell the Senate that the railroads themselves acting through these agreements, sanctioned by the Commission, would be the final arbiters as to what the rates should be? If the Senator from Wyoming gives an affirmative answer to that question, I should like to hear from the Senator from Kansas [Mr. REED] in answer to the question. As I understand the bill, it simply sanctions the method of rate fixing which has been in effect for the past 30 or 40 years, and under it the Interstate Commerce Commission has the power to pass judgment as to all rates presented to it under such agreements as may be added by the railroads.

Mr. O'MAHONEY. My answer to the Senator from Louisiana is that that is a mistake. I am doing my best to point out that it deals not alone with rates——

Mr. ELLENDER. I understand.

Mr. O'MAHONEY. It deals also with organizations. Never before in the history of the development of the transportation system has Congress undertaken to put the seal of its approval upon any of these associations. But the moment we pass this bill Congress does that, and it makes such an association an agency of the public, a secondary delegation of congressional power. I do not say that that might not be desirable or necessary, but I say that Congress at least should be careful enough of the interests of constituents to make sure that Congress knows what shall be the terms and conditions, the rules and regulations, to be made by these private associations.

The reason I say that is because there is a volume of testimony showing that these associations were being brought into being for the purpose of establishing a plan of organization and government. I am using the language of the

railroad men themselves. I have here a memorandum which was prepared by Mr. Fletcher of the Association of American Railroads, and transmitted to Mr. Carl R. Gray on October 18, 1934, in which he describes the sort of an organization which he thought would be desirable. Understand, I am not attacking Mr. Fletcher; I make no charges against him; but I want the Senate to realize what he was proposing. I want to ask, if Mr. Fletcher proposed this in 1934, before Congress gave authority, may not some successor of his propose something like it hereafter? This is what he said:

It was realized that the association could best serve all needs of the industry by doing the work which the law now imposes upon the Coordinator and the coordinating committees created by the Emergency Transportation Act, 1933. This is particularly true since the Emergency Act will expire by its own terms in June 1935. It was the hope of those who conceived this plan of organization and government that the industry would demonstrate its capacity for self-regulation, and therefore make it unnecessary for Government authority to intervene in railroad activities.

A "BLANK CHECK" GRANT OF POWER

Can anything be plainer than that? Here were the spokesmen for the railroads undertaking to work out a private plan for organization and government of the railroads. We now propose to let them work out a plan for the organization and government not only of railroads, but of pipe lines, motor carriers, water transport companies, of every branch of the transportation industry. In other words, Congress is saying, "We grant you here the franchise to establish your own government of the transportation system, and when you have done it the Interstate Commerce Commission shall agree to it unless it falls within this little narrow fence of prohibition."

Are we so naive as to believe that men in the future who desire to do so cannot work out, under this broad grant of power, an organization which would not fall within its prohibitions but of which the Interstate Commerce Commission would have to approve under the law?

It has the effect of giving to the carriers the power to combine and agree among themselves, to use Mr. Fletcher's language, so that it will be "unnecessary for Government authority to interfere in railroad activities." I change that to say, "so that Government authority will not intervene in any transportation."

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

Mr. O'MAHONEY. Certainly.

Mr. REED. I agree with the Senator from Louisiana [Mr. ELLENDER] that the Senator from Wyoming, I feel, has a misconception of a fundamental element of this problem. The duty of initiating reasonable rates always has devolved upon the railroads——

Mr. O'MAHONEY. Of course, I know that; and I do not want to interfere with it.

Mr. REED. It still devolves upon the railroads.

Mr. O'MAHONEY. But they were first doing it separately. Then they began to combine; they began to go together, and then, finally, they went a step further and established this organization and that organization. They have the Association of American Railroads, the Western Association, the Southeastern Association, the Eastern Association, all composed of railroads. If this legislation is enacted these organizations and associations will include motor carriers, pipe lines—they will include the tankers upon the sea and the cargo ships upon the sea.

Mr. REED. I realize that I am breaking into the Senator's time, but the fundamental point involved is not any different from what it always has been. Originally every railroad published its own rates. As commerce grew and the railroads grew in size and the thousands of rates went into hundreds of thousands, then into millions, and then into billions, rate bureaus became a necessity in the operation of publishing rates. There was no restriction, no regulation; no reports were required, no rules or regulations governing them. What this bill does is to recognize them, establish rules and regulations, require reports, and make their operations public. But they still publish the rates, and the duty of initiating rates still rests upon the carriers, except that now we shall regulate their operation.

Mr. O'MAHONEY. To give a specific example of what I have in mind on the rate question, I want to refer to a memorandum which was prepared by Mr. Cleveland, head of the Association of American Railroads, on January 28, 1937. I do not intend to read it all, but I want to tell the Senate briefly what it was about. It seems that railroad lines in the southwestern area of the United States were charging rates for the transportation of furniture which were regarded by the eastern roads as too low. Understand that these charges for the transportation of furniture were levied by the southwestern lines between points of shipment wholly on southwestern roads, and the railroads down East said. "You sons of the wild jackasses out there in the Southwest, you are not charging enough for the transportation of furniture. We want you to up those charges." The southwestern lines did not believe that. They said, "No. If we did that, our business would go to the motor carriers."

Mr. President, here is the memorandum of Mr. Cleveland to Mr. Pelley:

The southwestern lines maintain rates and minima on furniture within Southwestern Territory and between Southwestern Territory and certain points in Western Trunk Line and Illinois Freight Association Territory on a basis more favorable than those maintained by the eastern and southern carriers.

Mr. President, could anything be plainer than what the eastern and southern carriers were complaining about? They wanted those rates raised.

What happened? To make the story short, let me say there was a great deal of discussion backward and forward; and finally we have a statement by Mr. Cleveland, after a suggestion had been made to the railroads in the Southwest that they raise their rates:

This suggestion appealed to me as very fair, since under normal conditions rates in Western Trunk Line Territory should be higher than the rates in Eastern Territory and the rates in Southwestern Territory on a still higher basis. * * * After those conferences, we were finally notified that they—

The southwesterners—

could not comply with the request because they were more convinced than ever that if they made the readjustments suggested it would result only in transferring the traffic to competing trucks.

Then, Mr. President, listen to this:

This conclusion was not satisfactory to the eastern and southern carriers.

The statement continued somewhat further. Finally, at the end of the list of recommendations prepared by the freight bureau, we find this:

Considering the nature of the association and the fact that it is expected to operate in the interest of the railroad industry—

Not in the interest of the public, Mr. President, you see—

and without taking into account the interest of an individual carrier or one group of carriers as against others, I very reluctantly recommend that the board pass a resolution requiring the Southwestern and the Western Trunk Line carriers to make the revision in the rates recommended by the eastern and southern carriers.

Mr. President, what are we going to do about it?

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

Mr. O'MAHONEY. I yield.

Mr. HILL. In other words, is it correct to say that the eastern and southern carriers were requiring the western carriers to impose higher rates than the western carriers wished to impose, upon freight moving in the West, only on the western carriers?

Mr. O'MAHONEY. That is absolutely correct. The eastern railroad interests were not satisfied to let the western railroad interests govern themselves, and they undertook to form an organization by which they could compel the southwestern railroads to conform to the will of the eastern railroads.

Mr. HILL. And under this bill such a private government would be ratified and made legal by the Congress of the United States; is not that true?

Mr. O'MAHONEY. Certainly, and without having the Congress know what is contained in it.

Mr. President, I have heard these timbers ring with the challenges which were made by Members of the Senate against the so-called blank checks that were issued to President Roosevelt to fight the depression and to fight the war; but here is a blank check that outrivals any blank check that ever was issued before. Under this measure, we would say to them, "Go and make your own rules and regulations; and unless they are within this narrow little fence, bless you, boy, they will rule the transportation system of America."

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

Mr. O'MAHONEY. I yield.

Mr. HILL. The blank check now sought to be issued would not be issued to a President of the United States elected by the people of the United States, an officer sworn to serve the people, to protect the people, and to safeguard their interests, but it would be given to persons who have no obligation or responsibility to the people, but who serve a selfish interest. Is not that correct?

Mr. O'MAHONEY. Certainly it is.

Mr. President, in order to make clear precisely what happened, I wish to refer to an exhibit which I think was placed in the RECORD yesterday by the Senator from Idaho. It is a report from Mr. Cleveland to Mr. Pelley, under date of October 12, 1937.

I ask the Senate to remember the words I read a moment ago from the report of Mr. Cleveland to Mr. Pelley; that the association was for the purpose of protecting the rights of the railroad industry. However, Mr. President, we in the Senate are concerned, not only with preserving the rights of the railroad industry, but also with preserving the rights of the people of the United States who are affected.

But among the accomplishments cited by Mr. Cleveland in his report to Mr. Pelley, on October 12, 1937, I find the following:

> Composing harmoniously the differences between the Western Trunk Lines and the Southwestern Lines on the one hand and the Official and Southern Lines on the other with reference to the rates on furniture and the minima in connection therewith.

Mr. President, it is my understanding that that memorandum relates to the struggle with the Southwestern Lines to keep the rate on furniture down to where they thought it should be.

However, I was talking about these agreements in the association.

Mr. HATCH. Mr. President, if the Senator will yield before he leaves that point, let me say that I was impressed with the statement he made about the Southwestern railroads and his statement that the rates were finally required to be fixed without regard to the needs or wishes or desires of the carriers in that section of the country, and without regard to the public need or necessity, but were finally determined upon an industry-wide basis, involving the railroad industry all over the United States.

Mr. O'MAHONEY. That is correct.

Mr. HATCH. The bill now before us, which at least would tend to make such agreements possible legally, is sponsored by the majority party of this body. In that connection, let me say that I recall an amendment which, only a few days ago, was offered in the Senate from the majority side, and it received support from that side of the aisle. That amendment would have prohibited and made illegal actions or efforts by the laboring men of this Nation to engage in industry-wide bargaining. I think the Senator recalls the vote on that amendment in this Chamber; I believe he recalls how that restriction and prohibition against the laboring men failed by only one vote to be carried by this body.

Mr. O'MAHONEY. Mr. President, I am very glad the Senator from New Mexico has made that comparison. It certainly is most pertinent.

Mr. President, I was discussing the nature, the effect, and the power of these associations, the creation of which will be made legal if the bill passes in its present form, and here I have some testimony given by Mr. Pelley, president of the Association of American Railroads, in the suit instituted by the State of Georgia against the Pennsylvania Railroad.

A resolution had been adopted by the association, and the question was as to the effect of this resolution. Was it merely advisory, or did it have any control?

The attorney asked:

> Question. Now, Mr. Pelley, that resolution appears in the form of an absolute mandate, does it not?

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

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

Mr. HILL. Is it not true that Mr. Pelley was the president of the American Association of Railroads?

Mr. O'MAHONEY. Mr. Pelley was the president. I may say that I think he did an excellent job during the war in helping to organize the railroads to carry on during the emergency. Unfortunately, he has since passed away. He was a very able man, and he was the head and front of this system. I repeat, now, reading from the testimony:

> Question. Now, Mr. Pelley, that resolution appears in the form of an absolute mandate, does it not?

The wording is:

> "That the president"—

The president being the president of a railroad—

> "That the president be directed to issue an order forbidding the establishment of joint rates," and that was precisely the purpose you had in mind in stating the resolution in that form, was it not?
>
> Answer. Yes.
>
> Question. To make it an absolute mandate? Is that correct?
>
> Answer. That is the way it reads.
>
> * * * * *
>
> Question. What would you contemplate would be the effect of such an announcement of policy by the Board with regard to proposals pending in the territorial rate organizations?
>
> Answer. That is proposals covered by the resolution?
>
> Question. That is right. I was not attempting to mislead you.
>
> Answer. That is what I thought you meant.
>
> By the special master:
>
> Question. And what is your answer?
>
> Answer. Well, I think it was contemplated to stop arrangements of that kind that might have been pending.

In other words, here is a clear, explicit statement, capable of no misunderstanding, that the directive which was issued by the head of the organization was a mandate which it expected to be obeyed.

Mr. President, the question which must be answered is whether we shall undertake to permit such associations to be established without at least having Congress look at them. So this is another of the amendments which I propose. I think I have already read it, and I shall not repeat it, but I ask that it be incorporated in the RECORD at this point.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 25, immediately following the word "paragraph" and the period, it is proposed to insert the following:

> No such agreement for the establishment of any association or organization composed of two or more carriers, or prescribing rules, regulations, or procedures for its consideration of any of the subjects hereinbefore specified, shall be approved by the Commission unless such agreement shall first have been submitted to and approved by the Congress by joint resolution.

Mr. O'MAHONEY. Mr. President, all in the world the amendment does is to provide that when the carriers, whether they are railroad carriers, motor carriers, pipe-line carriers, or water carriers, all together, when they form an organization for a plan of government of the transportation industry, shall submit it to the Congress of the United States before it becomes effective. That is one amendment.

AMENDMENT TO PREVENT CONTROL BY EASTERN FINANCIERS

The other amendment arises out of the fact that we know as a matter of fact, from the history of the railroad industry, that the great banking institutions of the East have controlled our railroads. If we are to allow self-government of the railroads, then, Mr. President, we should be certain that that government will be carried on, not by the financial institutions of the East, but by those who are engaged in the business. If we are to grant self-government to the entire transportation industry so that an agreement may be made by all the different carriers, then it seems to me we should be certain that they will not be controlled by big money.

Let us not forget that when the little man, in his little business in New Hampshire, in Wyoming, in Alabama, in West Virginia, in Georgia, in Kansas, or in New Jersey, wherever he is, pays a rate which he regards as heavy, he does not have the financial resources which the great associations have, so that he can come to Washington and sit before the doors of the Interstate Commerce Commission. We know that Washington today is filled with representatives of great national organizations, business organizations, labor organizations, farm organizations, which are constantly working upon the Congress and working upon the Executive Department of the Government to gain the ends they desire, whereas the small people of the land, out in the States, are represented only by us.

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

Mr. O'MAHONEY. I yield.

Mr. TOBEY. Apropos of what the Senator has just said, if he will pardon my speaking in the first person, in the address I made here Tuesday I read excerpts from the official records of the Interstate Commerce Committee, where these very same railroad groups testified, at the hearings before Senator Wheeler, and the then Senator Truman, that the hearings which are held by these respective committees, referring particularly to the Interstate Commerce Committee, for example, are only scenery, that they do their work on the individual Senators, that they keep the dossier of each individual Senator, knowing his weak points and strong points, his affiliations, and so forth. That is where they get in their work.

Mr. O'MAHONEY. I should like to read the dossier of the Senator from New Hampshire.

Mr. President, the amendment which I offer to meet this situation is very simple. On page 3, line 8, immediately following the word "representatives" and the period I propose to insert the following: "No banker, bank, or other financial institution shall be a member of any such conference, bureau, committee, or other organization, or participate directly or indirectly in its consideration of any of the subjects specified in paragraph (2) of this section."

So that it will be clear what this paragraph 3 means, I read it now with the amendment in it:

Each conference, bureau, committee, or other organization established or continued—

Observe the word "continued." It is intended to continue organizations now in existence—

pursuant to any agreement approved by the Commission under the provisions of this section shall maintain such accounts, records, files, and memoranda and shall submit to the Commission—

I think the words "to the Commission" should be included there—

such reports as may be prescribed by the Commission, and all such accounts, records, files, and memoranda shall be subject to inspection by the Commission or its duly authorized representatives. No banker, bank, or other financial institution shall be a member of any such conference, bureau, committee, or other organization, or participate directly or indirectly in its consideration of any of the subjects specified in paragraph (2) of this section.

Mr. President, I shall add only another word. When Congress delegates to any department of Government the power to make rules and regulations to carry out a particular law, Senators are all aware that those rules and regulations have the force and effect of law. When Congress says, "You may make the rules and regulations," then the people must obey those rules and regulations because it is Congress speaking. We here provide in the pending bill, as reported by the committee, on page 2, in paragraph (2):

Any carrier, party to an agreement between or among two or more carriers concerning, or providing rules or regulations pertaining to or procedures for the consideration—

Of these various subjects. Here is the authority, delegated not to the Commission but to the carriers, to make the rules and regulations under which all the shippers of the United States shall be governed, when it comes to the fixing of rates and charges, either for freight or for passengers or for any of the other factors that enter into the transportation business. I say, Mr. President, if we, here in Congress, now take that step, and grant to the carriers of the United States the power to make the rules and regulations governing their business, we shall have gone far beyond the limits of the old NIRA, which was condemned as an unconstitutional exercise of congressional power. We shall be setting up the pattern whereby the loss of the power of the people to control their own economic welfare will be pushed a little further toward the abyss. The whole world is now in a state of turbulence bordering, many think, upon a third world war, because we have not been wise enough to regulate in the interest of all the people, instead of permitting a few people to exercise authority for themselves in the area in which they make profit, though it may affect all the people of the United States and of the world.

I recognize, Mr. President, that this is a difficult and complex question. I believe that much delegation is necessary, but it cannot be made safely, unless the Congress is careful to set up explicit standards to protect the public interests, and then let Congress itself oversee the organizational structure of those associations which it may authorize among private businesses to affect the economic life of the people of the United States.

I conclude by suggesting to the Senator from Kansas that, in my opinion, the adoption of the amendments which I propose will not deprive the carriers of anything that they ought to have. The adoption of the amendments will not prevent them from making their rates and their regulations. The adoption will not bring back to Congress the fixing of rates. It will merely provide a rule of responsibility by which the organizations, just like the Congress of the United States, would be primarily responsible to the welfare of all the people.

Mr. TOBEY. Mr. President, will the Senator yield for just one question?

Mr. O'MAHONEY. I yield.

Mr. TOBEY. Do I understand the Senator from Kansas has accepted the amendments offered by the Senator from Wyoming?

Mr. O'MAHONEY. Oh, no. The Senator has indicated that he will give very careful consideration to the amendments.

SUGAR RATIONING

Mr. BUTLER. Mr. President, yesterday the Secretary of Agriculture announced that all sugar rationing for household use would be discontinued immediately. In my judgment, that was a very sound decision and constructive action for him to take at this time. I commend him highly for a step in the right direction.

It is, however, only one step. The Secretary's order does nothing to price controls. And it does nothing at all for the industrial user. I believe there have been more inequities in handling sugar allotments to industrial users than in any other one item under control during the war. Possibly some inequities were unavoidable. Yet under this system, the returning GI who set up a small bakery or bottling plant was prevented from expanding and developing his business beyond the barest minimum needed to keep him in operation. He could not show a record of historical use, and so he was denied an equal chance at the market in competition with his long-established competitors. It is the same as if each family were held to its prewar record of use, thus cutting out the newlyweds almost entirely.

Furthermore, this order is likely to open up the way to a host of uneconomic and illegal activities. Industrial users, particularly the smaller ones, because of their rather desperate plight, are likely to be tempted to evade the intent of the order by shopping for their needs as individuals at local stores. I do not believe any enforcement can be effective against such practices. It is bad government and bad morals to tempt men, and almost force them, into illegal activity.

In short, if we are going to remove half the sugar controls, I believe we should go all the way and remove them all. Without rationing all users, price control is either ineffective, or it is unnecessary.

As it happens, no later than last Tuesday, I proposed to a number of my colleagues that we should remove all controls on sugar, at the end of this month, by cutting off funds for administering the control program. I am now rising to renew that suggestion. The Agriculture appropriation bill will soon be before the Senate. If we are convinced, as I believe most of us are, that sugar control is no longer necessary, there is no use in delaying action. We have it in our power to bring all the controls to an end on June 30. I hope the Senate will take advantage of this opportunity to free one more American industry from unnecessary controls. Perhaps it would be well if the report from the Senate Committee on Appropriations carries no appropriation for the continuance of sugar allotment control after June 30.

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. JOHNSTON of South Carolina obtained the floor.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. WHERRY. I wish to call attention to the fact that the bill under consideration has now been debated since last Monday. I wish to say further that we are trying to keep up to schedule with respect to pending legislation. I have spoken to several Senators on both sides of the aisle respecting a suitable time when the Senate might vote on the pending bill and all motions or amendments

pertaining thereto with a view to fixing a definite time for a final vote. I know that the Senator from Georgia [Mr. RUSSELL], the Senator from Alabama [Mr. HILL], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from New Hampshire [Mr. TOBEY] have a very deep interest in the bill, and are in opposition to it. Since they and the Senator from Kansas [Mr. REED] and other Senators are now present in the Senate Chamber, I wonder if I can be of some service to them all by suggesting that we enter into a unanimous-consent agreement to vote on the bill tomorrow afternoon at, let us say, the hour of 5 o'clock or 6 o'clock, and that 2 hours before that time the time be divided equally between the opponents and the proponents of the measure.

Mr. O'MAHONEY. Mr. President, the Senator well knows that for the most part we have been debating the bill in a vacuum because many Members of the Senate have been absent from the floor attending committee meetings. This afternoon I talked a great deal longer than I expected to because the Senator from Kansas [Mr. REED] was good enough to ask me many questions indicating that he had some interest in the proposals which I made, in fact, at one time he indicated that perhaps some of the amendments I am offering are not too bad.

I feel that no unanimous-consent agreement should be entered into until the Senator from Kansas has had an opportunity to study my amendments in the light of what has been said this afternoon and to discuss them. He promised me this afternoon that he would discuss them. I am looking forward to that discussion. I am hoping that when it takes place we shall have a quorum of the Senate present, because I feel that when the Senator from Kansas undertakes to discuss my amendments he will either acknowledge that the amendments are good and ought to be adopted, or that the purpose of the bill is to go much further toward the establishment of private authoritarian government over the transportation system of the country than anybody has acknowledged to date. So, Mr. President, I think the Senator's unanimous-consent request would be a little premature at this time.

Mr. WHERRY. Mr. President, I want to be sure the Senator understood me. I did not mean that the Senate should vote at 5 o'clock today.

Mr. O'MAHONEY. Oh, yes; I understood the Senator's request to be that the vote be taken tomorrow.

Mr. WHERRY. I wondered if it would be agreeable to the Senate that a vote be taken on the bill at 5 o'clock tomorrow, Friday. My thought also was that if the majority leader were favorable to the suggestion, the Senate, when it recessed today, would recess until 11 o'clock tomorrow morning, which would give us, say, until 3 or 4 o'clock for unlimited debate, after which for 2 hours the time would be divided equally before the vote. I certainly do not desire by the unanimous-consent request to cut off any Senator who may desire to debate the bill. I certainly would not want to do so in the light of the statement made by the distinguished Senator from Wyoming respecting his amendments, discussion of which may take more time than anticipated. I think the Senator will agree with me that most of the speeches heretofore made have occupied more time than was anticipated. I simply felt that this was the time to suggest that we might agree upon an hour certain at which to vote on the bill.

Mr. O'MAHONEY. Mr. President, the amendments which are now before the Senate deal with specific phases of the bill. I believe approval of the amendments would go far to prevent a veto of the bill. I think they are in the interest of those who are seeking the legislation. Therefore I hope the Senator from Nebraska will not press his unanimous-consent request until the Senator from Kansas has had an opportunity to consider what has been said today and to discuss it upon the floor. I suggest that the Senator renew the request tomorrow.

Mr. WHERRY. Mr. President, would the Senator suggest an hour which would be agreeable to him at which to vote on the bill?

Mr. TOBEY. Mr. President, may I interrupt the Senator for a moment?

The PRESIDING OFFICER (Mr. McGRATH in the chair). The Senator from South Carolina [Mr. JOHNSTON] has the floor.

Mr. JOHNSTON of South Carolina. I yield to the Senator from New Hampshire.

Mr. TOBEY. I want to be perfectly fair to the Senate. There is a Senator who has the feeling that the membership on both sides of the aisle has been rather deficient in the last 4 days, and manifestly all Senators could not have the benefit of listening to the debate. However, on the assumption that Senators have not read the hearings, the suggestion was made that perhaps a sense of duty would inspire him, and that it might be a part of wisdom to take the book of hearings and proceed forthwith to read the 2,407 pages, with repeated roll calls to assure the presence of Senators to listen, in order that each Senator would know the contents of this very voluminous compilation of evidence upon the bill. I do not know how long such a reading would take. My guess is that it would require 10 days. Nevertheless, in all good faith that suggestion is made, because it might eventuate. I do not know that it will. I hope it will not.

Mr. WHERRY. Mr. President, evidently my suggestions are without avail. So I shall withdraw my unanimous-consent request and renew it tomorrow. I feel that it would be advantageous if the proponents and opponents of the measure would arrive at an agreement tomorrow respecting an hour at which the Senate can proceed to vote on the bill and all amendments and motions pertaining thereto.

Mr. JOHNSTON of South Carolina. Mr. President, I have listened with a great deal of pleasure to the Senator from Wyoming [Mr. O'MAHONEY], who brought to our attention some of the true facts concerning the pending bill. I, too, suggest that before any Senator votes on the bill he give careful consideration to the question as to whether or not it is proper to pass the bill in view of the fact that two cases are pending in the Federal courts involving the very subject matter encompassed in the terms of the bill. First, there is the case of the State of Georgia. That State has brought a lawsuit in the Supreme Court of the United States, claiming and contending that Georgia and all other Southern States have been damaged and discriminated against in the field of railroad rate making. Georgia complains not of rate making by the Commission, but of rate making by the railroads themselves in private organizations, committees, and associations. Georgia went to great expense and trouble and consumed long periods of time in preparation and presentation of the evidence in support of its charges to a master in chancery appointed by the Supreme Court for that purpose. Georgia has presented its voluminous testimony to the master. The railroads have presented their defense testimony to the master. That case has been completely presented to the master, and is before him in such fashion that very soon he will be in a position to present his analysis of the testimony of both sides, as well as his recommendations with respect thereto, to the Supreme Court of the United States itself. In view of the fact that the State of Georgia has gone to such a great expense to make up its record, it is a serious thing for the Congress of the United States at this time to consider the pending bill affecting, as it does, the case of the State of Georgia. In my opinion, and in the opinion of the Department of Justice, the enactment of the bill at this time, affecting that case, would result in the case being thrown out of court.

The Congress is in no position to evaluate what has taken place. We have not even studied the testimony in that particular case. We have not weighed the voluminous testimony to any extent, and certainly not to such an extent as would enable us to enact intelligent legislation with respect to the issues involved.

I take the position that it shows a lack of respect for the State of Georgia to have its properly directed efforts affected or frustrated by Congress. As I see it, Georgia is trying to defend herself against what she conceives to be an evil and a wrong perpetrated upon her. Why should the Congress inject itself into that case by the passage of such legislation as this, which might jeopardize the case?

My State, the State of South Carolina, has a vital interest in that case. As a Senator from that State I urge that the court be permitted to proceed in the time-honored American way to a judicial decision in the case now pending. If the railroads need relief from whatever judgment may be entered in that case, or if they find that they cannot operate efficiently with such a judgment outstanding against them, then, and not until then, will it be proper to pass such a bill as this, which so vitally affects not only the issues, but the relief which the Court may grant to Georgia and all other southern States in that case.

Second, the record shows that the Federal Government has brought a suit against the railroads, their associations and organizations, and New York bankers and others, asserting that in the section of the country lying west of the Mississippi River the rate bureaus and other organizations have done great damage to the commerce of the West and to its people. The trial of that case was begun in Lincoln, Nebr., on April 23 of this year, and is still in progress. The Government has completed the presentation of its evidence, which consisted largely of documents from the files of the railroads themselves. The railroads have been given until October 1, 1947, to prepare and file their objections to the Government's evidence. I cannot understand the urge for the Congress to pass a bill vitally affecting the issue of that case and vitally affecting the measure of relief which the Government may obtain in that case.

At a time when the South and the West are bringing these suits under the antitrust laws of the Federal Government to try to obtain some relief, we find before the Congress this bill which would block the relief which is being sought. Certainly if legislation is necessary it would injure no one to await the decision of the Supreme Court of the United States and the decision of the Federal court at Lincoln, Nebr., before passing this bill. This is especially true since the Attorney General of the United States has stated in writing to all the carriers and to all interested persons that he will not file any additional suits or seek any additional indictments based upon the same issues or the same subject matter as that involved in the case in Georgia, which is now in the Supreme Court, or in the Government's case in Lincoln, Nebr. Then why so much haste? The pending legislation may well be held in status quo, as it should be held, pending decisions in those cases, without harm, danger, or hazard to any carrier or any interested party.

The complained-of organizations of carriers are operating in the time-honored way, and they might continue so to operate until those cases are decided, for the reason that the Attorney General has said that he will not disturb them pending such decisions.

No Senator could intelligently decide the propriety of this legislation without reading the testimony adduced before the Senate Committee on Interstate Commerce in 1943 on Senate bill 942; without reading the testimony before the Senate Committee on Interstate Commerce in 1946 on House bill 2536; and without reading the testimony adduced before the Senate Committee on Interstate and Foreign Commerce in 1947 on Senate bill 110, which is the pending bill. This would involve the reading of approximately 4,000 pages of testimony, much of which is in fine print—an impossible task. Much of the testimony is conflicting and difficult to understand because of the highly complex and technical nature of the subject matter.

The Supreme Court of the United States evidently recognized these complexities and technicalities, because it appointed a master to take the testimony and analyze it, digest it, and make recommendations in regard thereto. It seems extraordinary to think that Senators could with any degree of accuracy or propriety pass a good bill based on the thousands of pages of testimony.

It seems to me that the only reasonable thing for Senators to do is to await the decisions of the courts. The courts were created for just such a purpose. The master was appointed to look into all the facts and circumstances and render justice to the people, without thinking primarily of the railroads. The bill only cares for the railroads. It does nothing for the people. It would create a government within a Government, made up of the railroads.

A casual reading of the record in connection with the three bills mentioned shows, first, a description, general in its measure, of the "Organization of Railroad and Truck Rate Bureaus and Conferences." This description begins on page 823 of the printed record. There will be found a description of the railroad rate organizations.

The first to be described is the organization of railroad rate bureaus. Reading from the record on page 823, at the bottom of the page:

> It should be borne in mind that the railroad industry is the largest of the inland transportation agencies. In 1943, the total capitalization of rail carriers subject to regulation by the Interstate Commerce Commission exceeded $23,000,000,000; the gross income of these railroads for 1943 was about $9,300,000,000. It is inevitable that considerable economic power accompanies such a vast accumulation of financial resources.
>
> In the words of the Supreme Court, "Twice Congress has been tendered proposals to legalize rate-fixing combinations." To the Sixty-third Congress and to the Seventy-eighth Congress these proposals were made. Both proposals were refused. In this third attempt to obtain relief from the antitrust laws, the railroads using many of the resources available to a group with ample funds at their disposal have waged an intensive campaign throughout the country pleading that relief from the antitrust laws for the railroads would be in the public interest.
>
> Presentation of the material by the Department of Justice showing the operation of the Nation-wide network of private rate-making machinery may shed some light upon whether such relief is in the public interest. Likewise, an analysis of rates paid by the Government at war will be presented. Many of these rates are tendered to the Government under the guise of private contracts. How the Government departments fare against the united front presented through the railroad rate-making machinery is indeed significant.
>
> An indication of the attitude of the railroads is the pronouncement by a spokesman for the rail carriers that the railroads must be permitted to maintain rates that reflect a reasonable maximum basis if they are to obtain revenues sufficient to enable them to carry out the policies laid down in the declaration of the national transportation policy.

That was Elmer A. Smith, of the Railway Age, speaking.

> A very frank announcement.
>
> It is well to remember that the freight rates made by the railroads through rate bureaus profoundly influenced the course of the economic development of the United States.

Give me the right to fix rates, as we are preparing to give to the railroads by this bill, and I can make any section of the United States or break any section of the United States. As proof of that, we can go to the record and find that in the United States the railroads and Wall Street bankers have manipulated rates in the past, and we are just now catching up with them and dragging in the net, by the use of the antitrust laws, when the railroads wanted to get out of the net by getting from under the antitrust laws. What has happened? It will be found that they have had rates into official territory much lower than the rates out of official territory.

Mr. President, I should like to read further from the testimony of James E. Kilday, special assistant to the Attorney General, Transportation and Public Utilities Section of the Antitrust Division, Department of Justice, Washington, D. C. I read now from page 824 of the hearings:

> Discriminatory rates are but one form of trade barriers. They may cause a blight no less serious than the spread of noxious gas over the land or the deposit of sewage in the streams. They may affect the prosperity and welfare of a State as profoundly as any diversion of waters from the rivers. They may stifle, impede, or cripple old industries and prevent the establishment of new ones. They may arrest the development of a State or put it at a decided disadvantage in competitive markets.

Mr. President, Mr. Kilday was there quoting a ruling of the Supreme Court of the United States.

Let me say that it is true that if we give to the railroads—who are only the agents of Wall Street, for they are in debt to Wall Street—the right to regulate freight rates in the United States, then we shall find big business being protected, because Wall Street must protect big business in order to protect itself.

But let us see what little business thinks of this matter. I hold in my hand a letter from George J. Burger. In writing to me he gives statistics from his organization, the National Federation of Small Business, Inc. His letter reads as follows:

> NATIONAL FEDERATION OF
> SMALL BUSINESS, INC.,
> *Washington, D. C., June 9, 1947.*
>
> Hon. OLIN D. JOHNSTON,
> *United States Senate,*
> *Washington, D. C.*
>
> DEAR SENATOR JOHNSTON: It is reported in the New York Times today Fight on Rail Bill Looms in Senate—Antitrust Easing Draws Fire From South.
>
> Senator, it might be well for you to know that officials of this association appeared before the Senate committee and gave testimony opposing the Bulwinkle bill. Furthermore, it is important to note that this association made up of independent small business with a Nation-wide membership in excess of 100,000, recently polled its membership on this bill. The results of the Nation-wide poll through small business institutions was as follows: 18 percent for the bill, 80 percent against, 2 percent not voting.
>
> It is our opinion that once an exception is made to bypass the Sherman Act others will come in and ask for the same exception.
>
> From where we sit and observe the enforcement of the antitrust laws, and due to the testimony by the then Assistant Attorney General Wendell Berge before the Senate

Civil Service Committee, it appears, in our opinion, that the then Assistant Attorney General spoke the truth when he said, in substance, that for the past 35 or 40 years the administrations have been giving merely "lip service" to antitrust enforcement.

What small business needs and demands is the full enforcement of the antitrust laws, and with no exceptions or omissions for anyone in Nation's business.

I'm attaching a copy of the Mandate, official publication of the federation, which you will note discloses the result of the Nation-wide poll. I'm also enclosing a copy of the testimony given on the Reed-Bulwinkle bill.

Sincerely yours,

GEORGE J. BURGER.

Some of his testimony is so to the point that I am forced to read it at this time:

In our opinion, the bill would legalize the growth of private monopoly in railroad transportation and reinforce its existence in other fields of transportation, such as motor and water carrier and pipe-line companies. Today monopolistic rates in railway transportation are seriously preventing recovery of private business in the United States.

In 1929 American business went into a profound depression.

Mr. WHITE. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. WHITE. The Senate has been in session something over 6 hours. I wonder if the Senator would wish to proceed further this evening, or would desire that we might recess.

Mr. JOHNSTON of South Carolina. I will yield, provided it will not take me off the floor.

Mr. WHITE. I am sure that if the Senator asks unanimous consent that he be recognized when the Senate reconvenes tomorrow, there will be no difficulty about it.

Mr. JOHNSTON of South Carolina. Could I get unanimous consent?

Mr. McMAHON. Mr. President, reserving the right to object for a moment, I may say to the Senator from Maine that I have a statement which I should like to get into the RECORD concerning Mr. Gromyko's statement yesterday at Lake Success. It would take not over 5 minutes.

Mr. WHITE. If the Senator from South Carolina will now yield, with the understanding that he will be followed by the Senator from Connecticut, and that at the conclusion of the remarks of the Senator from Connecticut the Senate may recess, the Senator from South Carolina to be recognized when the Senate reconvenes tomorrow, will that be satisfactory?

Mr. JOHNSTON of South Carolina. It will be satisfactory to me.

Mr. SPARKMAN. Reserving the right to object, and of course it is not my intention to object, I should like to address an inquiry to the majority leader, as to when the calendar will be called again. I am asking the question with this situation particularly in mind, that there is on the calendar a bill to which I understand there is no opposition, H. R. 1874, Order No. 200, extending the time for the matching of road funds by the individual States. The time will expire on June 30; the States now are trying to make contracts for road construction, and I think it is highly important to all the States in the Nation that this proposed legislation be enacted at the earliest possible moment.

Mr. WHITE. It is the purpose to have a call of the calendar within the next few days, and I hope the Senator from Alabama will be satisfied to take his chances upon the call of the calendar.

Mr. SPARKMAN. I certainly shall be. I merely wanted to propound that inquiry.

The PRESIDING OFFICER. The Senator from South Carolina yields the floor to the Senator from Connecticut, with the understanding that thereafter the floor will be yielded to the Senator from Maine, who will then make a motion to recess. Unanimous consent is requested that upon the meeting of the Senate tomorrow, the Senator from South Carolina be recognized.

Mr. WHITE. That is my understanding of the situation.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

INTERNATIONAL CONTROL OF ATOMIC ENERGY

Mr. McMAHON. Mr. President, yesterday at Lake Success, Mr. Gromyko made another speech. It was made before the United Nations Atomic Energy Commission, and has attracted much attention. It was previously advertised as heralding a break in the wall of Russian obduracy. It was advertised as meaning a change in the Russian position on the subject of international control of atomic energy, and I am sure most Americans awaited the speech with keen interest and with some degree of hope. That hope, however, has unfortunately been dashed. I have read Mr. Gromyko's speech, and I should like to make a few brief comments on it.

This so-called new Russian plan contemplates an international agency which would inspect the atomic activities of the member nations but could not control them.

The agency could only recommend action with the enforcement resting in the United Nations Security Council where the big power veto still would remain.

Each nation would own and operate its own facilities and carry on its own research, although the international agency would also carry on independent research.

The plan would begin with an international treaty outlawing atomic and other weapons of mass destruction.

Later a second treaty, or convention, would be agreed to, setting up the International Control Commission within the framework of the Security Council.

The Control Commission would have its own inspection staff with access to all nations' facilities for mining and production of atomic materials and atomic energy. It would make periodical inspections as it felt necessary, and special inspections if it suspected clandestine operations.

The Commission could not order any nation to do anything; it could only make recommendations, requests, and presentations. One type of recommendation would be to individual nations regarding the production, stock-piling, and use of atomic materials. The second type of recommendation would be to the Security Council with respect to measures for the prevention and suppression in respect to violators of the proposed treaties.

The International Commission would have its own laboratories and experimental facilities and materials, and conduct research in the peaceful uses of atomic energy. However, each nation would reserve for itself the right to carry on unrestricted scientific activities in the field of atomic energy, directed toward discovery of methods of using atomic energy for peaceful purposes.

Now, what does this new Russian plan mean?

It means that Russia, while clarifying her position, has not changed it regarding any one of the fundamental issues over which there is dispute.

Russia still wants to retain her veto power.

Russia still wants the United States to disarm unilaterally by scrapping her bombs before the control system is in effective operation.

Russia still refuses to accept the stage-by-stage timetable.

Russia still insists on national rather than international ownership and operation of atomic plants and facilities.

Russia still wants to leave the power of punishment of violators in the Security Council.

Russia still wants the international agency to remain powerless to enforce effective control.

Mr. President, I consider Mr. Gromyko's speech simply an attempt to gain favorable propaganda from unthinking individuals. It is in no sense a change of plan, nor does it demonstrate a change of heart.

The plan proposed by Bernard Baruch, a great American who has earned the gratitude of men of good will everywhere in the world, is fair and just. Its acceptance by the Russians would constitute a tremendous step forward to peace.

RECESS

Mr. WHITE. Mr. President, I move that the Senate stand in recess until 11 o'clock tomorrow forenoon.

The motion was agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess until tomorrow, Friday, June 13, 1947, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 12, 1947

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord, our Lord, at this hallowed moment we would have an altar in our breasts where we may confess our sins, renew our vows, and ask Thy blessing. In Thy bountiful mercy be Thou the source of our understanding, and remove from our hearts all undue anxiety, that constructive reason may give us the vision of our common duty.

We pray Thee to redeem our country from divisive groups that would paralyze the spirit of justice and personal rights. We praise Thee that we need not look to any other government for ideas, help, or inspiration, but rather to our historic fathers who realized the immortal truth that a nation divided against itself cannot stand. Shame upon any citizen who would repudiate his own homeland through resentment or for personal gain.

Dear Lord, grant that the Members of Congress this day may have the seal of Thy blessed approval upon their labors, and be bound one to another with the cords of Thy holy purpose.

We pray in the name of Him who is the chief cornerstone. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE LATE HONORABLE DAVID I. WALSH, A FORMER MEMBER OF THE SENATE OF THE UNITED STATES

The SPEAKER. The Chair recognizes the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, it is with deep regret that I must announce to the House the death of a former Member of the Senate of the United States, the late David I. Walsh.

During his lifetime Senator Walsh symbolized the spirit of America. One of a family of ten, he took advantage of our institutions of Government and became in his life one of the most prominent and outstanding statesmen of the Commonwealth of Massachusetts and of our Nation.

Born in Leominster, Mass., on November 11, 1872, he attended the schools of Clinton, Mass., graduating from Clinton High School and later from the College of the Holy Cross, Worcester, Mass. In 1897 he was graduated from the Boston University Law School. A number of our colleges and universities have recognized the great contribution he made during his lifetime by conferring upon him honorary degrees. Among those colleges were Holy Cross, Georgetown, Fordham, and Notre Dame.

With brilliancy he represented the Commonwealth of Massachusetts as Lieutenant Governor and Governor. And for years he served in the Senate of the United States. He was always the advocate of a strong navy, recognizing it as our first line of defense. He also served for years with distinction as the chairman of the Senate Committee on Naval Affairs.

His progressive mind and outlook was always evident in his support by voice and vote of progressive legislation in the best interests of the people. My first public office was as a member of the Constitutional Convention in 1917, in which body I served with the late David I. Walsh. Our close friendship dates from that time.

David I. Walsh has left his strong favorable imprint on the pages of the history of Massachusetts and of the Nation. In his death I have lost a personal friend. His legion of friends and admirers grieve his passing.

Massachusetts has lost one of its outstanding sons, and the Nation one of its most prominent statesmen.

Mr. LANE. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to my colleague from Massachusetts.

DAVID I. WALSH, PIONEER LEADER OF MASSACHUSETTS DEMOCRACY

Mr. LANE. Mr. Speaker, we remember him as the champion of the American Navy, and for that fact alone a grateful Nation mourns his passing.

In the years before the war, the people of the United States were indeed fortunate that David I. Walsh was chairman of the Senate Naval Affairs Committee, lending his voice and his influence to building a strong navy. It is no exaggeration to say that many, many American lives were saved and the war considerably foreshortened by the vision and determination of this able public servant.

At the age of 74, worn out by his labors in behalf of Massachusetts and the Nation, David I. Walsh has been called to his reward.

He was a gentleman and a patriot who never spared himself in the service of others. We who were privileged to know him will miss his friendship and his wise advice.

Several times my path crossed his during the political campaigns of last fall. Though I was immediately interested in my own contest, I was impressed by the dignity with which this elder statesman was waging his fight. He was old and he was tired, but he fought hard and clean, fighting a losing battle against a younger statesman who had resigned from the other seat in the Senate representing Massachusetts to serve his country in World War II. It was obvious, early in the campaign, that youth must be served, but Senator Walsh went down to defeat without saying one unkind word about his opponent. Both men knew and respected one another. Senator Walsh's career came to a close, but he accepted it with a dignity which I shall never forget. It did honor to the man.

Here was the son of working-class parents, who overcame every advantage which others possessed, pulling himself up by his own bootstraps to become a leader in his State and in the Nation, facing the sunset of his career with wisdom and tolerance which earned the admiration of friend and foe alike. This was the measure of his character and of his Americanism.

As a child, I remember hearing the grown-ups speaking of David I. Walsh. To my youthful fancy, he seemed like a knight in shining white armor who was out to slay the dragons of bigotry and intolerance. As I grew older, I was charmed by the alert intelligence, the eloquence, and the zeal which he displayed in behalf of the underprivileged. To those of us who grew up on the other side of the tracks, David I. Walsh was our champion, proving that the promises of democracy could become realities. He inspired us by example.

He was born of the union of James and Bridget Donnelly Walsh, at Leominster, Mass., on November 11, 1872. Working his way through school, he received his A. B. degree from Holy Cross College in 1893, and his bachelor of laws degree from Boston University in 1897. As a struggling young lawyer, he was fascinated by politics and began his career in the most practical way, as a member of the Democratic town committee. The first recognition of his worth came when he was chosen by the citizens to serve as town moderator. But the youthful David, stirred to righteous anger by the meager pay and back-breaking hours and wretched working conditions of the laborers in the factories of Massachusetts, set himself the goal of correcting these abuses. He won a seat in the Massachusetts Legislature, but most of the time he was on his feet fighting for progressive labor legislation. Seldom had the staid old hall on Beacon Hill heard such passionate pleading, backed by irrefutable facts, in behalf of the depressed workers of the Commonwealth. Even the Republicans, inured to special privilege, sat up and took notice. Here was new blood, demanding a voice in the making of the laws and reminding the complacent that democracy can never stand still. It must evolve with life or wither and die.

The crusading figure of David I. Walsh caught the imagination and belief and active support of the people.

In 1913 he was elected Lieutenant Governor, and in 1914 and 1915 he broke the long Republican monopoly and served two terms as Governor of the Commonwealth. With an interruption of but 3 years—1924–27—he was a United States Senator from Massachusetts from 1919 to 1946. It was a truly remarkable record, testifying to the confidence of the people in his stewardship. David I. Walsh was first and last a Democrat, but the quality of his statesmanship was such that he won the votes of many Republicans as well as the solid backing of his own party.

On the domestic front Walsh worked constantly for economic justice. His most conspicuous contribution in the field of constructive labor legislation was as coauthor of the Walsh-Healey Government Contracts Act. Even at that time—1936—the Federal Government was one of industry's greatest consumers. As industry made extensive profits on these sales it was only fair that labor should share in the gains. Under Walsh's leadership, the Congress inserted labor terms in all contracts made by producers with the Federal Government in amounts over $10,000. These contractors were required to pay not less than the prevailing rate of wages in the locality, they were to abide by an 8-hour day and a 40-hour week, and they were prevented from employing boys under 16 years of age and girls under 18. Within given areas of industrial enterprise the Walsh-Healey Act established minimum standards of employment. It helped to implement the new social and economic concept of a basic security for all.

With growing knowledge and experience, David I. Walsh saw the dangers looming up on the international horizon. He realized that the United States, preoccupied with its internal problems, was oblivious to these dangers, and woefully unprepared to meet them. As chairman of the Senate Naval Affairs Committee he constantly warned the Nation of its exposed position. In committee and on

the floor of the Senate he fought for an adequate, modern Navy to serve as our first line of defense. Because of his untiring efforts, when the Japs made their sneak attack on Pearl Harbor we had a Navy—a Navy which prevented them from taking Hawaii and bombing the west coast, a Navy which broke the Nazi submarine blockade, a Navy which, in the final analysis, was the the margin of strength by which we were enabled to recover, fight back, and preserve our freedoms.

I have spoken of his services to the Nation, but here in Massachusetts, where he comes home to rest, we shall remember him with affection as the pioneer of the Democratic Party. Almost single-handedly, David I. Walsh raised the party of the common man to that position of influence and responsibility where the promises of democracy were fulfilled. Wherever, in our State, humble young men are beginning their careers they will remember and be inspired by the example of David I. Walsh.

In the hearts of all veterans, whether they served in the Army or Navy, there is a feeling of bereavement. David I. Walsh was their friend and protector. In the high councils of the Nation he also served with intelligence, with energy, and devotion.

If ever a representative of the people deserved the following epitaph, it is David I. Walsh, of Massachusetts:

"Well done, good and faithful servant."

May his immortal soul find the happiness which he has earned.

Mr. LYNCH. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to my distinguished friend from New York.

Mr. LYNCH. Mr. Speaker, I join with the other Members of the House today in expressing my deep regret at the passing of Hon. David I. Walsh, former Senator from Massachusetts. I can well recall years ago on the day of my graduation from Fordham University when he received an honorary degree from that great university, and addressed us of the graduating class. His words have long lingered in my memory. I have looked upon him as one of the great leaders of American life. I believe he has done more to encourage those on the threshold of life than any other man I know of in public service.

I wish to express my deep regret at the passing of Senator Walsh. At the same time I know he goes to the reward which he so justly earned upon this earth.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Mississippi.

Mr. RANKIN. Mr. Speaker, I wish to join the gentleman from Massachusetts in paying tribute to Senator Walsh.

I am reminded of the poet's lines:

A king once said of a prince struck down,
"Taller he seems in death";
And the speech holds truth,
For now as then,
It is after death
That we measure men.

As the friends of Senator Walsh and the American people generally come to appreciate the patriotism of David I. Walsh, his stature will grow larger in the estimation of coming generations.

Mr. McCORMACK. I thank the gentleman and the others who made their contribution to our late friend and colleague, David I. Walsh, who served with such distinction in the Senate of the United States.

I might note in passing that it was only last Saturday that he was visited with tragedy in the loss of a sister. His sister died last Saturday and our late friend died yesterday.

To his remaining two sisters I know I speak the sentiments of all of my colleagues in the House when I extend to them our deep sympathy in their great loss and sorrow.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I feel a very personal loss in the passing of Hon. David I. Walsh, of Massachusetts. He will go down in history as one of the greatest statesmen of our country. His services of over a quarter of a century in the United States Senate are outstanding in accomplishment and in help to humanity. His whole life in the public service of the State and the Nation was devoted unselfishly and loyally for the welfare of all. He was a man of great courage, of most unusual vision in State, national, and international affairs. During the many years I served with him here at the Capitol, he was always a loyal unfailing friend in time of need. Many times I consulted with him and his wisdom and loyalty never failed. His development of our great Navy during the years he served on the Senate Naval Affairs Committee was of untold value not only to America, but to the entire world. His fight for the institutions of our country and his efforts to preserve them will go down in history as one of the great accomplishments of our times. Massachusetts and the Nation in the passing of Hon. David I. Walsh mourn the loss of a man of fine Christian character; a most devout Catholic; a statesman of great accomplishments in State and Nation.

Mr. DONOHUE. Mr. Speaker, it was with profound sorrow and a keen sense of personal loss that I received the news of the passing of a dear friend, neighbor and advisor, one of Massachusetts outstanding citizens, the late Senator David Ignatius Walsh.

Senator Walsh typified everything that is dear to the hearts of every real American. An inspiration to the youth of this country, in that his life portrays the opportunities available, under our form of government, for any one who has the will, the industry, and the ambition to be successful in any field of endeavor.

Senator Walsh was one of a large family of poor, immigrant parents, but as a result of his untiring efforts and hard work, he entered Holy Cross College, Worcester, Mass., from which he graduated in 1893; later graduating from Boston University School of Law, in 1897, he became one of Massachusetts ablest lawyers; twice elected its governor, and its distinguished Senator for the past 26 years.

Today the people of Massachusetts and this Nation mourn the passing of a great statesman who gave the greater part of his life in public service to his fellow men.

It has never been more truly said of any man that he "laid down his life for his friends." During the recent critical war years, he labored unceasingly with his unsurpassed energy, experience and wisdom on behalf of his beloved country. The contribution that he would have made in this reconstruction period will be sorely missed.

I know that we could make no better resolve in his memory today than to pledge ourselves to carry out our Representative responsibilities in the spirit and sacrifice of the late Senator David I. Walsh, who did, indeed, give his life to the service of his people.

I am honored to have called him friend. I am proud to accept his inspiration.

Although his presence will be missed among us, his record of devotion to public duty will remain forever, and to us, his friends, the memory of his estimable character will remain a treasured asset.

DRAW-BACK ON EXPORTATION OF DISTILLED SPIRITS AND WINES

The SPEAKER. The Chair recognizes the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk H. R. 959, to amend section 3179 (b) of the Internal Revenue Code, and ask for its immediate consideration.

The Clerk read the title of the bill.

Mr. RAYBURN. Mr. Speaker, reserving the right to object, I have no objection, but for the RECORD I think the gentleman from New York should explain briefly what the purpose of the bill is.

Mr. REED of New York. This is a bill which was introduced by the gentleman from New York [Mr. LYNCH], a member of the Committee on Ways and Means. It was reported favorably by the Committee on Ways and Means. It has for its purpose to facilitate the exportation of distilled spirits and wines by permitting the use of casks or packages—barrels or similar containers—other than bottles in packaging tax-paid distilled spirits and wines for export with benefit of draw-back.

Section 3179 (b) of the Internal Revenue Code now provides for the allowance of a draw-back equal to the tax found to have been paid upon the exportation of tax-paid bottled distilled spirits and wines which have been bottled especially for export.

Under existing law distilled spirits and wines upon which the internal-revenue taxes have been paid may be exported in casks or packages with benefit of drawback only if those casks or packages are distillers' original casks or packages containing not less than 20 wine-gallons as required by section 2887 of the Internal Revenue Code.

This bill H. R. 959 would amend section 3179 (b) of the Internal Revenue Code to provide for the allowance of draw-back upon the exportation of tax-paid distilled spirits and wines of domestic manufacture or production contained in any cask or package or in bottles packed in cases or other con-

tainers if such distilled spirits and wines have been packaged or bottled especially for export.

Mr. RAYBURN. Mr. Speaker, I withdraw my objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subsection (b) of section 3179 of the Internal Revenue Code is amended to read as follows:

"(b) Draw-back: Upon the exportation of distilled spirits and wines manufactured or produced in the United States on which an internal-revenue tax has been paid, and which are contained in any cask or package or in bottles packed in cases or other containers, there shall be allowed under regulations to be prescribed by the Commissioner, with the approval of the Secretary, a drawback equal in amount to the tax found to have been paid on such distilled spirits and wines: *Provided*, That such distilled spirits and wines have been packaged or bottled especially for export, under regulations prescribed by the Commissioner, with the approval of the Secretary. The Commissioner, with the approval of the Secretary, is authorized to prescribe regulations governing the determination and payment of draw-back of internal-revenue tax on domestic distilled spirits and wines, including the requirement of such notices, bonds, bills of lading, and other evidence of payment of tax and exportation as shall be deemed necessary."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EMERGENCY FLOOD-CONTROL WORK

The SPEAKER. The Chair recognizes the gentleman from Indiana [Mr. WILSON].

Mr. WILSON of Indiana. Mr. Speaker, I ask unanimous consent for the immediate consideration of H. R. 3792, to provide for emergency flood-control work made necessary by recent floods, and for other purposes.

Mr. RICH. Mr. Speaker, reserving the right to object, I wish to ask the gentleman if this resolution permits the Army engineers to take care of all the floods that have occurred during the year 1947 up to this time.

Mr. WILSON of Indiana. Mr. Speaker, the bill authorizes the Army engineers to determine what levees have been damaged by recent floods, and also it makes available whatever funds are not expended for past or recent floods to be used for floods that may occur in the future.

Mr. RICH. Everyone knows we have been having a series of floods on the Mississippi River and we all want to give attention to those localities on the Mississippi that have been damaged. But I wish to call attention to the fact that a disastrous flood occurred in Bradford, Pa., in May 1946.

In April 1947, there was another flood in Bradford. A lot of damage has been done in several of those small communities. I want to know if we pass this bill whether the Army engineers are going to look after those flooded areas as well as the Mississippi River.

Mr. WILSON of Indiana. I can assure the gentleman from Pennsylvania that flood damages, no matter where they occur in this country, are covered as completely as possible.

Mr. RICH. I want the Army engineers to look after that.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the sum of $15,000,000 is hereby authorized to be appropriated as an emergency fund to be expended under the direction of the Secretary of War and the supervision of the Chief of Engineers for the repair, restoration, and strengthening of levees and other flood-control works which have been threatened or destroyed by recent floods, or which may be threatened or destroyed by later floods: *Provided*, That pending the appropriation of said sum, the Secretary of War may allot, from existing flood-control appropriations, such sums as may be necessary for the immediate prosecution of the work herein authorized, such appropriations to be reimbursed from the appropriation herein authorized when made: *Provided further*, That funds allotted under this authority shall not be diverted from the unobligated funds from the appropriation "Flood control, general," made available in War Department civil functions appropriations acts for specific purposes.

SEC. 2. The provisions of section 1 shall be deemed to be additional and supplemental to, and not in lieu of, existing general legislation authorizing allocation of flood-control funds for restoration of flood-control works threatened or destroyed by flood.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CIO OPPOSITION TO THE LABOR BILL

Mr. HARTLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HARTLEY. Mr. Speaker, earlier this week some 60,000 members of the CIO held a mass meeting at Madison Square Garden in the city of New York. One of the principal speakers at this rally was Mayor William O'Dwyer of the city of New York who apparently has none of that attribute of minding one's own business.

What I wish to report to you, however, is that while these 60,000 members of the CIO were urging President Truman to veto this bill which passed both Houses of Congress by a majority of both parties, reverberating through Madison Square Garden were cries of "Henry Wallace for President."

(The newspaper article referred to follows:)

RAYMOND MOLEY SAYS BIG LABOR'S COSTLY HOKUM PUTS BIG BUSINESS IN SHADE

When the holding company bill was going through Congress, in 1935, New Dealers had a lot to say about the efforts of the companies to prevent its passage. They denounced the flocks of telegrams, the paid advertisements and the power lobby.

What have they to say now of the frantic efforts of labor leaders to kill the Taft-Hartley bill? It was reported, 2 weeks ago, in the New Republic that $1,500,000 had been set aside for this campaign, and that between $300,000 and $400,000 of this was for radio.

Thousands of dollars in talent are being contributed by soap opera queens and lowly continuity writers, famous playwrights and successful musicians and composers of jingles and big-time theatrical press agents.

Slogans, emotional appeals, stunts and occasional serious arguments are being pumped into the ears of the listening public. And constant exhortations are broadcast to write to the President to kill the fiendish attack on the workingman.

Some of the argument is raw demagoguery. The usually calm and reasonable Mayor William O'Dwyer was induced to give a radio harangue in which he called the new bill "a stab in the back of our free labor movement" and said: "This law gives positive aid and comfort to the totalitarians."

The bill is neither a stab nor is it aimed at the back of labor. It is an effort to curb the excesses of certain labor leaders.

Nor does the bill increase the regulatory power of Government. It reduces the part Government has been playing in collective bargaining under the Wagner Act.

There was much to criticize in the opposition to early New Deal legislation. It was costly and it contained plenty of misrepresentation. But it never reached the degree of hokum that the campaign against the labor bill has assumed.

There was loud denunciation of corporations in 1936 for spending stockholders' money in propaganda. But in the present instance, the funds of unions are presumably being expended by the officers. And the rank-and-file membership are, in reality, the stockholders. Surely they are the ones who contributed the money to the union funds.

SUGAR RATIONING

Mr. RICH. 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 Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, just a short time ago the Banking and Currency Committee reported a bill to discontinue sugar rationing. The Rules Committee yesterday reported a rule so that we could get action on that, if necessary, today. Last evening the majority leader, the gentleman from Indiana [Mr. HALLECK] made a statement in reference to what was going to be taken up today and said that a rule on the sugar-decontrol bill had just been filed and that he should like to dispose of that today. At the same time the Secretary of Agriculture was asking the Appropriations Committee for more money for its continuation. When the Secretary heard the bill was coming up today he knew what was going to happen. We Republicans would decontrol household sugar. So he took the bull by the horns and he said at midnight, "We will have no more sugar rationing." In other words, the Republican Party had him over the sugar barrel. Therefore Mr. Anderson issued that order last night at midnight. Now we do not have to monkey with household sugar rationing any longer and thank goodness for that, our wives can get sugar for canning and we can save our fruits, and cut down our living expenses.

Mr. Speaker, in a deficiency appropriation bill we will consider shortly there is a sum to continue sugar rationing. Let us cut out all these appropriations for

sugar rationing. Let us cut out a lot of this rationing that we have been indulging in, it is rash stuff, because the quicker we get back to the old fundamental principles of the American doctrine of letting the people run this country instead of the bureaucrats here in Washington, the better this country is going to be, the better they will like it and the better off we will be as Members of Congress. Let us do our job and cut out bureaucratic control of the American people which was saddled onto the people by the Democratic new deal during the past 14 years. Get the country on its feet again with freedom.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. RAYBURN. 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 Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, it is, of course, very disappointing to the gentleman from Pennsylvania and a good many others when they get a little dirt removed from under their feet. Of course, everybody who knows anything about this question appreciates that the Secretary of Agriculture has been working on this matter for many weeks. Many have known, including members of the Committee on Appropriations, that it was daily expected that the Secretary of Agriculture would do what he has done. The thing that hurts the gentleman from Pennsylvania is that the newspapers of the country this morning headlined the matter that the Secretary of Agriculture had removed these controls and that the Republican Party in the House and Senate did not remove them. I can appreciate the great disappointment of the gentleman from Pennsylvania that the headlines did not go out all over the country that the Republican Party had been responsible for this.

Mr. RICH. I am not disappointed at all.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. KEEFE. 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 Wisconsin?

There was no objection.

Mr. KEEFE. Mr. Speaker, the RECORD should be very clear. I happen to be a member of the deficiency subcommittee to which the distinguished gentleman from Texas has referred. I may say to the gentleman that the Secretary of Agriculture was before this deficiency subcommittee, and if you will turn to the bill that will be considered in a few moments you will see on page 6 of that bill where we provide him with the funds to continue payment for the personnel involved in sugar rationing. They are the same eight-hundred-and-odd personnel that he said in his statement to the press last night he was going to remove immediately. The Secretary of Agriculture was before this same committee as late as 4 o'clock yesterday afternoon and did not advise the Appropriations Committee of his change of attitude, that he was going to do away with sugar rationing as of midnight last night.

Let us take politics out of this thing. He was still asking this Congress to give him the money in a supplemental deficiency appropriation which you will have before you in just a minute to pay for the people that he said last night in his hurry up to beat the gun on this proposition he is going to discharge immediately.

Mr. RAYBURN. Mr. Speaker, if the gentleman will yield, an amendment will be in order, of course, to reduce that appropriation.

Mr. KEEFE. The gentleman may be sure that an amendment will be in order, and an amendment will be offered, but I think my distinguished friend the gentleman from Texas [Mr. RAYBURN], who is laughing up his sleeve, will find that the American people are not fooled about this, and that the Secretary's hand was forced, and he never gave an inkling except to say that he was going to keep these people on for an indefinite period, but he was forced by the Republican attitude in this matter to act.

WATER CONVERSION

Mr. WELCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and include a resolution which I am introducing today.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WELCH. Mr. Speaker, I have just introduced a resolution which requests the Secretary of the Interior, through the Bureau of Reclamation, to look into and report to Congress on the engineering and financial feasibility of diverting surplus waters from other river basins for use in southern California and in the Colorado River Basin generally.

So far as southern California is concerned, I am persuaded that the time is approaching when it shall have to say: "We can accommodate no additional people until we get more water." The population of California, and of southern California particularly, has grown by leaps and bounds. It shows signs of continuing so to grow. Yet, consistent with other justifiable developments in the Colorado River Basin, there is no sign of the availability of an increasing water supply to southern California. In 20 years, the full utilization of all present sources of water supply available to that area will have been reached. The Colorado River Basin and southern California are arid. Already our most magnificent water projects have been built there. Without them, the present growth would not have been possible. The future of these areas depends on far-sighted planning now, and development later on a scale hardly dreamed of a few years ago.

Other river basins are blessed with abundant water supplies—supplies so abundant that, each year, thousands of acre-feet of good water are wasted into the ocean. In this connection, I think particularly of the Columbia River. I do not regard it as too fanciful to suggest that ways and means be found to divert, from some point whence it would otherwise be wasted into the sea, a portion of the surplus waters of that ideal stream. Let me emphasize the word "surplus," for it is extremely important. The Columbia River Basin has barely begun the utilization which is there possible of the waters of its great river for irrigation, power, and other useful purposes. I want to see full development of that utilization in the Columbia River Basin itself. But, so immense are the water resources of that basin that, even after full development in its basin, after it has served all of the great projects and power plants that are planned, there will be surplus water below Bonneville Dam available for the Colorado River Basin. What some of that surplus would mean to southern California, for instance, is beyond measure.

The Central Valley project moves water from Shasta Dam south to a point near Bakersfield, almost 500 miles. This southward shift must be continued progressively in the years to come.

My resolution will, under the general investigation provisions of the reclamation law, make it possible for Reclamation engineers to be assigned promptly to the task of investigating the feasibility of bringing surplus water into the arid basins where it is going to be so badly needed. Of course, this is not a job that can be done in 1 year or even in two; but it is a job that ought to be started, handled imaginatively, and prosecuted vigorously, so that the President and the Congress and the people of the West will have the complete picture and will be enabled, then, to adopt a long-time plan of action.

The resolution I am introducing today reads as follows:

Resolved, That the Secretary of the Interior through the Bureau of Reclamation is requested, under and by virtue of authority conferred upon him by the Federal reclamation laws (act of June 17, 1902, 32 Stat. 388, and acts amendatory thereof or supplementary thereto) for general investigations relating to proposed Federal reclamation projects, to investigate and report as soon as practicable to the President and the Congress on the engineering and economic feasibility and economic justification of diverting surplus waters from other basins to southern California and the Colorado River Basin and the practicability of exchanges of waters, and other possibilities for effecting improvement in the distribution and utilization of the water resources of the West: *Provided*, That such investigations and reports shall be made, among other things, in accordance with the policies and procedures laid down in section 1 of the act of December 22, 1944 (58 Stat. 887).

EXTENSION OF REMARKS

Mr. SEELY-BROWN asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. FARRINGTON asked and was given permission to extend his remarks in the RECORD in two instances; to include in one an article relating to the Smithsonian Institution, and in the other an editorial relating to statehood of Hawaii.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include a statement he made be-

fore the Committee on Public Works on the bill H. R. 3036.

Mr. MANSFIELD of Montana asked and was given permission to extend his remarks in the RECORD in regard to the appointment of Emmet O'Neal as Ambassador to the Philippines, further to extend his remarks and include a statement he made concerning the Hungry Horse project appropriation before a Senate committee, and in another extension in two parts, to include a speech he made before the National Federation of Catholic Students at New York last Monday.

Mr. KLEIN asked and was given permission to extend his remarks in the RECORD and include some remarks by J. Edgar Hoover on communism.

VETERANS' ADMINISTRATION HOSPITAL, FORT WAYNE, IND.

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include two resolutions and a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GILLIE. Mr. Speaker, I have just placed in the hopper a joint resolution providing that the proposed Veterans' Administration Hospital at Fort Wayne, Ind., shall be known and designated on the public records as the Thomas Lau Suedhoff Memorial Hospital.

Tom Suedhoff, a staff sergeant in the Infantry, died in combat on October 13, 1944. He met an heroic death on the battlefields of Europe during the dark days when America's destiny was in the balance.

During his service in the European theater, Tom volunteered to lead a detachment la region de Lyon in establishing a road block on the main highway on the east side of the Rhone River near Valence, France, thereby saving the lives of many of his comrades.

The mission was successfully completed in spite of intense small arms and mortar fire. During this battle Tom was wounded and taken by plane to Naples, where he died a short time later.

Tom's decorations include the Purple Heart, Good Conduct Medal, Combat Infantryman Badge, the Presidential Citation with an extra cluster, the Bronze Arrowhead for D-day spearheading in southern France, together with the Silver and Bronze Stars. He was later awarded the French Croix de Guerre with Bronze Star in the name of the French Nation.

Tom lived in Fort Wayne within a few blocks of the site of the new Veterans' Administration Hospital and played on these grounds when he was a boy.

He was a graduate of North Side High School in Fort Wayne and the University of Pennsylvania's Wharton School of Finance. He is the son of Mr. and Mrs. Carl J. Suedhoff, of Fort Wayne. Tom's father, a veteran of World War I, has long been prominent in veteran's and civic affairs in the Fourth Congressional District of Indiana.

Fort Wayne is proud of Tom Suedhoff and his many comrades who fought and died in defense of their country.

The resolution naming the new veterans' hospital after Thomas Lau Suedhoff has the support of the entire community, and I urge that it receive immediate consideration.

Under leave to extend my remarks in the RECORD, I include the following resolutions in support of this measure; together with an article from the Fort Wayne (Ind.) News-Sentinel:

JIM EBY POST, NO. 857,
VETERANS OF FOREIGN WARS,
Fort Wayne, Ind., May 21, 1947.

Hon. GEORGE W. GILLIE,
Washington, D. C.

DEAR SIR: At a regular meeting of Jim Eby Post, No. 857, Veterans of Foreign Wars, Fort Wayne, Ind., held on Tuesday evening, May 20, 1947, the members present voted unanimously to adopt the following resolution:

"Whereas there is to be established a veterans' hospital here in Fort Wayne, Ind., and such hospital will have the status of a memorial hospital bearing the name of a dead comrade; and

"Whereas Staff Sgt. Thomas Lau Suedhoff, a member of Jim Eby Post, No. 857, VFW, a comrade who died October 13, 1944, a hero's death as the result of wounds received in combat, la region de Lyon. A comrade who was many times decorated for heroic and meritorious service, a comrade who was the first soldier in Indiana to receive a Bronze Star, and whose other decoratons consisted of Silver Star, Purple Heart, Combat Infantry Badge, Good Conduct Medal, and Croix de Guerre with Bronze Star; and

"Whereas Jim Eby Post, No. 857, VFW, is proud to remember that Staff Sgt. Thomas Lau Suedhoff was a comrade and a gallant and brave soldier who gave everything for his country—he made the supreme sacrifice: Therefore be it

"*Resolved*, That Jim Eby Post, No. 857, Veterans of Foreign Wars, go on record as recommending that said veterans' hospital to be located in Fort Wayne, Ind., be named Thomas Lau Suedhoff Memorial Hospital."

Yours truly,

MELVIN J. CURTIS,
Commander, Post No. 857.

RESOLUTION PASSED BY GENERAL MEMBERSHIP OF DAVID PARRISH POST, NO. 296, THE AMERICAN LEGION, ON MAY 23, 1947

Whereas there is to be established a veterans' hospital in Fort Wayne, Allen County, Ind., and such hospital will have the status of a memorial hospital bearing the name of a dead comrade; and

Whereas this American Legion post believes that said memorial hospital should be named after one of Fort Wayne's own war dead; and

Whereas Staff Sgt. Thomas Lau Suedhoff died on October 13, 1944, a hero's death as a result of wounds received in combat la region de Lyon while establishing a road block on a main highway on the east side of the Rhone River near Valence, France, and who was many times decorated for heroic and meritorious service and who was the first soldier of World War II from Indiana to receive a Bronze Star and who received many other decorations, including the Silver Star, Purple Heart, Combat Infantry Badge, Good Conduct Medal, Croix de Guerre with Bronze Star, Presidential citation with extra cluster, and Bronze Arrow Head for D-day spearheading in southern France; and

Whereas David Parrish Post, No. 296, the American Legion, Department of Indiana, is proud to remember Staff Sgt. Thomas Lau Suedhoff as a gallant and brave soldier who gave everything for his country and who made the supreme sacrifice: Now, therefore, be it

Resolved, That David Parrish Post, No. 296, the American Legion, Department of Indiana, go on record recommending that said veterans' hospital to be erected in Fort Wayne, Ind., be named the Thomas Lau Suedhoff Memorial Hospital.

That a copy of this resolution be spread upon the minutes of this organization, and that copies be forwarded to Senators and Representatives from the State of Indiana.

[From the Fort Wayne (Ind.) News-Sentinel]

SERGEANT SUEDHOFF GIVEN FRENCH ARMY CITATION

WASHINGTON, D. C., August 26.—The French Government has awarded to Staff Sgt. Thomas Lau Suedhoff the Croix de Guerre with Bronze Star by decision No. 256 dated July 3, 1946. Sergeant Suedhoff, an infantryman with the Thirty-sixth Division, volunteered to lead a detachment "la region de Lyon" in establishing a road block, thereby saving the lives of many of his comrades. The mission was successfully completely in spite of intense small arms and mortar fire. The citation and medal have been mailed to his parents, Mr. and Mrs. Carl J. Suedhoff, 1922 Forest Park Boulevard, Fort Wayne, Ind., with a letter from Col. E. Caminade, military attaché.

"Not only in my own name, but in that of France and the French Army, I wish to extend to you and to your family heartfelt sympathy and the expression of gratitude for the courageous spirit of Sergeant Suedhoff who so nobly dedicated his life to the cause for which our countries were fighting.

"France is gratefully aware of the great assistance given by the American Army and feels a personal loss in the passing of Sergeant Suedhoff who displayed such heroism in the performance of his duty."

Sergeant Suedhoff died October 13, 1944, in a hospital in Italy as a result of wounds received in action in France August 26. In addition to the Croix de Guerre, he has been awarded the Silver Star, Bronze Star, Purple Heart, Combat Infantryman's Badge, and the Good Conduct Medal.

He was a graduate of the Wharton School of Finance, University of Pennsylvania, and a member of the Psi Upsilon fraternity there. He was the first Indiana soldier to receive the Bronze Star decoration.

MAYOR O'DWYER

Mr. LYNCH. 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 New York?

There was no objection.

Mr. LYNCH. Mr. Speaker, I desire to answer the distinguished gentleman from New Jersey who made the unwarranted attack upon Mayor O'Dwyer, of New York. I do not blame the gentleman from New Jersey for being perturbed when he hears of the thousands upon thousands of people in New York City who are protesting the passage of the Hartley-Taft labor bill. I do not blame him so much for being annoyed, because I know the feeling is seeping into New Jersey, where the gentleman comes from. When he says that the mayor of a great city like New York, with 8 or 10 million people, should have no interest in legislation that affects the people of that great city, when he says that the

mayor of New York, who is responsible for the welfare of the people, should not raise his voice in protest against legislation which we in New York believe to be vicious and antilabor, then I say the gentleman has a queer idea of the duties of public office, and he has a very queer idea when he believes that it is not minding one's business when one speaks out against legislation that affects the people of the city of which one is mayor as in the case of Mayor O'Dwyer. May he speak out louder and clearer, and may his words strike home. Would that Governor Dewey would make known his position on the Hartley-Taft antilabor bill.

EMMET O'NEAL

Mr. SPENCE. 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 Kentucky?

There was no objection.

Mr. SPENCE. Mr. Speaker, I know I express the sentiments of his colleagues from Kentucky and of the entire membership of the House who were familiar with his public service when I say we rejoice at the appointment of Emmet O'Neal as Ambassador to the Philippines.

By reason of his industry, his wide experience, his tact, his genial disposition, his capacity to make friends and to hold their affectionate regard, he is admirably adapted to fulfill the varied duties of the position to which he has been appointed.

The American people have a very deep interest in the welfare of the courageous Philippine people. With their heroic aid our armed forces have restored to them the liberty which they so richly deserve. They have a high sense of obligation and a very deep affection for our Government. That affection will be stimulated and grow under the relationship that will be established through our Ambassador.

His lovely wife and two charming daughters will add to his influence and prestige.

We wish him and his family success and happiness in his new undertaking, and that he may be able to render conspicuous service to the Philippine people and to his country.

Mr. CHELF. If the gentleman will yield, I want to add a resounding "amen" to what the gentleman has said.

LOYALTY OF FEDERAL EMPLOYEES

Mr. KLEIN. 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 New York?

There was no objection.

Mr. KLEIN. Mr. Speaker, there has never been a time in the history of our country when the traditional civil liberties of American citizens were more widely threatened than today.

We are constantly being warned that the Federal Government is infiltrated with disloyal, subversive employees secretly plotting its destruction. Because of this alleged danger, we are urged to bypass many of the normal processes of justice and to dismiss accused employees simply on the basis of someone's doubts, suspicions, confusions, or prejudices.

The President has issued a loyalty order, Executive Order 9835, which places the full weight of Executive authority behind existing procedures which afford accused employees few, if any, real safeguards consistent with due process of law, and expands these existing practices into a master plan for spying into the private lives and thoughts of citizens.

As the journalist Max Lerner commented in PM on March 25:

> We are in danger of taking a big step toward the creation of a police state. Everyone knows that one of the characteristics of the police state is that you place all Government servants under the continuous surveillance of a political police. The ordinary Government employee will find his workday harassed, his hours of rest shadowed, his inmost thoughts guessed about, his whole life made intolerable. Someone ought to tell the President and his advisers that you can never purchase security of any sort—for themselves or for the Nation—by surrendering the most elementary freedoms of the people.

When objection is made to the lack of provision for due process in the contemplated loyalty program—the failure to permit accused employees to face their accusers, cross-examine hostile witnesses, and identify sources of information—it is argued in justification that Government employment is not a right, but a privilege; and that therefore a Government employee may be deprived of his livelihood on suspicion alone and without proof, as some private employers may do with employees not adequately protected by union-security contracts. Indeed, we have fallen into the unwholesome habit of expecting the accused to prove himself innocent, rather than conforming to the elementary principle that the burden of proof should rest on the accuser. These habits and attitudes are completely at variance with the ethics and standards of American law. Now is the appropriate time to reassert the basic principles of the Bill of Rights before these principles are smothered under a blanket of rationalizations.

It is true that Government employment is a privilege rather than a right. It is both a privilege and an honor to be a Government employee. The Government employee has assumed a sacred trust when he takes the oath to defend the Constitution against all enemies, foreign and domestic. But if the employee has assumed obligations, so has the Government.

By and large, citizens who work for the Government are a loyal, hard-working group of people. Many of them could be earning more money in private industry, but they have elected to serve their Government—a sometimes arduous and thankless task, as every Member of Congress ought to know. The Government is obligated to protect, rather than nullify, the civil liberties of its employees. The Government is not in the same position as a private employer. It cannot arbitrarily fire a public servant because of doubt, rumor, or suspicion. The Government of the United States is not a business, as a bank, a grocery, or a factory is a business. It is the sum total of the lives of its citizens—the focus of their hopes and aspirations, and the guardian of their liberties.

When a Government employee is dismissed on charges of disloyalty, it is not parallel to loss of employment in private industry. Such a dismissal, in the thoughts of most citizens, is tantamount to conviction for treason. It disgraces its victim for life, and often his family—just as would a dishonorable discharge from the military service. It renders future employment in Government impossible and in private industry difficult. Such a heavy penalty should not be imposed on any employee until it is proved beyond a reasonable doubt that the penalty is in fact deserved.

While no reasonable person will deny the need to exclude disloyal persons from Government service, opinions as to what constitutes disloyalty differ. Mrs. Eleanor Roosevelt recently said, in referring to the sympathetic-association clause in the loyalty order:

> However, the more I think about one clause in the President's Executive order the more troubled I am. Under this clause I am afraid it would be possible to declare subversive many organizations that are simply in opposition to the thinking of certain powerful groups.

I am today introducing a bill to promote equitable personnel practices in the Federal Government by the establishment of a Federal Appeal Board, and for other purposes.

This bill provides orderly methods by which any employee or applicant for Government employment charged with disloyalty may have his case reviewed by a Federal Appeal Board. This board is to operate on the basis that an accused person is innocent until proved guilty. The rights of due process, including the right of cross-examination, are afforded by this bill, as well as the right to seek judicial review of the dismissal or other action. I submit this bill for your consideration as a contribution toward the solution of a vexing problem which has too often been approached with emotion rather than reason.

TAX ADVISORY COMMITTEE

Mr. FORAND. 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 Rhode Island?

There was no objection.

Mr. FORAND. Mr. Speaker, according to the newspapers, Chairman KNUTSON has appointed a special tax-study group—with Mr. Roswell Magill, Wall Street lawyer, as chairman "to hold continuing conferences with the Ways and Means Committee and Treasury officials so the group's judgment on specific provisions will be available to us as the work progresses."

The appointment of this outside committee was made without authorization by the Committee on Ways and Means. Although our committee has been sitting daily to hear testimony of the Secretary of the Treasury and of taxpayer groups in connection with the proposed com-

prehensive revision of the Federal tax laws, and frequent executive sessions have been held, not one word has been said in the committee about the necessity or the propriety of picking a small group of tax practitioners and businessmen to pass judgment on specific provisions as the 1948 tax bill is drafted. I fear this is laying the foundation for writing the 1948 tax bill by outsiders, as was done with the Tariff Act of 1930.

The pages of early American history are filled with the accounts of the fight to safeguard the taxing power from abuse. The founding fathers fought the Revolutionary War over taxation without representation. So they specified in the Constitution that only the House of Representatives should have the power to initiate tax legislation.

Now, it is proposed to impose upon the taxpayers of this country the secret deliberations of men who have not been subjected to public scrutiny, nor even to the advice and consent of the membership of the House of Representatives or its Committee on Ways and Means.

For nearly a month the committee has heard testimony of the Secretary of the Treasury and has received recommendations of more than a dozen industry groups for repeal or amendment of certain excise taxes. These industry spokesmen have presented their case in open hearings—and they thought they were addressing themselves to the elected Representatives in Congress responsible for deciding such matters.

Now, it seems that these advocates of repeal, reduction, or revision of the excise taxes—commonly known as sales taxes—will have to "clear it with Roswell."

Mr. Speaker, the appointment of any outside group to advise in the final decisions in executive sessions on what and whom to tax, at what rate, and with what exemptions is, in my opinion, a precedent dangerous to the democratic process. The dangers are doubly apparent when the chairman of the advisory committee is as ardent and able in advancing his own views on tax matters as Mr. Magill. This gentleman was one of two non-Government witnesses allowed to appear before our committee on H. R. 1. The other, Mr. John W. Hanes, is also a member of this study group. The industry representatives and consumer groups who had hoped for excise-tax relief now know better. It is significant that the New York Journal of Commerce—one of the financial dailies of Wall Street—headlined the selection of Mr. Magill on June 10, 1947, as follows: "Magill appointment underscores trend toward sales taxes." And to indicate that everything from here on is to be cut and dried to "Doctor" Magill's prescription, the Journal of Commerce says:

Any lingering doubts that Republican legislators plan to shift the center of gravity of the Federal tax system from income taxes are pretty much dispelled by appointment of Roswell Magill as key outsider to help formulate the 1948 tax-law revision.

Named by the Ways and Means Committee as chairman of a new advisory group, Mr. Magill favors minimizing income taxes as a source of Federal revenue. Excises and other sales-tax types of levies would be given a greatly expanded role as revenue raisers.

As chairman of the special advisory group, Mr. Magill will play a key role in formulation of new tax law. His general views have followed closely Republican tax and budget programs since the beginning of the year; some, in fact, suggest that the Republicans got the programs from him.

Of course, one man—even such an expert as Mr. Magill—does not make a committee. But the temper of the group—at least, of those who have expressed themselves publicly on Federal tax matters—is preponderantly in agreement with their chairman's affection for the sales tax.

To demonstrate that my suspicions as to the bias of this so-called special tax-study committee are founded in fact, I have prepared a thumbnail biography of the present occupation of each appointee, with his affiliations and general views on Federal taxation. The biographical sketches follow in alphabetical order:

FRANK CARLSON

Present occupation: Governor of Kansas, Topeka, Kans.

Biographical data: Born January 23, 1893. Student at Kansas State College. Farmer and stockman since 1914. Member Kansas State Legislature, 1929–33. Chairman Republican State Committee, 1932–34. Member of Congress, 1935–41 (Seventy-fourth to Seventy-sixth) from the Sixth Kansas District.

Affiliations: Member and officer of Farm Bureau, American Legion.

Views on taxes: As a member of the Committee on Ways and Means, he advocated the inclusion of a sales tax in the Revenue Act of 1942.

NORRIS K. CARNES

Present occupation: General manager, Central Cooperative Livestock Association, Exchange Building, South St. Paul, Minn.

Biographical data: Born May 9, 1895. Graduate University of Minnesota, B. S. 1917, M. S. 1920. Farmer; father's partner at Royalton, Minn. Assistant professor of animal husbandry at University of Minnesota 1923, assistant general manager, Central Cooperative Association. 1919–41, Minnesota State Fair official.

Affiliations: St. Paul Association of Commerce, chairman of the agricultural committee. American Horse Show Association. Chairman of the sale committee of Junior Livestock Show.

Views on taxes: Not available.

JOHN L. CONNOLLY

Present occupation: Secretary and general counsel, Minnesota Mining and Manufacturing Co., St. Paul, Minn.

Biographical data: Born 1892. Member of advisory committee that published the Twin Cities Plan on Post War Taxes, 1944.

Views on taxes: He favored tax reduction over debt reduction. He favored H. R. 1; opposed Lucas proposal. The income-tax base should be very broad, in his opinion. It is unfair to tax corporation income and then to tax stockholders on dividends. If additional revenue is needed, we should adopt a retail sales tax with no exemptions.

JOHN CHEEVER COWDIN

Present occupation: Chairman of the board, Universal Pictures Co., Universal City, Calif.

Biographical data: Born March 17, 1889. Student, St. Paul's School, Concord, N. H. until 1907. Clerk in Morgan & Co. Partner Bond & Goodwin, San Francisco, until 1919. Organized Blair & Co. and Blair Co., Inc., 1920. Vice president Bancamerica Blair Corp., 1930–34. Organized Standard Capital Co.; president of same from 1935 until its dissolution in December 1944. Former chairman, committee on government finance, National Association of Manufacturers.

Affiliations: Chairman of the board, Universal Pictures since 1936. Director: California Packing Co., Curtiss-Wright Corp., Curtiss-Wright Air Terminals, Inc., Devon Corp., Douglass Aircraft Corp., Ford Instrument Inc., Intercontinent, Inc., Sperry Corp., Sperry Gyroscope Inc., Transcontinental Air Transport, Inc., Big U Film Exchange Inc., Motion Picture Export Corp., Universal Film Exchange Inc., Universal Music Corp., Universal Pictures Co., Inc., Canadian Universal Film Co. Ltd., Waterbury Tool Co., Wright Aeronautical Corp.

Views on taxes: He urged the Congress to enact a "wartime consumption tax" of 8 percent at point of final sale. He recommended, however, that the tax on corporations should not exceed 40 percent. He would eliminate the distinction between long-term and short-term capital gains and tax such income at a maximum rate of 10 percent.

CARSON SAMUEL DUNCAN

Present occupation: Economist, Association of American Railroads, Transportation Building, Washington, D. C.

Biographical data: Born August 25, 1879. B. A. Wabash College, Indiana, 1901. A. M. Columbia University, 1905. Ph. D. University of Chicago, 1913. Professor of English, Ohio State University, 1906–14. Assistant professor of marketing, University of Chicago, 1915–18. Statistical expert with the American Shipping Mission, London, 1918–19. Statistical expert, United States Shipping Board, 1918–19. Attended Peace Conference, Paris, January–June 1919. Chief investigator, National Industrial Conference Board, 1919–21. Director, bureau of research of the Southern Wholesale Grocers Association, 1921–22. With the Association of American Railroads since 1922.

Affiliations: American Economic Association, American Statistical Association.

Publications: Argumentation (with others), 1910. Commercial Research, 1919. Marketing. Its Problems and Methods, 1920. Editor—Specimens of Prose Composition (with others), 1913. A National Transportation Problem, 1936.

Views on taxes: Not available.

JOHN WESLEY HANES

Present occupation: Chairman of the board of trustees, Tax Foundation, 959 Eighth Avenue, New York, N. Y.

Biographical data: Born April 24, 1892. A. B., Yale, 1915. Former senior partner, Charles D. Barney & Co., investment bankers. Member, Securities and Exchange Commission January–July 1938. Assistant Secretary of the Treasury, July–November 1938. Under Secretary of the Treasury, November 1938–December 1939.

Affiliations: Director and member of pension trust committee and executive committee, Johns-Manville Corp. Director and chairman of the finance and operating committee, United States Lines Co. Director and chairman of the finance committee, Hearst Corp. and Purolator Products, Inc. Director, member, executive committee and personal trust committee, Bankers Trust Co. Director: American Superpower Corp., Thomas Young Orchids, Inc., Pan American Airways Co. Trustee: Hampton Institute, Smith College, Geneva, N. Y.

Views on taxes: The theory of ability to pay, which underlies our income tax, has been abused. H. R. 1 is a good program and is not inflationary. Existing surtax brackets have sucked dry almost every available dollar that can be obtained from the high income groups. Present tax rates are a stupid levy against the know-how and the managerial experience that are the Nation's greatest assets.

E. H. LANE

Present occupation: President, Lane Co., Inc., Altavista, Va.

Biographical data: Born July 4, 1892. Student, Virginia Polytechnic Institute, 1906–10.

Affiliations: Connected with the Lane Co. (manufacturers of cedar chests) since 1912; president since 1925.

Views on taxes: He included a retail sales tax of 5 to 10 percent, or a graduated sales tax starting at 5 percent and running to 25 percent, in his recommendations to the Committee on Ways and Means on the Revenue Act of 1942.

ROSWELL FOSTER MAGILL

Present occupation: Professor of law, Columbia University. Member of law firm of Cravath, Swaine & Moore, 15 Broad Street, New York.

Biographical data: Born November 20, 1895. A. B. Dartmouth, 1916. J. D., University of Chicago, 1920. Admitted to Illinois bar 1920 and in practice of law at Chicago until 1926. Instructor of law, University of Chicago, 1921–23. Assistant professor of law, Columbia University, 1924–25. Associate professor of law, Columbia University, 1925–27. Professor of law since 1927; only taxation since 1943. In law practice in New York City since 1928. Special attorney and chief attorney, United States Treasury Department, 1923–25. Assistant to Secretary of Treasury, 1933–34. Under Secretary of Treasury, 1937–38. Counsel, Dunnington, Bartholow & Miller, 1938–43. Member, Cravath, Swaine & Moore since 1943. Adviser to the Tax Commission of Puerto Rico, 1925, 1928–29. Adviser to the Cuban Treasury, 1938–39. Publicity governor, New York Stock Exchange, 1940–41.

Affiliations: Chairman of the Committee on Post War Tax Policy. Member, American Bar Association. Member, Associated Bar of the City of New York. Trustee: Mutual Life Insurance Co. of New York, Tax Foundation, Vassar College, Macy Foundation, Academy of Political Science.

Publications: Cases on Federal Taxation (with J. H. Beale), 1926. Federal Tax Practice (with R. H. Montgomery), 1929; Cases on Taxation (with J. M. Maguire), third edition, 1940. Cases on Civil Procedure (with J. H. Chadbourn), third edition, 1939. Cases on Business Organization (with R. P. Hamilton), 1933. Federal Taxes on Estates, Trusts, and Gifts (with R. H. Montgomery), second edition, 1936. Taxable Income, 1936. The Cuban Fiscal System, 1939 (2d ed., 1945). Contributor to the Columbia Law Review, Harvard Law Review, etc. The Impact of Federal Taxes, 1943.

Views on taxes: Present tax rates tend to restrict and impede full operation of productive forces in the economy. He is opposed to increase in personal exemptions under the income tax. In his opinion, 50 percent should be the top rate on incomes over $100,000. We should continue to rely on a broad excise-tax system either under a manufacturers' excise or a retailers' excise, or both, in some combination. They should produce about one-fourth of total tax revenues.

WRIGHT MATTHEWS

Present occupation: Lawyer, member of Robertson, Leachman, Payne, Gardere & Lancaster, Dallas, Tex.

Biographical data: Born January 27, 1897. LL. B., University of Texas, 1923. Admitted to bar in Texas, 1923. Assistant to Commissioner of Internal Revenue, 1934–36.

Affiliations: Member of law firm of Robertson, Leachman, Payne, Gardere & Lancaster. Representative clients: Dallas Times Herald, Southern Pacific Railroad Co., Lone Star Gas Co., Liberty Mutual Insurance Co., Hartford Accident and Indemnity Co. Tax counsel for more than a dozen oil companies. Member Houston, Federal, and American Bar Associations. Member State Bar of Texas.

CLARENCE HAMILTON POE

Present occupation: Editor of the Progressive Farmer, Raleigh, N. C.

Biographical data: Born January 10, 1881. Litt. D., Wake Forest, 1914. LL. D., University of North Carolina, 1928. Washington College (Md.), 1929. Sc. P., Clemson Agricultural College, 1937. President, the Progressive Farmer Co., 1903–30. Chairman, executive committee and board of trustees, North Carolina State College of Agriculture and Engineering, 1916–31. Member, State board of agriculture, 1913–31. Member, State commission authorized to draft revision to North Carolina State Constitution, 1931–32. Chairman, State commission which secured ratification of five amendments revising State tax system, 1936. Member, executive commission, State food administration, State fuel administration, and war savings commission, 1917–18. President, State Press Association, 1913–14. President, State Literary and Historical Association, 1914–15. President, State Farmers' Convention, 1919–20. Master, North Carolina State Grange, 1929–30. President, State Dairymen's Association, 1929–30. President, American Country Life Association, 1940–41. General chairman, Campaign for Balanced Prosperity in the South, 1940–43. Awarded Literary Historical Association's Cup for best literary production by a North Carolinian, 1909–12. Awarded Southern Agricultural Worker Medal for "distinguished service to southern agriculture," 1942. Chairman, North Carolina Hospital and Medical Care Commission, 1944–45. Member, National Committee on Hospital Care, 1944–46.

Affiliations: Editor, the Progressive Farmer since 1899. President, Progressive Farmer Ruralist Co. (a consolidation) since 1930. Member executive committee of the consolidated University of North Carolina since 1931. Trustee, Wake Forest College. Chairman executive committee, North Carolina Art Society. Director from North Carolina for Hall of Fame, New York. Member, Federal Board for Vocational Education (the representative of American agriculture). Director, North Carolina Forestry Foundation. President, Longview Gardens, Inc. Member, North Carolina Council for National Defense. Chairman of executive committee, North Carolina Farm Manpower Commission. Member, board of advisers, Institute of Public Affairs, University of Virginia. Member, advisory committee, National Youth Administration. Member, State Planning Board of North Carolina. Vice chairman, North Caroline Medical Care Commission since 1945.

Publications: Cotton, Its Cultivation, Marketing, and Manufacture (with C. W. Burkett), 1906. A Southerner in Europe, 1908. Where Half the World Is Waking Up, 1911. Life and Speeches, Charles B. Aycock (with R. D. W. Connor), 1912. How Farmers Cooperate and Double Profits, 1915.

Views on taxes: Not available.

MATTHEW WOLL

Present occupation: Vice president, American Federation of Labor, 570 Lexington Avenue, New York City, N. Y.

Biographical data: Born January 25, 1880, in Luxembourg. Came to the United States (Chicago) in 1891. 1904 completed Lake Forest University's College of Law (Kent College of Law). President, photoengravers union, 1906–29. Sent as a fraternal delegate to the British Trade Union College at Birmingham, 1915–16. 1919 became eighth vice president of AFL. 1930 became first vice president of AFL. Represented American labor in Warsaw at the Federation of Trade Unions, 1937, and at the International Labor Organization, Oslo, in 1938. Former editor of American Federationist. Member, President Truman's Labor-Management Conference, 1945. Director of legal bureau of AFL. Member, President Harding's Unemployment Commission.

Affiliations: Head of Union Labor Life Insurance Co.; president of Sportsmanship Brotherhood; League for Human Rights, Freedom, and Democracy; Union Label Trades Department; United Nations Relief, for AFL; Friends of Luxembourg, Inc.; International Labor Presidents of America; International Labor News Service; American Wage Earners Conference. Legislative representative of International Allied Printing Trades Association. Member, National Academy of Political Science. Member, Catholic Conference on Industrial Problems. Member, New York State Insurance Advisory Board. Member, National Committee on Prisons and Prison Labor. Chairman, International Labor Relations Committee. Member (1 of 4) of War Labor Board since 1942. Trustee and AFL representative of radio station WCFL (Chicago). Director and member of executive committee of New York's World's Fair, Inc. Director of National Bureau of Economic Research. Trustee: Public Education Association, Chicago Tuberculosis Institute, National Tuberculosis Association. Chairman of American Labor Committee to Aid British Labor. Chairman of AFL's standing committee on education, social security, and national defense. Chairman of a nineman post-war planning committee, named by William Green in December 1942. President of Workers Educational Bureau.

Publications: Labor, Industry, and Government, 1935. Articles on economics and labor topics.

Views on taxes: Corporations have no right in equity to expect exemption from paying their fair share of taxes. Shareholders have no right to expect removal of taxes on corporations. Income taxes on individuals and corporations and inheritance taxes are correctly referred to as taxes which people are fortunate to pay, because they are applied only on the basis of ability to pay. Lower costs of goods, higher wages, and higher profits depend more on volume production and technological and managerial improvement than on tax policy. High corporate taxation need not be a barrier to accumulation of reserves for reinvestment. One of the largest loopholes is that which allows individuals to avoid income taxes through nondistribution of corporation profits. The wage-earning group, representing the great mass of consumers, is the one ultimately to bear the burden of taxation, no matter what form it takes.

I serve notice to the members of this hand-picked study committee, Mr. Speaker, that I shall protest every effort they make to influence the decisions of the Committee on Ways and Means on the current tax revision. Even though the chairman of the Committee on Ways and Means is running true to form in trying on his own initiative to set up such a group, these eminent gentlemen should appreciate that their announced functions go beyond the scope of longstanding legislative practices. If they desire to present their views in open committee hearings, I should be very glad to hear them. But under no circumstances should they be permitted to advance either their own views, or the interests of persons whom they represent, behind the closed doors of the committee room in executive session.

SPECIAL TAX STUDY GROUP

Mr. EBERHARTER. 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 Pennsylvania?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, the usurpation of committee authority by the chairman of the Committee on Ways and Means has become so serious that I am compelled to bring the matter to the House floor. The most recent display of Chairman KNUTSON's arrogance was the appointment of a so-called special tax study committee headed by Roswell Magill, a Wall Street lawyer, and including John W. Hanes, the New York banker, and J. Cheever Cowdin, tax spokesman for the National Association of Manufacturers. Mr. Speaker, this very day, in the official meeting room of the Committee on Ways and Means just a few feet off the floor of this House, this little band of businessmen are organizing to write the 1948 tax bill. Yet not one word has been said about the matter in the committee. Mr. Speaker, representative government will not long endure if the chairman of a committee is allowed to take unto himself the authority of the full committee. And how much greater is the danger when he undertakes to delegate committee responsibility to a small group for the advancement of their own special interests.

GENERAL LEAVE TO EXTEND REMARKS ON THE LATE HONORABLE DAVID I. WALSH

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may have five legislative days within which to extend their remarks in the RECORD on the late honorable David I. Walsh.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. BUCK asked and was given permission to extend his remarks in the RECORD and include an article on statehood for Hawaii.

DR. ROSWELL MAGILL

Mr. BUCK. 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 New York?

There was no objection.

Mr. BUCK. Mr. Speaker, the gentleman from Rhode Island [Mr. FORAND] a few moments ago made some disparaging remarks about the distinguished citizen who has just been appointed chairman of the Tax Study Committee. I think the RECORD should show that Dr. Roswell Magill is currently a professor of law at Columbia University; that he is one of the noted tax authorities of the country; that he served under appointment by President Roosevelt as Assistant Secretary of the Treasury.

I think the RECORD should also show that President Roosevelt was once a Wall Street lawyer, although he did not practice there very successfully.

The SPEAKER. The time of the gentleman from New York has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. BENDER. 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 Ohio?

There was no objection.

Mr. BENDER. Mr. Speaker, this past week one of my friends sent me a document his 16-year-old son had received through the United States mails. It is an advertisement mailed by someone called Bulco, New York, and it offers to sell through the mails this partial list of lurid titles: "From Dance Hall to White Slavery," "Tales of French Love and Passion," "The Tragedies of the White Slaves," "One of Cleopatra's Nights," "Facts About Nudism," "Love Tales," "The Seven Keys to Power," "Scientific Betting," "The Art of Kissing," "How To Make Love."

One of these advertisements puffing up The Seven Keys to Power says: "Cast a spell on anyone, no matter where they are. Gain the mastery of all things. Cure any kind of sickness without medicine."

When this was called to my attention I immediately wrote to Postmaster General Robert Hannegan. In response to my letter, Mr. J. M. Donaldson, Acting Postmaster General, wrote promising an investigation.

Mr. Speaker, I have three questions:

First. Where is the fellow who is supposed to look over the kind of literature sent through permits issued by the postal authorities?

Second. What standards are employed in determining what we allow to circulate to 16-year-old youngsters?

Third. Where did this outfit get the list of names including young people for these purposes?

And what is Mr. Hannegan going to do about the whole business?

The SPEAKER. The time of the gentleman from Ohio has expired.

DEPORTATION OF CHARLIE CHAPLIN

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks and include an article from the Commercial Appeal, Memphis, Tenn.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, the recitation by the gentleman from Ohio [Mr. BENDER] of the filth being sent through the mails to destroy the morals of the youth of America is in line with something the Committee on Un-American Activities uncovered in Hollywood in its recent investigation.

But I arose to pay my tribute to Chairman Lloyd T. Binford, head of the Censor Bureau of Memphis, Tenn., for banning a rotten picture made by Charlie Chaplin. If every other city in America had a man like Binford at the head of its censorship bureau, we would get rid of a lot of this filth that is being spread before the eyes of our children through the moving-picture shows.

I am today demanding that Attorney General Tom Clark institute proceedings to deport Charlie Chaplin. He has refused to become an American citizen. His very life in Hollywood is detrimental to the moral fabric of America. In that way he can be kept off the American screen, and his loathsome pictures can be kept from before the eyes of the American youth. He should be deported and gotten rid of at once.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Yes; I yield.

Mr. RICH. How about Harry Bridges? We tried to deport him and the President pardoned him.

Mr. RANKIN. I was for that, too; but from a moral standpoint I do not suppose he ever did stoop to the low level that this Charlie Chaplin has reached.

The SPEAKER. The time of the gentleman from Mississippi has expired.

EXTENSION OF REMARKS

Mr. PATTERSON asked and was granted permission to extend his remarks in the RECORD in three instances; in one to include a speech he gave at a graduation exercise; second, a reprint of an editorial carried in a Hartford newspaper; and, third, a copy of his Memorial Day speech.

Mr. NORBLAD asked and was granted permission to extend his remarks in the RECORD and include a newspaper article.

Mr. ROHRBOUGH asked and was granted permission to extend his remarks in the RECORD and include an address recently delivered.

Mr. KEATING asked and was given permission to extend his remarks in the Appendix of the RECORD and include a letter from the secretary of the Association of New York State Canners.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOLIFIELD. 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 California?

There was no objection.

Mr. HOLIFIELD. Mr. Speaker * * *

Mr. RANKIN. Mr. Speaker, I demand that those words be taken down.

Mr. Speaker, this is still America.

The SPEAKER. The Clerk will report the words objected to.

Mr. HOLIFIELD. Mr. Speaker——

Mr. RANKIN. Mr. Speaker, I demand that the rule be enforced. The gentleman cannot speak until this matter is disposed of.

The SPEAKER. The gentleman is correct, unless he makes a unanimous-consent request.

Mr. RANKIN. Mr. Speaker, he cannot make a unanimous-consent request.

The SPEAKER. The Chair can always recognize anyone to propound a unanimous-consent request. Of course, it would be within the province of the gentleman from Mississippi to object, but the Chair can put unanimous-consent requests at any time.

Mr. RANKIN. Mr. Speaker, a point of order. The Chair does not have the right to recognize anyone whose words

have been taken down until that matter is disposed of, even for a unanimous-consent request.

The SPEAKER. On previous occasions that has been done.

Mr. RANKIN. I understand, but it is a violation of the rules of the House, and I make that point of order.

The SPEAKER. The Clerk will report the words objected to.

The Clerk read the words objected to.

The SPEAKER. The Chair holds that the motives of the committee have been impugned by calling it the "Un-American Committee."

Mr. RANKIN. Mr. Speaker, I move to strike those words from the RECORD and ask for recognition.

The SPEAKER. The gentleman is recognized.

Mr. RANKIN. Mr. Speaker, I am recognized now for 1 hour and I have a right to yield to any other Member I desire in this discussion?

The SPEAKER. As long as the gentleman retains the floor he may yield, of course, but he must retain the floor for 1 hour, if he so desires.

Mr. BONNER. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from North Carolina [Mr. BONNER], a member of the Committee on Un-American Activities.

Mr. BONNER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include an editorial on the flood control project of the Roanoke River in North Carolina and Virginia.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield for the making of a privileged motion or request?

Mr. EBERHARTER. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. EBERHARTER. Mr. Speaker, I think what the gentleman is going to say is very important and we should have a quorum here. I therefore suggest the absence of a quorum.

The SPEAKER. The Chair will count.

Mr. EBERHARTER. Mr. Speaker, I withdraw the point of order.

Mr. ANGELL. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER. The Chair will count.

Mr. ANGELL. Mr. Speaker, I withdraw the point of order.

The SPEAKER. The gentleman from Mississippi [Mr. RANKIN] is recognized for 1 hour.

COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. RANKIN. Mr. Speaker, these attacks on the Committee on Un-American Activities have been going on for a long time. The Communist slogan as it appears in the Communist Daily Worker and the PM, the uptown edition of the Communist Daily Worker, is to refer to it as the un-American committee, the term used by the gentleman from California.

I have long since made up my mind that if another Member undertook to repeat that slogan on this floor I would move to strike his words from the RECORD, and take the time to defend that committee against these invidious attacks.

For years we have had a Communist movement in this country designed to destroy the American Constitution, as well as the American way of life. They are now using the picture shows for that purpose, as well as every other means of propaganda.

They are attempting to destroy what they call the capitalist system; that is, our system of free enterprise that permits a man to own his home, his land, his store, or his factory.

They have published a booklet entitled "The Negro in Soviet America," and sent it down through the Southern States with a map drawn showing the Negro soviet they propose to set up as soon as they take over.

The head of the Communist Party night before last went on the radio in one of the most vicious attacks on Congress that the human mind could possibly conceive. He has said time and time again that when the Communists take over this will not be a government of the United States, but that it will be a soviet government, and he said—and I quote his exact words:

> And behind that government will stand the Red Army to enforce the dictatorship of the proletariat.

About 1938 we created the Committee on Un-American Activities which became known as the Dies committee, because the gentleman from Texas, Mr. Dies, was made chairman of it.

I have never seen a man take more abuse than Martin Dies took from the Communists of this country and their sympathizers. They not only threatened him, but they threatened to murder his wife and children; and only yesterday there came through the mail a threat against the life of the chairman of the Committee on Un-American Activities, the gentleman from New Jersey [Mr. THOMAS]. They said in that threatening letter that the gentleman from New Jersey [Mr. THOMAS] would be knocked off in June, and that I would be knocked off in July.

They gave me an extra month.

I do not propose to sit quietly by and see the water poured on the wheel of those elements that are challenging our civilization throughout the earth. When the last Congress convened in 1945 it looked as if the Committee on Un-American Activities was lost. It looked as if there was no chance to get a committee to continue these investigations. Therefore, on the opening day of Congress, when we were adopting the rules of the House, I offered an amendment to set up this standing Committee on Un-American Activities to continue these investigations.

We have gone on now for more than 2 years, and I want to say to you that if you go into those records and see what is being uncovered and see the threats that are being made and the plans that are being laid under our very noses to destroy this country, you will realize the alarming situation.

No wonder they have Henry Wallace going down into the South making speeches to try to stir race trouble all over the South.

No wonder they have him going out and denouncing President Truman who does not even need a recommendation for his patriotism at the hands of Henry Wallace or anyone else. Harry Truman has not only proved his patriotism as a Member of the United States Senate and as President of the United States, but in the First World War he proved it on the battlefield.

But they do not like him because he is not communistic enough. He is not willing to join in their efforts to undermine and destroy America.

Last year they tried to force out the FEPC bill, which is the chief plank in the Communist platform. They finally did manage to force it through the Legislature of the State of New York, and succeeded in driving the businessmen of that State underground, so to speak. They are trying now to figure out every way in the world to operate under it, or in spite of it.

They took it to California and put it on the ballot there, and it was defeated by more than a million votes. It was defeated by a majority in every single county in California. Yet the same element that supported that measure, the same element in Hollywood that spreads communism through the moving pictures and virtually defies the Government of the United States in their efforts to undermine and destroy the morals of the youth of America defiantly attempts to keep from complying with the laws of the land, even when the Committee on Un-American Activities go there to investigate them.

The best people in California sent me a petition, which I threw across this House here for you to see. It had signed to it thousands of names, protesting against the condition in Hollywood and begging us to do something about it.

They called attention to the Communist infiltration there. Letters have poured in from the best people in California urging that something be done. We sent out investigators there. I did not go, but the chairman and another member and two of the investigators did go. Those men who are disturbed over this Communist infiltration into the moving pictures came before that committee and told a story that, when made public, is sufficient to arouse the Christian people of America from one end of the country to the other.

Yet they call us the "Un-American" Committee.

Such attacks are not going to take place on this floor unchallenged as long as I am a Member of this House. Such insulting remarks with reference to the Committee on Un-American Activities are not going unnoticed.

The members of this committee are doing everything possible to protect this country from the enemies within our gates, and we are entitled to the support of every Member of this House.

For that reason, I demanded that the gentleman's words be taken down and moved that they be stricken forever from the CONGRESSIONAL RECORD.

On that, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to strike out the objectionable words.

The motion was agreed to.

COMMITTEE ON PUBLIC LANDS

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 94 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of the investigations to be made pursuant to House Resolution 93, by the Committee on Public Lands (now comprised of the six former committees on Insular Affairs, Territories, Public Lands, Irrigation and Reclamation, Mines and Mining, and Indian Affairs), acting as a whole or by subcommittee, not to exceed $25,000, including expenditures for the employment of stenographic and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or subcommittee, signed by the chairman of such committee or subcommittee, and approved by the Committee on House Administration.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 163), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That, effective from January 3, 1947, the expenses of conducting the investigation authorized by House Resolution 318 of the Seventy-ninth Congress, continued under authority of House Resolution 153 of the Eightieth Congress, incurred by the Committee on Interstate and Foreign Commerce, acting as a whole or by subcommittee, not to exceed the unexpended balance of the sum made available for conducting such investigation during the Seventy-ninth Congress, including expenditures for the employment of experts and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or subcommittee, signed by the chairman of such committee or subcommittee, and approved by the Committee on House Administration.

SEC. 2. The official stenographers to committees may be used at all hearings held by such committee or subcommittee in the District of Columbia unless otherwise officially engaged.

With the following committee amendment:

Page 1, strike out lines 7 and 8 and "gress" in line 9 and insert "$25,000."

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 228), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of the investigation and study to be conducted pursuant to House Resolution 195, by the Committee on the District of Columbia, acting as a whole or by subcommittee, not to exceed $15,000, including expenditures for the employment of investigators, attorneys, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on voucher authorized by such committee or subcommittee, signed by the chairman of such committee or subcommittee, and approved by the Committee on House Administration.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 177), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations authorized by House Resolution 176, Eightieth Congress, incurred by the Committee on Post Office and Civil Service, acting as a whole or by subcommittee, not to exceed $25,000, including expenditures for printing and binding, employment of such experts, and such clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by said committee and signed by the chairman of the committee, and approved by the Committee on House Administration.

SEC. 2. The official committee reporters may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

With the following committee amendment:

Page 1, line 5, strike out the words "printing and"; line 6, strike out the word "binding."

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DEPARTMENT OF STATE

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 185), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations with respect to the activities of the Department of State in connection with the number of its personnel and the efficiency and economy of its operations incurred by the subcommittee of the Committee on Expenditures in the Executive Departments not to exceed $10,000, including expenditures for printing and binding, employment of such experts, special counsel, and such clercal, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by said subcommittee and signed by the chairman of the subcommittee, and approved by the Committee on House Administration.

SEC. 2. The official committee reporters may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

With the following committee amendment:

Page 1, line 4, after the word "operations", insert the words "authorized by rule XI (1) (h)."

Line 7, strike out the words "printing and binding."

The committee amendment was agreed to.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REVISED EDITION OF ANNOTATED CONSTITUTION OF UNITED STATES

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up Senate Joint Resolution 69, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Whereas the Annotated Constitution of the United States of America published in 1938 as Senate Document 232, Seventy-fourth Congress, has served a very useful purpose by supplying essential information in one volume and at a very reasonable price; and

Whereas Senate Document 232 is no longer available at the Government Printing Office; and

Whereas the reprinting of this document without annotations for the last 10 years is not considered appropriate: Now, therefore, be it

Resolved, etc., That the Librarian of Congress is hereby authorized and directed to have the Annotated Constitution of the United States of America, published in 1938, revised and extended to include annotations of decisions of the Supreme Court prior to January 1, 1948, construing the several provisions of the Constitution correlated under each separate provision, and to have the said revised document printed at the Government Printing Office. Three thousand copies shall be printed, of which 2,200 copies shall be for the use of the House of Representatives and 800 copies for the use of the Senate.

SEC. 2. There is hereby authorized to be appropriated for carrying out the provisions of this act, with respect to the preparation but not including printing, the sum of $35,000, to remain available until expended.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

RELIEF OF PEARL COX

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged resolution (H. Res. 233), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there shall be paid out of the contingent fund of the House to Pearl

Cox, wife of Milton R. Cox, late an employee of the House, an amount equal to 6 months' salary at the rate he was receiving at the time of his death, and an additional amount not to exceed $250 toward defraying the funeral expenses of the said Milton R. Cox.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON LABOR-MANAGEMENT RELATIONS ACT, 1947

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 245) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there be printed 12,000 additional copies of House Report No. 510, current Congress, being the conference report on the bill (H. R. 3020) entitled "Labor-Management Relations Act, 1947," of which 1,000 copies shall be for the use of the Senate Committee on Labor and Public Welfare, 3,000 copies for the use of the House Committee on Education and Labor, 2,000 copies for the Senate document room, and 6,000 copies for the House document room.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REORGANIZATION PLAN NO. 3

Mr. HOFFMAN, from the Committee on Expenditures in the Executive Departments, submitted the following privileged report (H. Con. Res. 51) against the adoption of Reorganization Plan No. 3, which was referred to the Union Calendar and ordered to be printed:

Resolved by the House of Representatives (the Senate concurring), That the Congress does not favor the Reorganization Plan No. 3 of May 27, 1947, transmitted to Congress by the President on the 27th day of May 1947.

SECOND DEFICIENCY APPROPRIATION BILL

Mr. TABER. 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. 3791) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes.

Pending that motion I ask unanimous consent that general debate on the bill be limited to 20 minutes, one-half to be controlled by myself and one-half by the gentleman from Missouri.

Mr. CANNON. I suggest the gentleman modify his request to read "not to exceed."

Mr. TABER. I so modify my request, Mr. Speaker.

The SPEAKER. The gentleman from New York asks unanimous consent that general debate on the bill be limited to not to exceed 20 minutes, the time to be equally divided between himself and the gentleman from Missouri [Mr. CANNON]. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion.

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. 3791) making appropriation to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes, with Mr. AUGUST H. ANDRESEN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from New York [Mr. TABER] is recognized for 10 minutes.

Mr. TABER. Mr. Chairman, this bill involves a total of about $58,000,000. The large items involved are items for the Veterans' Administration to finish out the rest of this fiscal year, about $28,900,000; an item for legislative printing of $1,196,000; an item for the Post Office Department of about $33,000,000; and several other items of small character which are necessary for the immediate operations of the agencies of the Government.

These estimates were received only within the last 3 or 4 weeks from the Budget and this is our first opportunity to present them. They must be through in time, some of them, for the operations in the Treasury by the 16th of June. That is the reason we are bringing this bill in at this time.

There is one item with reference to sugar which I believe we can cut as a result of the action of the Agriculture Department yesterday; and there is one little clerical correction to be made in the bill.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. RICH. In reference to the rationing of sugar by the Department of Agriculture, I notice the gentleman asks for continuation of that money until the end of June but that in the report it is stated:

The committee expects to go into the matter thoroughly in connection with a pending estimate of $5,000,000 for sugar rationing in the fiscal year 1948.

Evidently the Secretary of Agriculture has sent his representatives to the gentleman's committee to request additional appropriations.

Mr. TABER. We have pending an estimate from the budget for $5,000,000 for next year. Even if rationing had continued we would have been able to make very substantial cuts, probably close to 50 percent, as a result of a new method of doing business. Other cuts also are in sight as a result of the reduced operations because there will be nothing left of sugar rationing from this time on except that for industrial use. Rationing of industrial sugar continues.

Mr. RICH. That is not going to require a very large force to administer, is it?

Mr. TABER. It should not, but I have not any idea what it will require.

The Secretary has announced the discharge of only 800 people as of this date, but that should be followed by a larger number as we get along.

Mr. RICH. How about the $415,000 that is asked for?

Mr. TABER. I am proposing to cut that to $215,000 because as I figure, the discharge of 800 employees as of this date would permit it. But we will have to pay those who have been on the roll down to the middle of June.

Mr. RICH. It seems to me that the gentleman from Indiana [Mr. HALLECK] who stated last night he would bring in this bill, to stop sugar rationing, put the Secretary of Agriculture over the sugar barrel.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Indiana.

Mr. SPRINGER. The gentleman states that the Secretary of Agriculture contemplates releasing 800 employees since sugar rationing has been taken off. How many employees have their been in that rationing department?

Mr. TABER. I have not the figure in my head at this time. I cannot tell the gentleman the exact number involved in sugar rationing. It was up in the several thousands, but it is down now to a very moderate figure, as compared with what it was previously.

Mr. SPRINGER. As a matter of fact, if sugar rationing is taken off that will permit the reduction of a very large number of those employees, will it not?

Mr. TABER. A very large amount for this banking operation that has heretofore been indulged in.

Mr. SPRINGER. As a matter of fact, is it not possible for them to release many more than the 800 employees?

Mr. TABER. It will be as they get a little farther along.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Is it not true that the Congress directed the Secretary to remove the rationing the minute he felt he could?

Mr. TABER. Why, the Congress reported out a resolution to do away with household sugar rationing yesterday and the Rules Committee passed a rule for its consideration today. It would have been up for consideration today. I cannot tell the hour that the Secretary made his determination.

Mrs. ROGERS of Massachusetts. May I say that the Department in communications by telephone and otherwise indicated to me that the housewives would have plenty of sugar this summer.

Mr. TABER. We all know that sugar has been piling up on the shelves and the situation was getting to the point where the Government was going to take a big loss in sugar unless the rationing controls were taken off.

Mrs. ROGERS of Massachusetts. Does the gentleman feel it should be removed at this time for industry as well?

Mr. TABER. I do not know enough about that to know, but I think it should be by the end of the month.

Mr. Chairman, I reserve the balance of my time.

Mr. CANNON. Mr. Chairman, this is a very satisfactory report. It may be taken as a strong endorsement of the efficiency with which the various activities represented in the bill are being administered. Here is a bill which involves many items, some in the legislative branch of the Government, some in the judicial branch and the remainder in more than half a dozen departments of the executive branch of the Government.

After exhaustive consideration by the committee, all estimates are reported to the House with recommendations for appropriation of the full amounts of the estimates. So economical has been the administration of the agencies that there is no proposal to cut any of them and so effectively have the affairs of the agencies been handled in the disbursement of their funds that no suggestion is made for retrenchment or improvement. Every item has been approved in full without reduction or criticism.

There is only one possible exception, which is not really an exception, and that is the estimate for the Veterans' Bureau. No suggestion for any readjustment of routine or service to veterans is made and no criticism of the Bureau is involved. The work of General Bradley and his staff is apparently satisfactory in every respect. The only proposal is to limit provision to the end of the fiscal year. So that is not to be taken as an exception to the rule.

There is a deduction in the amount provided for penalty mail. But, as has been amply demonstrated in the hearings on many of the supply bills, no real control is exercised over penalty mail appropriations, and such items may be considered largely as surplusage.

As a matter of fact, such items are worse than surplusage for the reason that they not only fail to effect any appreciable savings, but require additional personnel and involve the administration of additional machinery of operation, without corresponding advantage. For example, the Department of Agriculture alone expends on an average of $200,000 annually for this purpose without convincing dimunition of costs of distribution.

So, on the whole, inasmuch as no reductions or retrenchments are proposed, the report of the committee on the pending bill may be accepted as an expression of approval of the economy with which the various agencies supplied by the bill have been administered.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

OFFICE OF VOCATIONAL REHABILITATION

Such sums as may be necessary are hereby appropriated for making for the first quarter of the fiscal year 1948 payments to States in accordance with the Vocational Rehabilitation Act, as amended (29 U. S. C., ch. 4): *Provided*, That the obligations incurred and expenditures made for such purpose under the authority of this appropriation shall be charged to the appropriation therefor in the Labor-Federal Security Appropriation Act, 1948.

Mr. SABATH. Mr. Chairman, I move to strike out the last word. I would like to propound an inquiry to the chairman of the committee. I notice there is $500,000 appropriated for the Federal Security Agency. I would like to ask whether that is the amount that the Commission has requested or needs.

Mr. TABER. That is the amount the budget asked us for and that the representatives of the Employees' Compensation Commission asked for in full. There was no cut in that item.

The Clerk read as follows:

SUGAR RATIONING ADMINISTRATION

Salaries and expenses: Not to exceed $415,000 of the $898,000 transferred to the Department of Agriculture pursuant to section 3 (c) of the Sugar Control Extension Act of 1947 for the payment of terminal leave, is hereby merged with and made available for the fiscal year 1947 for the same purposes as other funds transferred to the Department of Agriculture pursuant to the same authority, notwithstanding the provisions to the contrary under the head "Office of Temporary Controls" in the Urgent Deficiency Appropriation Act, 1947.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 6, line 12, strike out "$415,000" and insert "$215,000."

Mr. TABER. Mr. Chairman, this amendment is offered pursuant to the discontinuance of household sugar rationing and the discharge of 800 people from the service.

Mr. CANNON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is gratifying that we are able to remove the last rationing limitation imposed during the war. It has come sooner than anticipated. Due to last-minute developments which have increased the supply of sugar available for distribution in the United States, and the reduced demand on the part of consumers, it is possible to lift the last war restriction on food and provide unlimited supplies to housewives in every market in the country.

In response to the mistaken assertion that this action was taken without advance notice to the committee it is only necessary to recall the statement of the Secretary of Agriculture when he appeared before the committee on this item week before last. At that time he made the unequivocal statement, as all present will testify, that he would discontinue rationing of sugar as soon as assured of sufficient supplies to warrant it.

In response to an inquiry from the chairman of the committee, at the hearings held on June 4, Secretary Anderson said he was awaiting advice from Cuba and if reports on the Cuban situation warranted it—as he hoped—he would terminate household rationing of sugar.

His hopes were more than realized as the International Emergency Food Council increased the quota of the United States and allotted us 350,000 additional tons of sugar from the world pool. This was made possible by the increased tonnage of Cuban sugar available for export and by the announcement that 200,000 tons of sugar from Java, the disposition of which had been uncertain, would be placed on the world market.

By way of résumé, Secretary Anderson told the committee on June 4 that if conditions with which he was in touch permitted, he would lift restrictions on sugar. Conditions developed favorably and in conformity with his assurances to the committee he discontinued rationing as of last night.

Secretary Anderson added, however, at the time, in response to the question from Chairman TABER, that in any event, whether rationing was lifted or whether it was continued, the $415,000 would still be required for the remainder of this fiscal year; that even if restrictions were lifted, it would be impossible to notify the 800 employees to be dismissed in time to get in their 30 days' notice and accumulated leave before June 30, and the full amount of the estimate would be required to liquidate.

This conclusively disposes of the suggestion that Secretary Anderson should have notified the committee so that the estimate for that purpose in the pending bill could be rescinded. There was no occasion for the Secretary to further notify the committee and certainly no reason for his proposing reconsideration of the sum carried in the pending amendment. We must have this amount to close out the activity. If it is not appropriated in this bill it will have to be appropriated by a later bill. The amendment should be rejected.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Pennsylvania.

Mr. RICH. Was not the Secretary before the Committee on Appropriations yesterday asking for funds for the continuation of sugar rationing?

Mr. CANNON. Certainly not. He appeared before the committee on June 4.

Mr. RICH. Here it is June 12. In the meantime the committee reported out a bill to discontinue sugar rationing, and yesterday the Committee on Rules reported out a resolution for the consideration of that bill. The majority leader last night at 4 o'clock said we would bring that bill up today. Secretary Anderson knew yesterday after 4 o'clock that by today we would pass a bill doing away with sugar rationing, so he jumped the gun.

In other words, the Republican Party rode Secretary Anderson over the sugar barrel and then he decided that he would let the housewives have the sugar for canning for their own personal consumption. So, I think the Republican Party did a good thing in causing Secretary Anderson to have such a fine idea. It certainly is good for the country.

Mr. CANNON. The gentleman's attitude is reminiscent of the son-in-law who said he had so much trouble settling the estate of his father-in-law that "sometimes he almost wished the old man hadn't a died."

The gentleman from Pennsylvania and his colleagues who have criticized the Secretary, would almost rather continue rationing with all its disadvantages to the housewife, than to see the administration getting credit for it.

Secretary Anderson considered discontinuing rationing of sugar in May, but

decided against it, as related in this morning's paper, because removal of rationing at that time would have placed the United States at a disadvantage in its application to the world pool for an increased quota from the Cuban crop.

He notified the committee on June 4 that he intended to lift restrictions if we got the increased quota, all this before there was any intimation that the bill H. R. 3612 would be brought on the floor today or any other time.

In accordance with assurances given the committee he acted on June 11 as soon as notified of th additional quota.

There are the facts and the dates. They speak for themselves.

Mr. KEEFE. Mr. Chairman, I do not intend to get into any gutter political discussion with my friend from Missouri, but he covers a lot of ground in the statement which he has just made to the Committee—as usual.

I attended the hearings of the Subcommittee on Deficiency Appropriations. I was there, as was the distinguished gentleman from California [Mr. SHEPPARD] and the distinguished gentleman from New York [Mr. TABER], but the gentleman from Missouri was not there. I think we know what transpired with respect to the sugar situation when the Secretary of Agriculture was before the committee. You can look at the record of the hearings and you will not find a word in them. It was off the record because the Secretary of Agriculture insisted upon talking off the record.

But I want the Members of Congress to know, despite anything that the gentleman from Missouri may say, and I want the people of America to know that when the Secretary came before the Subcommittee on Deficiency Appropriations and asked for this urgent authorization for a transfer of funds of $415,000 in order to carry on sugar rationing he was questioned off the record, and he did tell us off the record what his program was. That program gave us the impression that the earliest that he could conceive at that time that sugar rationing could be lifted would be June 30.

I heard every word of the testimony, and I have been trained for 30 years to listen to testimony and to remember it.

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. SHEPPARD. I am sure the gentleman recalls the off-the-record statement which was made by the Secretary in answer to an inquiry by the chairman of the subcommittee, the gentleman from New York [Mr. TABER], that if it was possible to accomplish that, although it was impossible on the basis of reports he had up to that time, he would do it if he could.

Mr. KEEFE. Yes; that is very true. He discussed with us the possibility of having a greater allocation out of the world pool of sugar which came to us out of the Cuban crop.

The thing about which we complain and about which I think the committee has a right to complain is not that the Secretary of Agriculture has lifted the restrictions on sugar rationing. We applaud that action. We do complain of the apparent attempt to secure political advantage by getting headlines announcing the end of sugar rationing when his action was forced by Republican action. The fact that when he knew of the interest of the members of this committee and knew that we were going to report this bill today, he failed to advise us when he was before our committee as late as 4 o'clock yesterday afternoon. He must have known he was going to take off sugar rationing last night at midnight. He did not let this committee know he was going to let go over 800 employees as a result of the action which he took last night, and allowed us to come in here and report this bill which in view of his latest action asks for a transfer of funds away beyond what is necessary. He, whom we have treated with such great kindness and respect because we all like Clinton Anderson as a former Member of this House, did not even give to the members of this Subcommittee on Deficiency an inkling that he was going to take off this sugar rationing.

I want to say to you, I do not care what the gentleman from Missouri [Mr. CANNON] or anybody else who thinks as he does, thinks, the fact of the matter is that Mr. Anderson knew the Rules Committee had reported the bill from the Banking and Currency Committee on yesterday, that would have been before this House today, to have compelled the abolition of any further rationing of sugar. With that gun at his head he acted and took it off, and for no other reason. There is no member on this committee who had any idea there would be any lifting of sugar rationing, regardless of how we urged him, until June 30 at the very earliest date.

The record ought to show that and ought to be kept clear. Secretary Anderson hurried to remove rationing before the Republican Members forced him through passage of legislation reported out of the House Committee on Banking and Currency yesterday.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. KEEFE] has expired.

The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The amendment was agreed to.

The Clerk read as follows:

Salaries and expenses of marshals, and so forth: For an additional amount, fiscal year 1947, for "Salaries and expenses of marshals, and so forth," $140,000.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as has already been pointed out, I announced on yesterday about 4 o'clock that the measure to decontrol sugar, which had been reported by the Committee on Banking and Currency, had just been granted a rule by the Rules Committee to provide for its consideration on the floor of the House today, and that we proposed to call it up today. Subsequently, the Secretary of Agriculture himself, by Executive order, decontrolled sugar for domestic use. According to the press, he was asked as to whether or not the proposed congressional action had brought about that action on his part, and he said, "Possibly it is the other way around."

I would take that to mean that what he had done or said might have accelerated the action by the congressional committee. The fact of the matter is that the record is exactly the opposite. Mr. Anderson appeared before the Banking and Currency Committee on June 7, last Saturday, to testify upon the very decontrol bill that we proposed to call up today and it is clear that at that time he opposed the bill. In the course of his testimony he said this:

As to H. R. 3612 to terminate household rationing of sugar I might say that we find ourselves in sympathy with the purpose of the bill. We think the time is getting close when it might be done safely. We do not think the time has yet arrived. We think that because there are so many unknown factors still in the picture we are justified in waiting until we can be very sure that the supply is adequate.

Last Saturday he said the time was not here, he was against the bill.

Subsequently in his testimony he said, and I quote the Secretary of Agriculture:

So that I say while there are many indications that we are moving in the direction that this bill would propose, we do not think we are there at the present time.

Then to show what they really were thinking about—and the hearings as I have glanced through them contain many evidences of contemplation of things to be done in connection with the rationing of sugar to be long continued, the Secretary said this:

But to get to the purpose of this bill, we believe that when this present discussion or controversy over the remaining portion of the sugar crop is ended we will have available enough sugar to give the housewife, if we do not terminate domestic rationing, another 5-pound stamp, or we might have enough to give a 10-pound stamp for home-canning purposes if we felt there would be some restriction or control on the use of that stamp.

Mr. Chairman, I think from all of this it is perfectly clear that the proposed Republican action to bring about the decontrol of sugar stimulated the Secretary of Agriculture himself to issue his order of decontrol last night at midnight. So for whatever it may be worth and not to prolong the controversy but in order to keep the record straight, I think it clearly appears that had this legislation not been presented by the Committee on Banking and Currency and if the Rules Committee had not granted this rule, and if we had not declared on yesterday that we would take up today the decontrol measure, the order of decontrol would not have been issed last night.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. ARENDS. Do I understand that the testimony the gentleman has read, given by Mr. Anderson, was given on Saturday last, or just 4 days before the action he took on yesterday?

Mr. HALLECK. Yes; on June 7. That is the arithmetic of it.

Mr. JOHNSON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. JOHNSON of Indiana. We have heard the proposed unification bill referred to as a "shotgun wedding." I

wonder if it would be proper to refer to this as a "shotgun divorce"?

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the pro forma amendment of the gentleman from Indiana.

As I said earlier in the morning, of course, our friends expected the headlines to say tomorrow that the Republicans, in the House of Representatives at least, had given the American housewife some sugar. All this talk reminds me of when I first came here and I saw the comic strip Mutt and Jeff in the paper one day. They were sitting down at a table and had steak before them. Mutt carved the steak and he gave Jeff the small end of it. Jeff said: "You have got no table manners at all. If I were carving the steak I would have given you the big piece and kept the little one myself." The answer was, "What are you kicking about? You got it anyhow."

The Clerk read as follows:

Foreign air-mail transportation: For an additional amount, fiscal year 1947, for "Foreign air-mail transportation," $21,262,000, of which $5,977,000 is to be transferred in the following respective amounts from the appropriations "Domestic Air Mail Service," $5,972,000, and "Electric-car service," $5,000, $15,285,000.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 9, line 16, after the figures "$5,000" strike out the comma and the figures "$15,285,000."

Mr. TABER. Mr. Chairman, that is a clerical amendment to correct the language so that the paragraph will read better.

The amendment was agreed to.

The Clerk read as follows:

SECRET SERVICE DIVISION

Reimbursement to District of Columbia, benefit payments to White House Police and Secret Service forces: For an additional amount, fiscal year 1947, for "Reimbursement to District of Columbia, benefit payments to White House Police and Secret Service forces", $16,000.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 10, after line 15, insert the following:

"WAR DEPARTMENT

"Emergency flood-control work, $12,000,000, to be expended in accord with the provisions of the bill, H. R. 3792, Eightieth Congress, if and when such bill is enacted into law, and to remain available until June 30, 1948."

Mr. TABER. Mr. Chairman, I have offered this amendment after consultation with the other members of the subcommittee and for the purpose of carrying out the provisions of H. R. 3792 which was passed by the House this morning.

I understand that there is a terrible flood condition existing out in the entire Mississippi Valley and that it is necessary immediately to go ahead and repair and supplement the dikes, levees, and other flood-control operations out there. It is in progress now insofar as funds are available.

Mr. Chairman, at this time I yield to the gentleman from Michigan [Mr. DONDERO], chairman of that committee, so that he may tell the committee at this point just why they brought this in at the present time.

Mr. DONDERO. Mr. Chairman, this bill passed the Committee on Public Works unanimously. In years gone by the Army engineers have been granted an appropriation amounting to ten or twelve million dollars annually as an emergency fund with which to repair levees and dikes wherever an emergency should occur. That fund has been exhausted and no funds are on hand to meet a present emergency.

This year, because of heavy rains, a great emergency exists in the Mississippi Valley, the Missouri Valley, and in other river basins. It is absolutely mandatory that the engineers have funds at once to meet such emergency. Therefore, our committee—the Committee on Public Works—passed this bill unanimously. The House this morning very generously passed it without a single dissenting vote, and it is thought best to expedite the passage of this bill, in order that this fund might be made available, by adding it to this bill rather than wait for action by the Senate on the authorization bill passed today by the House. I hope the House will accept this amendment. Both sides have been consulted. I understand there is no objection whatever.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Pennsylvania.

Mr. RICH. I spoke to one of the members of the subcommittee this morning with reference to this bill. I agree with you that the repair work on these dikes, and so forth, should be done just as soon as possible. But now let me ask the gentleman this question: Let me point out one specific instance. In the city of Bradford, Pa., last year, in May, they had a terrible flood. This year, in April, they had floodwater 18 inches higher than it was last year; the highest the water has ever been in that town. Now, they have built up the streams, but the streams are all filled up. They did not have the necessary number of dikes that the Army engineers recommended. The stream bed is filled up. They are going to try to open that stream so that the water can get through.

Mr. DONDERO. I suggest the gentleman contact the Army engineers or consult them regarding this matter to see what can be done to alleviate the situation the gentleman has described.

Mr. RICH. Then it is the intention in this bill to do the necessary work to cure this damage that has been caused by floods and the proper elimination of the water through the stream channel in order that we might reduce these floods?

Mr. DONDERO. There is no limitation in the bill whatever. This is an emergency fund to be used at the discretion of the Army engineers. We all have great confidence in the Corps of Engineers. It is due to the emergency caused by the recent floods that have taken place as the gentleman knows, all over this country.

Mr. RICH. The gentleman means during this year?

Mr. DONDERO. During this year; that is correct.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I want to compliment the gentleman and his committee for the speed and the fine sense they have manifested in handling this very serious proposition, and I want to ask just one question: The committee, as I understand, has done everything it could possibly do to make the distribution of this money absolutely fair and without any favoritism to anybody, and purely along engineering lines?

Mr. DONDERO. Exactly that, and we have great confidence in the Army engineers in their use of this money.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Pennsylvania.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. GAVIN. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for four additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GAVIN. I might say that my district adjoins that of the gentleman from Pennsylvania [Mr. RICH]. I have a condition similar to that existing in the town of Bradford. In the town of Warren, with a population of 10,000, and Meadville and the immediate area, the flood conditions have caused estimated damages of $1,500,000. All the stream requires is channeling and dredging and widening, and I sincerely hope that the Army engineers, under this bill, will give consideration to the difficulties that exist in that particular part of Pennsylvania.

Mr. DONDERO. I suggest the gentleman contact the Army engineers in regard to that.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Iowa.

Mr. JENSEN. I want to pay my compliments to the gentleman and his committee in bringing out this legislation. I also wish to thank our chairman of the Committee on Appropriations for permitting this item to go in this deficiency bill today in order to speed it up. We have a terrible flood condition in the lower reaches of the Missouri River and in almost all of its tributaries. Levees have been washed out and destroyed, and, if we do not get at this matter quickly, millions of acres will be out of cultivation this year. I again want to thank the committee, and I hope the amendment will pass.

Mr. SHAFER. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Michigan.

Mr. SHAFER. I think the gentleman is well aware of the situation that existed in Michigan this year as a result of the

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extraordinary rains in the Kalamazoo Valley.

Mr. DONDERO. Yes, I am. Some occurred in my district.

Mr. SHAFER. I have been in touch with the Army engineers, and they told me that I had to have special legislation passed for them to go into my district, to make the proper surveys, and to correct the situation as far as possible. Will this legislation take care of that? Can we expect the Army engineers to go into the Kalamazoo Valley?

Mr. DONDERO. They might, if they saw fit to do so, because there is no limitation except the provisions in the authorization bill.

Mr. SHAFER. Then by passing this legislation today it will not be necessary for me to submit individual legislation to provide for it?

Mr. DONDERO. I doubt it very much.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Iowa.

Mr. HOEVEN. I commend the gentleman and the members of his committee and the Committee on Appropriations for putting this item in the bill. It is absolutely essential that this be done on account of the situation in the Missouri Valley. Sioux City in my congressional district is classed as being in the critical area. We are very happy to know that this money is being appropriated.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. The Mississippi River flood, as the gentleman knows, is just about to strike the part of Missouri I live in. We are going to have a lot of water down there. I should like to know if this money you are providing is applicable to the lower Mississippi as well as the breaks in other parts of the country.

Mr. DONDERO. There is no restriction on it whatever, except as stated. They can use it wherever they think the emergency demands in order to repair the damage done by recent floods.

Mr. ZIMMERMAN. That is on tributaries as well as the main stream?

Mr. DONDERO. That is true.

Mr. ZIMMERMAN. I compliment the gentleman on taking that step in the interest of the welfare of our country.

Mr. MUHLENBERG. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. MUHLENBERG. Is it not possible that the gentleman may have misinterpreted the wording of the act that was passed? Was that not to repair only existing levees and things of that sort? Have you not interpreted it a little broadly, therefore? I believe it is more specific.

Mr. DONDERO. The language of the bill contains the words "repair, restoration, and strengthening of levees and other flood-control works."

Mr. TABER. Or that may be threatened or destroyed by later floods.

Mr. DONDERO. The language is rather broad. It leaves it to the judgment of the Army engineers as to how best this fund may be expended.

Mr. CANNON. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this amendment is a counterpart of provisions carried in bills enacted in the two previous Congresses. On two occasions they were considered as separate resolutions and on other occasions were carried, as in this instance, as riders on deficiency bills.

The amendment provides for repairs to existing river improvements and emergency flood control throughout the United States, but applies particularly to the upper Mississippi River, which is much in the public eye at this particular time due to unprecedented flood damage from the upper reaches of the river to St. Louis.

Beginning in southern Iowa and on down to St. Louis, practically every town situated on the river is inundated. In Hannibal, for instance, the fourth largest city in Missouri, and in other Iowa, Illinois, and Missouri cities, streets are flooded, business is impeded, large areas are devastated, property has been destroyed, and lives have been lost.

Levees have been broken and fields are under water from Iowa down to the confluence of the Missouri and Mississippi Rivers.

The advantage of this provision is that it not merely takes care of the emergency at this particular time but preserves permanent river work which, unless supported, will result in permanent loss, and in the end will involve expenditures of many times the amount carried in the pending bill.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. The gentleman made the statement a while ago that it applied to the upper Mississippi. The gentleman knows the flood is now past St. Louis or reaching St. Louis, and will soon pass down to the lower Mississippi. This money is available for breaks or damage that may be done on levees on the lower Mississippi as well as the other parts of the river? Is not that right?

Mr. CANNON. That is true. All sections of the river and its tributaries. In fact, it provides for emergency flood control wherever needed, throughout the United States.

Mr. ZIMMERMAN. I wanted that to be clear.

Mr. CANNON. It is especially applicable to the gentleman's section of the State where rich agricultural areas and expensive engineering projects should have protection.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Louisiana.

Mr. BROOKS. I commend the committee on this prompt action in handling this matter. I think it is vitally needed. I notice by the press dispatches that there have already been more than 20 deaths from floods in these areas.

May I ask the gentleman if this appropriation will be available to any tributaries of the Mississippi, too?

Mr. CANNON. It will be applicable to emergency flood control in any part of the United States. Of course, the emergency which has brought about such prompt action at this time has been precipitated by the situation on the Mississippi, where unprecedented floods are sweeping down the valley and must have early attention.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Tennessee.

Mr. COOPER. As has been indicated here, this is general in its application and under the discretion of the Army engineers to carry forward this work where it is needed?

Mr. CANNON. Yes, funds will be at the disposal of the Army engineers as heretofore. I might say in answer to the gentleman from Tennessee that the Board of Engineers advises us that funds which ordinarily are available to the Army engineers for this purpose have now been exhausted, and unless replenished by the pending amendment will leave the corps without means to meet the routine needs of the Department—much less to take care of the emergency requirements referred to in the debate here this morning.

Mr. Chairman, I hope the amendment will be agreed to.

Mr. TABER. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. EBERHARTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am very glad that both the legislative committee and the Committee on Appropriations have acted so promptly in this very important and vital matter of flood-control protection. It shows that the House of Representatives can act speedily in an emergency.

This matter coming up recalls to my mind the fact that at the present time the Subcommittee on the War Department Appropriations is considering the very subject of flood-control appropriations for the fiscal year 1948. I do hope that the Committee will take to heart the lesson that is here before us today on how much damage floods can do not only to the homes and farms and industry of the country but to the very lives of the people. I do hope the Subcommittee on Appropriations for the War Department, having this matter under its jurisdiction, will not follow a policy of false economy by trying to cut down on flood-control appropriations. If we do that, I am sure it will not be for the best interests of the country. The whole country will be aroused next year if floods reoccur and if many projects which could have been completed are not completed because the committees were too economy-minded. I hope they will keep this in mind. Again I say I am glad that the committee acted expeditiously and wisely in this matter.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Louisiana.

Mr. BROOKS. I am glad to hear the distinguished and very able gentleman from the great State of Pennsylvania make the remarks that he has. I think it is false economy to cut down too much on flood control and on projects of this character. We often sustain a loss over and above our expenditures when we seek to economize falsely on projects of an internal character such as this.

I can recall in 1945 when we had an all-time record flood on the Red River. We sustained damages of something like $16,000,000 that year from the all-time record floods in that valley. We appropriated that year $15,000,000 for emergency purposes which shows that if we could have prevented that flood we would actually have saved in wealth more than we expended for floods all over the country in that year.

Mr. EBERHARTER. I thank the gentleman for his remarks.

In my own particular area when a flood occurs the loss in payment of corporate income tax and personal income taxes far exceeds the cost of flood-control projects. So that it is false economy not to complete those projects at the earliest practicable moment.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. EBERHARTER] has expired.

All time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The amendment was agreed to.

The Clerk read as follows:

GENERAL PROVISIONS

SEC. 102. The appropriations and authority with respect to appropriations contained in (1) any regular annual appropriation act for the fiscal year 1948, or (2) contained in other than a regular annual appropriation act for the fiscal year 1948, and being for such fiscal year, or (3) contained in other than a regular annual appropriation act for the fiscal year 1948, and being supplemental to an existing appropriation and for obligation after June 30, 1947, such acts not being laws on July 1, 1947, shall be available from and including July 1, 1947, for the purposes respectively provided in such appropriations and authority. All obligations incurred during the period between June 30, 1947, and the date of enactment of such appropriation acts as may not have been enacted on or before July 1, 1947, in anticipation of such appropriations and authority are hereby ratified and confirmed if in accordance with the terms thereof.

Mr. O'KONSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the $12,000,000 appropriation recently enacted brings to mind some experiences I have had with flood disasters in my own district during the past 4 years. I might mention that during the past 4 years five small communities in my district were practically wiped out by floods.

I want to pass on to you gentlemen who are witnessing that experience now in your various districts that you are up against a stone wall in trying to get some aid for reconstruction or rehabilitation. It brings to mind how thoroughly inadequate are our Federal funds and our Federal laws when it comes to the aid of communities that have been stricken by a disaster of any kind.

In my district the little town of Mellen, where a power dam broke loose, was practically wiped out. Even when it came to getting equipment whereby the citizens of that community could reconstruct the community and pay for it themselves, they were handicapped. In other words, they could not even get priorities in the county in which the community was located, when they offered to pay for the equipment, for bulldozers and caterpillars and such machinery as that. They could not even get the necessary priorities approved by the War Assets Administration to get the equipment that they themselves offered to pay for with their own money, to reconstruct their community.

I call attention to this fact that those of you who are having the experience now, where your communities have been washed out as a result of floods, that there is nothing in the Federal appropriations today to help you. For instance, if a street has been destroyed in a community, there is no Federal aid of any kind available to reconstruct that street. The only aid that is available is where there is a Federal dam involved or a Federal highway involved. Then, of course, there are Federal funds available to help in the reconstruction. But I want to point out this fact, that what we need, in my judgment, is a Federal agency set up, with an appropriation, to come to the aid and rescue of communities which have been stricken by disasters. Our laws and our appropriation bills in that respect at the present time are entirely inadequate for that purpose. I think if we can offer to reconstruct the world, we can have a provision whereby we can reconstruct our own communities that have been stricken by disaster.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield.

Mr. RICH. I agree with you, that rather than spend our money by the millions and the hundreds of millions doing everything to build up some war power in some other nation, we ought to try to help our own communities. But I do not want to go quite as far as the gentleman in that respect. If everybody came to the Federal Government to get money to do everything and repair all damages caused by floods, then you would break the Nation. We do not want to do that.

The Clerk concluded the reading of the bill.

Mr. TABER. Mr. Chairman, I move that the Committee do now rise, and report the bill back to the House with sundry amendments with the recommendation that the amendments 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. AUGUST H. ANDRESEN, 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. 3791) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. TABER. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RULE MAKING IN ORDER HOUSE RESOLUTION 223

Mr. RICH. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 223, providing for the consideration of the bill (H. R. 3492) to provide for the expeditious disposition of certain war housing, and for other purposes.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3492) to provide for the expeditious disposition of certain war housing, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, 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.

The SPEAKER. The gentleman from Pennsylvania is recognized for 1 hour.

Mr. RICH. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH] and yield myself such time as I may use.

The SPEAKER. The gentleman from Pennsylvania is recognized.

Mr. RICH. Mr. Speaker, this rule speaks for itself. It makes in order H. R. 3492, a bill from the Committee on Banking and Currency in reference to the disposition of certain wartime housing. It is very timely in my judgment that we should sell these houses to the citizens of this country and clean up this war mess just as fast as we possibly can. Turn the cash over to the Treasury and cut down expenses. This will be explained in full by members of the Banking and Currency Committee. I am sure this will be considered welcome on the floor of the House by the membership so that we may in orderly procedure dispose of the surplus property and do what is necessary to economize in the operation of our Government. We will secure the funds from the sale of these properties and return

this money to the Treasury of the United States and if we do the right thing so far as the business of the country is concerned we will turn over the money received from the sale of this surplus property to the Treasury in order that we can cut down the interest rate and make this really a good business administration. We must take the Government out of business and put more business methods in the operation of the Government.

OPPOSES HOUSING TRANSFER

Mr. SABATH. Mr. Speaker, the rule has been explained by the gentleman from Pennsylvania [Mr. RICH] so I shall not waste any time on that. The bill that this rule makes in order will transfer from the National Housing Agency the authority to dispose of approximately 166,000 housing units contained in 520 projects to the Federal Works Agency. This housing is of a permanent nature and is really in about 300 different cities of the country. The amount that it cost to construct these housing units was close to $750,000,000. Under the bill the housing must be disposed of by December 31, 1948, and the Federal Housing Administration will be authorized to insure mortgages on such sales.

Preference is provided to veterans in buying this housing but it also allows corporations, associations and cooperatives to buy these properties containing many units and giving preference to two or three veterans who must exercise their option to buy from the private agency or agencies within 60 days, otherwise these private agencies can sell them to anyone.

WILL ENCOURAGE SPECULATION

I charge that this will enable these private agencies to speculate and will in the majority of instances deprive the veterans of the opportunity of obtaining these homes. Why should authority to dispose of these properties be taken away from the National Housing Agency and transferred to the Federal Works Agency, an agency which is not set up with experienced personnel to undertake this job? The National Housing Agency has been working on the disposition of this housing for nearly 18 months, and has already sold many of these dwellings and made commitments and is now in a position to act speedily.

I feel this transfer should not be made, as I honestly believe the Federal Works Agency cannot do the job as well as the National Housing Agency because the latter has the experience and knowledge and it has had jurisdiction for all these years. Instead of economy resulting it will cost the Government large sums of money by transferring this matter to the new agency. It does not tend toward economy.

I am interested in the veterans having the opportunity to obtain these homes, but under the wording of this bill I am fearful that the real-estate manipulators will obtain possession and the veterans will find themselves out on a limb.

This is substantial permanent housing we are disposing of here. They are occupied by tenants paying the Government fair compensation.

TRIUMPH OF THE REAL ESTATE LOBBIES

This legislation, Mr. Speaker, is the final triumph of the real estate lobbies which have bitterly fought every effort of the Government to help the unfortunate people who otherwise could have no decent shelter.

We all know that the Lanham Act itself was hedged around with all sorts of limitations written in by the real estate lobby.

But that was not enough for the unending avarice and malice of this high-pressure gang which can even libel the senior Senator from Ohio without laughing. When they have everything, they still want more.

Under the terms of this bill the Federal Public Housing Authority, the agency now clothed with the authority to administer and dispose of the Government's public housing projects—including the Lanham Act wartime construction—will be stripped of its jurisdiction.

Once more, and this time by the deliberate mandate of Congress at the instigation of special privilege, and not by the accident of emergency growth, the work of years in gathering all the Government's housing activities in a single efficient agency will be undone and the property dispersed. You all remember when 19 different housing agencies existed at one time.

HAVE LOBBIES OUTDONE THEMSELVES?

Mr. Speaker, it is unthinkable that a bill so obviously weighted toward the benefit of a few, at the expense of the many, should pass in this House; that this Congress should deliberately throw away all the gains of the last 14 years; yet it probably will pass.

I can only say that when the American people learn the full shame of this surrender to private greed, their rage will be enormous; and that knowledge will become a flaming issue just as the election campaigns of 1948 get under way, as the dead line for bids is reached in July 1948.

Do you on the Republican side think that then you can disclaim responsibility for giving away to inordinate avarice?

The true issue in many of the recent triumphs of business lobbies in Congress has been obscured by clouds of oratory and misrepresentation, by war-weariness and shortages and sheer boredom.

Here the issue is clear: Is this a government of the people, by the people, for the people; or is it a government of the people by profiteers for profiteers?

I have used the phrase, "invisible government," before to describe what is happening. Now the invisibility is wearing away. The deft hands of the real estate lobby have left highly visible fingerprints all over this bill. Why, you can almost hear their voices. It was for this and for other acts of legislative violence against the will of the people that manufacturers, wholesalers, builders, contractors, and realtors have been tapped, and tapped, and tapped again for a war chest.

BILL RAPES THE HOUSING PROGRAM

Others better informed than I, particularly the members of the Committee on Banking and Currency who signed the minority report, will explain later in more detail the full implications of this rape of the public-housing program; but I cannot resist some brief observations.

First, the legislation defies the recommendations of President Truman—and of every housing expert not bound to the lobby—that there should be a single, unified housing agency, and reverses the judgment of the late President Roosevelt and of three previous Congresses on that score. This bill scatters both administration and disposition all over the map—it gives a bit to every agency except FPHA, the one agency equipped with personnel and trained by experience to carry out the intent and mandate of the Lanham Act. The pressure boys like to have it scattered.

Administratively, on every count, the bill, if enacted, would be virtually unworkable.

This legislation pointedly ignores the existing set-up; pointedly ignores previous congressional directives; pointedly ignores the social and economic benefits of existing procedures. Its obvious intent is to discredit the public-housing program by setting up an impossible task.

The bill would waste all the work and time and effort and taxpayers' money already put into a carefully planned process of orderly and beneficial disposition.

SETS STAGE FOR NEW TEAPOT DOME

The bill repudiates provisions of the Lanham Act, and repudiates agreements already entered into with good faith on both sides based on previous congressional mandates. It presents an unconstitutional mandate which must be untangled by the courts.

But, worst of all, and most dangerous of all, it sets the stage for a new Teapot Dome scandal.

The disposition procedure set up in this bill is not only maliciously and intentionally cumbersome, but is so clearly against the public interest that even the most naive and trusting individual must have his suspicions aroused.

On the face of it, the bill has two major objectives which do not jibe:

First. To clear housing out of Government ownership with disorderly and undignified haste by December 31, 1948.

Second. To bring back to the Government the largest possible cash return.

The obvious effect of this is to open the way for disposing of almost three-fourths of a billion dollars in Government property at give-away prices to big interests who can put up that amount in cash, and at the same time crack the overinflated real-estate market by dumping and precipitate a near panic.

If any member should believe my words are too darkly prophetic, then let him read this bill with care and note the loose language, the conflicting objectives, and the calculated chaos to be wrought by the bill should it be enacted.

LIP SERVICE TO VETERANS MEANINGLESS

I believe in economy. I believe in the true economy of efficiency. This bill is another example of penny-wise, pound-foolish false economy which the Republican Party seems bent on making its own trade-mark. This bill will increase the cost of disposition of the property.

As for the sops tossed to veterans, they are meaningless lip service.

Veterans do not have such large sums of cash. Few of them have had an opportunity to build up bank credit, or to accumulate any collateral security for bank credits. It is much more likely that this legislation will enable greedy private operators to defraud the veterans, or at best to increase their cost of living sharply with increased rents or inflated prices.

We promised the veterans that when they fought their way out of the foxholes we would provide them with a decent place to live at prices they can afford to pay. Has the Republican Party utterly forgotten those fine promises, or is this just indifference, cold, callous, heartless indifference, to the brave men who risked their lives that America might live?

It is true that this bill provides for FHA guaranties on mortgages; and if this single provision is actually administered in the interest of the veterans it might be helpful. But this is only one of many provisions in the bill, and the net effect of the bill is so inimical to the public interest, and to the veterans' interest, that it ought not to be passed.

Mr. RICH. Mr. Speaker, I yield 5 minutes to the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER of Connecticut. Mr. Speaker, I am glad we have this rule called up and that we are to consider the legislation that will follow it. I direct the attention of the House to a situation that exists now insofar as Federal housing is concerned. In my own congressional district we have several projects built under the Lanham Act. Recently in one of the projects, in fact, in my home town, we find this situation: A duplex house, a two-family duplex, is occupied on one side by a war worker who has been in that house all during the war and is still there, and on the other side is a returned veteran who came back after VJ-day. The war worker is paying a rent $4.50 a month lower than that now being paid by the war veteran. You will find it all through those projects in that area, different rents for identical living quarters.

In that particular project, in some of the units the rents were set when the project was opened in January 1943 at $45 a month, including the utilities. In the summer of 1943 OPA was asked to review the project and they made a review. In November of 1943 they set higher rents for this Lanham housing project. It is my understanding that under the Lanham Act—and I wish the gentleman from Michigan would tell me if I am in error—the Federal Housing Administration is supposed to have charged a reasonable economic rent throughout the war period. Is that correct?

Mr. WOLCOTT. I do not know that I can answer the gentleman until I know in what category this particular housing is.

Mr. MILLER of Connecticut. The so-called Lanham Act permanent housing.

Mr. WOLCOTT. Yes; they must charge an economic rent, but the rent was set in conference between the Administrator of FPHA and the Administrator of OPA.

Mr. MILLER of Connecticut. In the case I am complaining of, OPA set a higher rent ceiling in the fall of 1943. Those increases were never made effective until after VJ-day. The result is that the returned veteran coming back and occupying that housing, as I said at the outset, is paying in some cases $4.50 a month more for the identical unit, the other half of a duplex house, than is being paid by the war worker who occupied it all the time.

Now it comes to the disposition of housing, and we are going to have a tremendous problem in those areas where there just are no vacant tenements at any price. You cannot evict the people that are in there to make that housing available for veterans. I think we are going to have a tremendous amount of confusion, or worse, now that the regional office in Boston has notified the housing authorities in those communities that they must now, 2 years after the war has ended, charge the maximum OPA rent ceiling. It is my understanding that under the OPA law there was no such thing as a minimum or a maximum rent; there was a rent ceiling. The result is that these veterans feel that during the war FPHA charged the war workers a lower rent, people who could well afford to pay a reasonable, economic rent, and the war veteran now coming back, and in at least 30 percent of the cases occupying that housing, is being called upon to pay a greatly increased rent above that which was paid by the war worker. In other words, in one project the rents have gone from $45, that was charged to war workers, up to $62.50; that is what they are now charging the war veterans. I can say to you that there is tremendous ill feeling among the occupants of these housing projects. I am glad this legislation is here, because I believe that as a result of this legislation we might get the Federal Government out of the picture altogether.

Mr. WOLCOTT. I have the language of the law in respect to the rents now, if the gentleman would care to have me put it in the RECORD.

Mr. MILLER of Connecticut. I would like to have that in the RECORD.

Mr. WOLCOTT. It states:

Provided further, That the Administrator shall fix fair rentals, on projects developed pursuant to this act, which shall be based on the value thereof as determined by him, with power during the emergency, in exceptional cases, to adjust the rent to the income of the persons to be housed, and that rentals to be charged for Army and Navy personnel shall be fixed by the War and Navy Departments.

Mr. MILLER of Connecticut. I can say to the gentleman that insofar as that area was concerned the war workers were well able to pay an economic rent. It now appears that the war veteran is being called upon to pay a substantially higher rent to make up the losses that occurred during the war.

Mr. SABATH. Mr. Speaker, I yield 15 minutes to the gentleman from New York [Mr. ROONEY].

Mr. ROONEY. Mr. Speaker, this bill purports to provide for the "expeditious disposition" of permanent war housing. It also purports to set up preferences to veterans in the sale of this housing.

Actually, this is a bill to expedite the movement of most of this permanent war housing into the hands of greedy real-estate speculators. Behind the smoke screen of preference to veterans these real-estate speculators would surely be the principal beneficiaries of this hasty, ill-conceived, and unworkable legislation.

There is another aspect of this legislation which merits the attention of the House. It appears to me that one of the main purposes of this bill is to disrupt the present vitally needed housing program. That is the only meaning I can place upon the provision of the bill which would transfer the authority and responsibility for the disposition of our permanent war housing from the National Housing Administrator to the Federal Works Administrator.

Certainly you do not expedite the disposition of war housing by taking the job away from the agency specially equipped with facilities and experience to perform it effectively, and by giving the job to another agency without the facilities or experience needed. And you certainly do not economize by an arrangement requiring the Federal Works Agency to set up an entirely new and duplicating housing organization. No; the only way this transfer makes sense is to recognize it as another effort on the part of the real-estate lobby to knife the housing program, which should be first in the minds of all of us today.

I think the House will be interested in the history of the transfer provision contained in this bill. If you have read the hearings conducted by the Banking and Currency Committee, you will note that the only witness recommending the transfer of our permanent war housing to the Federal Works Agency was one Mr. Morton Bodfish, representing the United States Savings and Loan League. Many of you are probably acquainted with Mr. Bodfish or are at least familiar with his reputation as one of the smartest lobbyists operating on Capitol Hill. The "kingfish" gets around a lot. And he certainly has been faithful in his attendance at the sessions of the Banking and Currency Committee. I understand he is the author of the "blackjack" clause in the "phony" rent-control bill passed by the House on May 1, the clause which permits the landlords to say to the tenants: "Sign for a 15-percent increase, or we'll slug you."

I am informed by one of the members of the Banking and Currency Committee that this "kingfish" was permitted to rise in the audience during the course of the hearings and question the Federal Home Loan Bank Commissioner with the same latitude as any member of the committee for almost an hour. And that although this did occur, the colloquy is strangely not printed in the committee hearings.

Mr. "Kingfish" Bodfish, who is always quite at home in committee hearings, appeared as the next to the last witness before the committee. Up to that time no witness during the hearings had suggested transferring the disposition of our war housing to the Federal Works Agency, and, of course, the committee then had no bill before it; the hearings were simply an exploration of the general

disposition problem. Mr. Bodfish proceeded to lecture the committee on his housing views, which are in line with those of the real-estate lobby generally. He then recommended that the disposition job be transferred to the Federal Works Agency and made other recommendations as to the methods of disposition.

All these recommendations appeared miraculously in this bill when it was finally introduced 24 hours before the committee voted to report it out—in fact, Mr. Bodfish's recommendations represent the core of this bill. There were no open hearings held on this bill; the hearings were closed more than a week before the bill was introduced. There was no effort made to get the views of Major General Fleming, the Federal Works Administrator, as to whether his agency is equipped to carry out this disposition job in a field totally unrelated to its present activities.

The real-estate lobby is in favor of this bill for two reasons: First, as I said, the bill will weaken the housing program by knifing the National Housing Agency; second, the bill will play into the hands of greedy real-estate speculators.

The speculators will have a field day with those war-housing projects which will have to be sold as projects rather than disposed of by individual sale of the individual buildings. I am advised that more than 300 of the 540 permanent war-housing projects will have to be sold on a project basis because of the nature of the buildings, the use of common utilities, or similar factors. For such project sales the bill extends a first preference to "any private corporation, association, or cooperative society which is the legal agent of veterans who intend to occupy the war housing purchased by such corporation, association, or society."

As I interpret this, the door is left wide open for real-estate speculators to become the eventual owners of these projects. In order to qualify for a preference does the membership of the corporation, association, or cooperative society have to be composed exclusively of veterans who will occupy all the dwelling units in the project. This would impose an almost impossible requirement; many of these projects are large and experience has shown that there is great difficulty in forming groups composed exclusively of veterans to purchase the larger housing projects. Consequently, few, if any, bona fide war veteran groups would be able to qualify for this preference if they had the money and the projects would have to be thrown open for sale to speculators in order to meet the December 31, 1948, sales deadline which this bill also sets up.

Does this language mean that any private organization serving as legal agent for two or more veterans would qualify for preference? If this is correct, then this provision is a joker and would be a direct invitation to speculators to form dummy corporations, with a handful of veterans as frontsmen, and thereby secure preferential rights for the purchase of projects containing 500 to 1,000 dwelling units.

I believe that our war veterans are entitled to a preference in these housing projects. I believe they are entitled to a real preference which will enable them to get the benefits of this housing under terms and conditions that will work. But the phony preference I have just described is no real preference at all; in combination with the requirements for cash sales and for disposal of all properties by December 31, 1948, it is merely a smoke screen for the acquisition of this housing by real-estate speculators. Do you suppose the mighty real-estate lobby has gone philanthropic?

The present bill would do another big favor for the real-estate lobby. It would absolutely ban local governments from acquiring projects for use as low-rent housing. The Lanham Act says that these projects may not be transferred to provide subsidized housing for persons of low income "unless specifically authorized by Congress." The insertion of that clause carried the clear intent that local governments would have the privilege of submitting requests to Congress for transfer of certain projects for postwar low-rent use if they so desired. In reliance upon that provision, 47 local governments have officially requested that 72 permanent projects containing over 18,000 dwellings be reserved from sale until formal requests can be submitted to the Congress for their transfer to low-rent use. A number of other cities and towns have been studying their housing situations to determine whether they wish to submit similar requests.

These local governments should have the opportunity to present these requests to the Congress, in accordance with the existing provisions of the Lanham Act, and to have the Congress pass upon them. I also call the attention of the House to the fact that the transfer of some of these projects to low-rent use, where the projects are suitable and needed for that purpose, would afford the only opportunity for low-income veterans and their families to get any benefit whatever from this permanent war housing. Certainly they will not get any benefit from the housing that is sold to speculators and most of them cannot afford to purchase any of the individual units themselves. The low-income veterans are the worst sufferers from the housing shortage. Yet this bill would completely foreclose the transfer of any of this housing to local governments for low-rent use. It would even deny these local governments any preference over real-estate speculators in the cash purchase of this housing at its appraised value.

The all-powerful real-estate lobby wants this bill to pass. It fits in with the lobby's attack against an effective housing program. It would give real-estate speculators the chance to buy a large volume of good housing at low price, with the prospect of reaping big profits from the lapsing of rent control and the continuation of the desperate housing shortage.

In the time allotted I have been able to cite only a few of the most glaring weaknesses of this bad bill. There are only two ways to correct this bill. One is to recommit it to the Committee on Banking and Currency. The other is to vote the bill down. I intend to do so.

Mr. RICH. Mr. Speaker, does the gentleman from Illinois care to yield further time?

Mr. SABATH. Mr. Speaker, I have no further requests for time.

Mr. RICH. Mr. Speaker, I move the previous question on the resolution.

The resolution was agreed to.

DISPOSAL OF WAR HOUSING

Mr. WOLCOTT. 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. 3492) to provide for the expeditious disposition of certain war housing, and for other purposes.

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. 3492) providing for the disposal of war housing, with Mr. BENDER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Michigan [Mr. WOLCOTT] is recognized for 1 hour and the gentleman from Kentucky [Mr. SPENCE] for 1 hour.

The gentleman from Michigan is recognized.

Mr. WOLCOTT. Mr. Chairman, I yield myself 15 minutes.

The CHAIRMAN. The gentleman from Michigan is recognized for 15 minutes.

Mr. WOLCOTT. Mr. Chairman, it will be recalled that under the Lanham Act we authorized the construction of certain permanent units as well as temporary housing accommodations. The bill before the committee today deals with the disposition of the permanent units only.

The law as it now exists requires the disposition of these permanent projects. The power to administer them and dispose of them rests in the Federal Public Housing Authority. These properties are owned by the Federal Government.

Along in February, as a result of some hearings before the Appropriations Subcommittee on Government Corporations, it developed that the Federal Public Housing Authority was disposing of these units in such a manner as to effectuate certain very doubtful policies. It came to our attention that the Administrator was entering into commitment contracts for the sale of these properties to cooperatives of tenants, with in some instances 5 percent down payment and a loan for the balance amortized for as long as 45 years at 3½ percent interest. We decided that we should take a look at this program; that if there was a question of policy involved, it was our duty and responsibility to formulate that policy, especially when there was an existing policy under which the properties would not finally be disposed of for from 40 to 45 years. We thought it was a matter of congressional duty to determine the standards under which these properties should be disposed of.

When we found out that Mr. Myer, the Commissioner, was reserving certain of these properties for sale to local housing authorities and municipalities, contrary as we thought, and still think, to the spirit and intent of the Lanham Act, we asked by a resolution passed by the joint

committee that he not dispose of any more of these projects unless he got cash for them until the House Banking and Currency Committee had an opportunity to study the matter and lay out a policy under which they should be disposed of.

That resolution was sent to Mr. Myer on February 25, 1947, in a letter, the resolution providing—

> That it is the sense of this joint committee that sales of permanent war housing units by the Federal Housing Authority be limited to such transactions as will return all proceeds of the sales in cash to the general fund of the Treasury of the United States at the time of the consummation of the sale.

It was very well understood by Mr. Myer and by the committee that this was a temporary arrangement, designed only to keep the matter in status quo by more or less mutual agreement, because, of course, the resolution did not have the effect of law. We said we would get to it within a reasonable time. We said that probably 60 days would be a reasonable time. And almost 60 days to the day, or a little better, we reported out a bill, after weeks of hearings and discussion.

I am still a little concerned that some might believe what the gentleman who preceded me said about the hearings. Here are the hearings; the open public hearings held on this matter. They contain something like 170 pages of testimony, questions and answers, and on page 1 is the list of the witnesses, and the exhibits which were submitted, and even a casual reading of the hearings by the gentleman should have even convinced him that there had been open hearings.

I would suggest for his reading the testimony of the chairman of the housing committee of the American Legion. The American Legion submitted to the Committee on Banking and Currency a plan, and the plan which we have provided for for the disposal of Lanham permanents in this bill follows not, of course, verbatim the recommendation of the American Legion, but in principle it is the American Legion proposal. So, it is quite satisfactory to them.

I wish that you might read the testimony of the Veterans of Foreign Wars by which we have been informed the bill is substantially in compliance with the recommendations made by the Veterans of Foreign Wars and is quite satisfactory to them.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Iowa.

Mr. JENSEN. I think it would be well to state that not only the American Legion but also the Veterans of Foreign Wars approve this bill in toto. I know of no serviceman's organization that is not in favor of this bill. I understand they are wholeheartedly in favor of it.

Mr. WOLCOTT. I understand there is only one veterans' organization, the American Veterans Committee, that might be opposed to it.

Mr. JENSEN. Of course, the American Veterans Committee is not composed entirely of veterans. Anyone can join the American Veterans Committee. That is why they call it a committee, so most of us do not consider that a veterans organization.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Illinois.

Mr. CHURCH. It seems to me that it is very apparent that the gentleman who preceded the present speaker, the gentleman from New York [Mr. ROONEY] simply had not read the hearings. Men of distinction and ability in this field appeared, as has now been pointed out by the gentleman from Iowa [Mr. JENSEN]. Men like Mr. Morton Bodfish and other able men appeared. That simply indicates, from what he said, that he had not read the hearings and was not familiar with the subject.

Mr. WOLCOTT. I might say for Mr. Morton Bodfish that he, as well as all other representatives of all segments of our economy who are interested in legislation pending before the Committee on Banking and Currency, will continue to receive a very courteous reception if he has any information to offer to the committee on any matter pending before the committee.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Is it intended by the language of section 9 to make valid agreements entered into by the Government with local housing administrations?

Mr. WOLCOTT. The gentleman is entirely correct. Section 9 was put in to continue oral as well as written contract which had been made previous to February 26 with respect to the disposition of these properties.

Mr. WALTER. In other words, it is intended to make oral contracts as binding as would be written contracts.

Mr. WOLCOTT. Yes.

Now, there is no question about the American Legion endorsing this legislation because it is virtually the proposal which they handed to the committee. I want to read what the Veterans of Foreign Wars had to say in a letter to me as chairman of the committee under date of May 20, 1947, the first paragraph of which reads as follows:

> On behalf of the Veterans of Foreign Wars of the United States, I would like to take this opportunity to thank you and the members of your committee for your realistic thinking in drafting the bill H. R. 3492. The several thousands of permanent war housing units that would be sold to veterans under the provisions of this bill will materially help veterans in the low-income brackets to obtain a home of their own at a price they can afford.

It is unfortunate that someone in the Federal Public Housing Authority gave out the information that the program which they had set up was a veterans' program. It was the opposite to a veterans' program. The only veterans who could possibly be benefited under the policy which was put into practice and had been in practice by the FPHA was that a veteran might be a tenant in one of the properties they were going to dispose of. A veteran who was not a tenant in the property to be disposed of was just as far out of this picture as if he had not been a veteran at all or lived a thousand miles away from the project. And, of course, even a veteran living in a project which was being reserved for transfer for low-rent use had no opportunity to purchase the property, or participate in its purchase.

Taking cognizance of the fact that somebody somewhere or other was using some broad powers under the Lanham Act to perpetuate the base upon which a socialized economy might eventually be built, taking cognizance of this fundamental problem which has confronted us in respect to housing ever since 1937, this committee did what I think to be the American thing at this particular time in setting up the standards under which these properties should be sold. We have set the program up in such a way, notwithstanding anything which the administrator of this act thinks to the contrary, under which we are giving the veterans real priority to acquire housing at the lowest possible cost. They should be able to buy these units on an average of something slightly more than $3,000. Have that in mind. Neither the veteran nor anyone else can build a house today or buy a house for less than $6,000 at the very minimum, in the North, anyway, where they must have basements. But here is an opportunity we have provided for the veterans to get good, permanent homes cheaper than they can buy them anywhere else. That is what we intended to do.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself ten additional minutes.

We provide that these properties shall be offered for sale first to veterans, and we provide also that where the project can be split up and sold as individual units they shall be split up and sold as individual units, so that the individual veteran can get a single home. I will not attempt to cover all of them, but there is a series of preferences covering a period of 180 days, even to the point of providing that the whole project must be set aside for veterans' groups, veterans' organizations, or those organizations which are set up as legal agents of veterans, so that a veterans' organization, a group of veterans, can get together and buy a whole project. There is nothing better in my perspective than that. It is something that should be done. In this case we assure them of shelter, we assure them a roof over their heads. The veterans have told us that they are very much more concerned with obtaining shelter than they are with listening to the demagogy which has been going on around here that the Government under the program up to the present time has been doing something for them. The veteran wants a home, not promises.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. ROGERS of Florida. Will the chairman of the committee please explain how much money a veteran would have to have before he could buy one of these units?

Mr. WOLCOTT. He would have to have 10 percent because we have made

the properties eligible for FHA insurance, and the FHA can insure the mortgages at 90 percent.

Mr. ROGERS of Florida. If the veteran has 10 percent of the purchase price, then he can buy the property?

Mr. WOLCOTT. Let us say that the unit is to be sold for $5,000, which should be much higher than the average. If the veteran has or can borrow from the Veterans' Administration or elsewhere $500, then he can have the balance of the mortgage insured by the FHA, and he can pay back the mortgage over a 20- or 25-year period.

Mr. ROGERS of Florida. Would the gentleman have any objection to an amendment providing that terminal leave bonds should be accepted as a first payment on these houses?

Mr. WOLCOTT. I can see no particular objection to it, although it is something that we have not discussed.

Mr. ROGERS of Florida. The gentleman would not object to such an amendment?

Mr. WOLCOTT. I believe not. Personally, I cannot at this time see any objection to it.

Mr. ROGERS of Florida. Many of the veterans have the bonds and cannot use them. If they could use the bonds, and the gentleman would not object to such an amendment that the bonds be used as part of the purchase price, I think it would be rendering the veterans a service.

Mr. WOLCOTT. Inasmuch as the properties are being purchased from the Government, and the payment to the Government of the bonds would be ostensibly for the purpose of cashing the bonds, offhand I cannot see any objection to that.

Mr. LYLE. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. LYLE. In the event that a veteran does not file promptly, what is the procedure?

Mr. WOLCOTT. It is held for the veterans on a graduated scale for 180 days. It is held 30 days for veteran occupants. On page 6 it is provided that a veteran and his family who occupy a dwelling unit in the dwelling to be sold is given 30 days priority. You must read the language on page 6 and the language at the top of page 8 together.

The second priority is for a veteran and his family who do not occupy a dwelling unit in the dwelling to be sold but who intend to occupy a dwelling unit in the dwelling to be sold, and they have up to 60 days in which to purchase. That is, a veteran who does not live in the unit has a second priority up to 60 days.

The third priority is for a nonveteran who occupies a dwelling unit in a dwelling to be sold. That is for the protection of the present tenant. After these first two veterans' priorities are exhausted, then a nonveteran tenant has a third priority, and he gets up to 90 days in which to buy the property.

Then, a group of veterans can get together, let us say, of four families, and buy a four-family unit; or two families can buy a two-family unit. They are given priorities.

Next, organizations or groups of veterans or an organization which is a legal agent of veterans who intend to occupy the properties after the other priorities are exhausted are given a further 90 days.

The total is 180 days on priorities altogether.

After that, anybody may come in and purchase the priorities.

I might say also in response to the gentleman from New York in reference to low-rent housing as a slum clearance project, we have removed the prohibition in the Lanham Act. The enactment of this bill will remove the prohibition in the Lanham Act against purchase of these properties by local housing authorities for low-rental purposes. So he is altogether wrong in his assumption that we prevent in any manner local housing authorities from buying these properties for slum clearance. But we do say the veterans are going to have first preference, and we should insist on that.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. KEAN. A public housing authority will have no priority against the ordinary real-estate speculator in buying one of these properties?

Mr. WOLCOTT. No.

Mr. KEAN. They will have to go into the market and take a chance with everybody else?

Mr. WOLCOTT. They will have to take a chance with everybody else after the priorities have been exhausted.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. VORYS. I do not find anything here with reference to competitive bidding, or requiring it to be sold to the highest bidder. I wonder whether it would be the practice, in case of two veterans of equal priority, or two veterans' organizations with equal priority, or in case there were no veterans, to have some plan so that these properties would go to the best bidder.

Mr. WOLCOTT. The way it has been handled up to the present time, they draw for them, if everything was equal, but there were so very, very few cases in which they would be equal that we did not make provision for it. In the priorities up to the category of veterans' organizations there cannot be any conflict there, because there is either a veteran occupant of the project to be sold or a veteran nonoccupant. If you are a veteran and live in the property you want to buy that gives you the higher priority. If you are a veteran who does not live in the project, of course that is the second category. There is no conflict there. You are out of the project and, as opposed to a veteran who is living in the project, the veteran living in the project is given the higher priority. So that there is no conflict until you get to the fourth category, where we provide for the creation of the veterans' organization. That can be done by negotiated bid, with the proviso that the purchase price of the property shall not be less than the appraised value placed upon the property by the FHA appraisers or appraisers employed by them.

Mr. VORYS. I understood that the second priority would be a veteran and his family who did not live in the project, but who wanted to.

Mr. WOLCOTT. That is right.

Mr. VORYS. There might be a number of such veterans, and I have wondered whether the plan was to take up first come first served, or whether a fair way would not be to let them bid.

Mr. WOLCOTT. They may be all negotiated bids.

Mr. VORYS. What is a negotiated bid?

Mr. WOLCOTT. Well, it is the opposite of an open bid. You can negotiate with them for a price. You can get all the people together and say, "How much will you pay for it, Mr. A?" and he says, "$5,000." "How much will you pay, Mr. C?" and he will say, "$5,500." Or they can sit down with an individual and sell the properties at a negotiated price.

Mr. VORYS. Would the preference be between two veterans who came under class 2, who did not live there but wanted to? Would the preference be for the highest bidder or the one who came in first? It seems to me there should be some arrangement made.

Mr. WOLCOTT. It could be either way. You will not run into that very often. We should have in mind that, under the provisions of the bill these matters can be handled under regulations in respect to conditions of the sale, which the Administrator is authorized to promulgate.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOLCOTT] has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself five additional minutes.

Mr. MILLER of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. MILLER of Connecticut. Would there be any preference in the case of a veteran who was occupying a multiple dwelling now and wanted to buy some other unit in that project?

Mr. WOLCOTT. Yes.

Mr. MILLER of Connecticut. He is not living in the project, but he wants to buy a single unit in that same project.

Mr. WOLCOTT. He would come within the second category of preferences.

Mr. MILLER of Connecticut. He would lose his first priority if he wanted to buy another house?

Mr. WOLCOTT. It is very obvious that in the administration of the act, if a man did not want to buy the particular accommodation he was living in, and wanted to buy another in the same project it would follow that he would be given a priority.

Mr. MILLER of Connecticut. He would be practically at the head of the list in No. 2?

Mr. WOLCOTT. Yes.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JAVITS. Following through on the suggestion of the gentleman from New Jersey [Mr. KEAN], would there be any objection to accepting an amendment which would provide preference to local governments and State governments, to come in between the veterans'

preferences and the time when this is thrown out to any bidder? Would there be any objection to giving the State and local governments a preference in there?

Mr. WOLCOTT. I do not think I would want to answer that offhand. I would want to see the amendment before I pass on that.

Mr. JAVITS. I will submit it to the gentleman.

Mr. WOLCOTT. I think the gentleman has such an amendment.

Mr. LYLE. Mr. Chairman, will the gentleman yield further?

Mr. WOLCOTT. I yield.

Mr. LYLE. Subparagraph (b) on page 4 provides for the sale of these houses at a price of not less than the reasonable value at the time of the offer for sale. It occurs to me this provision will make it prohibitive for the average veteran to purchase one of these units, because if they are valued upon the basis of other real estate in the same area they will be literally about three times what their actual value is.

Mr. WOLCOTT. That is just one of the factors in determining a reasonable value.

Mr. LYLE. The thing is that they are now probably three times as high as property was when they sold their property when they went in the Army.

Mr. WOLCOTT. No; I do not think these projects would be sold at any such valuation under these priorities to veterans. They should be able to buy these properties for much less than they could buy a house for now. They could buy one of these homes at a price comparable to what they sold their home for when they went into the service.

Mr. LYLE. I think that is probably the intention. My fear is that it will not work.

Mr. WOLCOTT. We went into that matter very carefully, and this is the language we thought was the fairest and which gave the most latitude to do the job that we thought ought to be done.

We have full faith and confidence in FHA to do the job we want done, and we have full faith and confidence in the present Administrator of the FHA to do a very sensible job in respect to the appraisals. I say that calling attention at the same time to the fact that he is not of my political faith; but I think that Ray Foley is one of the most honest, most conscientious, efficient, and outstanding administrators whom we have in Government service today.

Mr. LYLE. I agree with the gentleman there. The gentleman should stress the fact that it was the intention of his committee that the veterans get possession of these houses in some way so they would not have to pay prices two and three times their value, and not have to bid on them on the basis of today's market on real estate in the area.

Mr. WOLCOTT. It is not based on today's market. That is the reason why we are so general in this language and expect the FHA to take into consideration the value of this property over a long period of time with all the ups and downs in values that are to be expected will occur in the 25 years over which they are to be amortized. They do not take it at a replacement value or at present market value.

It was our contention that FHA should take into consideration the fact that there might be a decline in the real estate market before the termination of the period within which the property was to be paid for.

Mr. LYLE. If the gentleman's committee does that they are rendering the veteran a great service.

Mr. WOLCOTT. That was our intention.

Mr. FOLGER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. FOLGER. I believe the committee adopted the word "reasonable" instead of "present market value" in view of the abnormal prices and knowing and having been told that the policy had been established by the appraisers to take into consideration the abnormal conditions that obtain now not to fix the price but to take consideration of conditions.

Mr. WOLCOTT. The gentleman is correct. The gentleman himself argued that that should be our intention and presented some language to carry out that intention. I am glad to have the gentleman make that contribution.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself one additional minute.

Mr. BECKWORTH. Could not the legal agent of a veteran or veterans make some kind of deal whereby the veteran could obtain housing? It occurs to me that many veterans probably are not able individually to arrange for these larger units or buildings that have several units in them. Is there any limitation as to how much the legal agent can make percentagewise?

Mr. WOLCOTT. The veterans interested in a certain property would have to appoint their own agent. There could not be such a thing as a corporation which could claim to be the agent of all the veterans interested in the project. The law of agency would step in then and say that there was no contract between the principal and the agent. There must be a very definite contract.

Mr. BECKWORTH. The gentleman has no fear that so-called legal agents may be privileged to make a high percentage of profit?

Mr. WOLCOTT. No; the agent cannot act for the principal until he has been hired for that purpose. On these big projects, therefore, in order to effectuate a fraudulent deal in respect to the project, they would have to conspire with almost as many veterans in the locality as there were units in the project, which would seem impossible.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, we are again confronted with that very perplexing problem—housing. The Lanham Act provided that these houses which we are providing for the disposition of and which were erected for an emergency purpose be disposed of when the urgent need for them for the purposes for which they were constructed no longer existed. I am in favor of disposing of these properties, I am in favor of giving the veterans every priority and preference in the purchase of these houses, and I think it is very important that we sell these properties as soon as possible.

The housing situation is still acute in the United States and the housing situation is one of the most important things with which we have to deal, not only for the comfort and happiness of the people, but the home is the foundation of our society and the more good homes we have in America the more stable will be our institutions.

I do not think anybody is opposed to the sale of these properties. It is a question of how these properties shall be sold.

Since 1942 the Federal Public Housing Authority had control of these properties under the jurisdiction of the National Housing Agency, of which Mr. Foley is Chairman. They built the properties, they know where they are located, they know who occupies them, they know their worth. Now, why should we take the sale of these properties from the Federal Public Housing Agency and place it in the Federal Works Agency?

We are told that Mr. Myer has some peculiar ideas, that he does not conform to the wishes of the Congress. But are we going to make a pattern of government to meet the peculiar ideals and the peculiar wishes of individuals? It seems to me you cannot find a valid argument for such a course.

The Federal Public Housing Authority ought to have control of the sale of this property. General Fleming was not heard by the committee. But it is obvious that he has neither the organization nor personnel to carry out the purposes of this law. If it is transferred to the Federal Public Works, an organization would have to be perfected, personnel will have to be employed, all of which will take time. We put a time limit on the disposition of these properties. They must be sold by December 31, 1948. For the expeditious sale of these properties it is necessary to place them in an agency that is organized to sell them, that has the knowledge of them, and that can proceed immediately.

It seems that the only argument to take this power away from the Federal Public Housing Administration is the fact that some of the Members of Congress believe their views are contrary to the wishes of Congress and believe they will not carry out the purposes of the legislation. While we certainly ought not to change legislation to meet the varying views of the individuals, the way to meet that condition is to discharge the people who do not carry out the wishes of Congress. I express no opinion on this subject. I assume that the Federal Public Housing Authority will carry out the mandate of Congress.

The President on May 27 sent his housing reorganization plan to the Congress. The 60 days within which the Congress can act on that plan has not

expired. The passage of this act is congressional action upon that plan. That plan is not susceptible of amendment but this, in effect, amends it, and I think this act, if passed, like a lateral attack without hearing, will sabotage the President's housing plan. That plan was to organize and coordinate the various housing agencies to prevent overlapping and duplication of functions. Certainly, the President's plan deserves an independent investigation and an independent hearing, and by the adoption of this act as now drawn it takes away that right and authority of the Congress. I am sure the Congress does not want to sabotage a plan proposed by the President in that manner. The action is within the 60 days. It is an amendment to the plan. It changes the whole picture, something that was not contemplated by the President. It makes his plan now a nullity, and for that additional reason I ask you to vote down this amendment.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Colorado.

Mr. CARROLL. Do I understand from the gentleman's remarks that the President's reorganization program specifically includes the matter contained in this legislation?

Mr. SPENCE. No; it does not exactly include the matter, but it reorganizes the housing agencies of the Government. It does not delegate to the Federal Works Agency any authority over housing. The President presented a comprehensive plan for the reorganization of these agencies. We either have to adopt that plan in its entirety, without change, without amendment, or reject it. If this passes before that plan has been acted upon within the 60 days within which the Congress has the authority to act upon it, it changes the whole picture of housing.

Mr. CARROLL. In other words, this bill now is premature?

Mr. SPENCE. It is premature, unless you want to sabotage the plan presented by the President, without independent consideration directly of his plan. I do not think it would sabotage it at all if all of these authorities were placed back in the housing agencies, because he dealt only with the housing agencies, but here we take a substantial part of the housing jurisdiction and place it in the Federal Works Agency. It seems to me it is obvious that that nullifies the plan of the President.

Mr. CARROLL. I thank the gentleman.

Mr. TALLE. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I do not pose as an authority on housing or many of the problems presented in this bill. I say at the outset that it is not my intention to attempt in any way to jeopardize the objectives of the committee in reporting this legislation. However, I requested this time to try to clarify a situation that is particularly important to me because of the fact I have in my district a housing project which has all but been disposed of. It has been in its final stages ever since the first of the year. The people involved have put in a great deal of effort and time and in fact money to bring the matter to a head. I am very deeply concerned that unless some amendment or some provision is put into this bill to correct the situation all of their efforts will be of no avail. I do not think it is the intention of this Congress to jeopardize those cases where people have definitely proceeded under the assumption that the Government would do a certain thing and relying on the representations of the Government have expended money and changed their status.

I should like to propound this question by way of setting forth the circumstances that exist in the particular case in my district. The project I have in mind is the Custerdale project, called Wis.-47011. The project was built at the city of Manitowoc, Wis., in connection with the shipbuilding activities in that city. Probably many of you are acquainted with the submarines that were built on Lake Michigan, in the center of our country, during the war. You are acquainted with the great job that was done by the workmen there in producing these submarines. The people occupying these homes are those who worked in the shipyards in this city. They are good, honest, sincere, working Americans. When they found that this project was to be disposed of to somebody in some method, they inquired as to what could be done whereby they as individuals could prochase the property. It so happens that because of the zoning regulations and building codes of the city of Manitowoc the dwellings as they presently are could not be acquired by individuals. They have to be moved to new locations, so that the street planning conforms to the city plan, and so forth. I call attention to the text of a resolution adopted by the City Council of Manitowoc on December 16, 1946. This resolution shows some of the conditions that must be complied with before private ownership will comply with the laws and regulations of that community.

This resolution shows why it is necessary for them to organize and buy as a group rather than try to buy individually.

Whereas the United States of America, acting through the Federal Public Housing Authority, proposes to dispose of the housing property, including 400 family units, known as "Custerdale Project WIS-47011"; and

Whereas the city of Manitowoc is advised that under existing Federal statutes, regulations, and appropriation acts it will be necessary that the property be sold for its fair value as it now exists without improvement of structures or changes in locations of buildings or improvements; and

Whereas the building code, the planning and platting regulations, and the zoning ordinance of the city of Manitowoc require standards to which the Custerdale project does not now conform, and

Whereas sale of the Custerdale project to a mutual ownership corporation organized by occupants of the project and nonresident veterans is proposed: Now, therefore, be it

Resolved, That the city of Manitowoc approves a proposal to offer the project WIS-47011 to a mutual ownership corporation currently known as the Custerdale Home Owners Club, and that the city hereby waives its prior rights to acquire this project from the Government in favor of this corporation or group, but reserves its priority in the disposition of the project if this sale is not consummated; be it further

Resolved, That in the event of a sale to the Custerdale Mutual Ownership Corp. the following, and no other minimum requirements be made with respect to the platting of the property and relocation of the houses, and with respect to improvements in the structures and minimum deed requirements.

1. That the Mutual Ownership Corp. will, within a period of 5 years, relocate the housing in the project according to the approved replat of the subdivision. However, this period of 5 years may be extended by the city of Manitowoc if general economic conditions prove this time period not feasible.

2. That inasmuch as the underground utilities are substandard, that the street layout does not conform with the adopted master plan or the planning and platting regulations of the city of Manitowoc, that the location of buildings, the yard areas, and so forth, do not meet the minimum requirements of the zoning ordinances; that strict compliance with these minimum standards must obtain within the time limit outlined in the above paragraph.

3. That in the relocation of these houses, all regulations of the building and plumbing code shall be followed. The two major items requiring correction at the time of relocation are:

(a) Lack of basements, or foundations to frost line.

(b) Lack of masonry chimney with flue linings.

4. That the articles of incorporation of the Mutual Ownership group shall be reviewed and approved by the city of Manitowoc before actual incorporation, and before the sale of the housing property by the Federal Government to the corporation is consumated.

5. That before the corporation shall convey said real estate by deed or contract the above minimum requirements must be fully complied with; be it further

Resolved, That after the approval of the articles of incorporation and before the actual sale of the project to the corporation, the city of Manitowoc shall approve the type of a deed or contract to be given by the Federal Government to the corporation to insure that the provisions of this resolution will be executed.

ED. KLUSMEYER.

Dated December 2, 1946.
Adopted December 16, 1946.

It certainly is apparent that these people cannot comply with the various regulations as long as they act individually. Under representation made by the Federal Public Housing Administration and in accordance with regulations set up by the agency, these people got together and worked out an arrangement whereby they would jointly take care of these obligations that the city imposed in order to live up to the building restrictions, and so forth, and they would buy them as a mutual ownership corporation or organization and then they, as individuals, could acquire individual ownership of the property. They hired counsel. They went to a great deal of trouble and work, and now everything is all set. They have been negotiating with the Government for over a year. Everything has been done except the fixing of the price. They have had appraisals by the local groups, and on the 1st of February they were all set for a Government appraiser to fix the price. Of course, since then everything has remained in the status quo in view of the request of the committee that the Housing Authority discontinue any further commitments.

That is the way the case stands today. Really, all that has to be done is to find the value of this property and determine whether or not the organization is then willing to purchase it at that price.

Mr. Chairman, I am afraid of what will happen, and I ask the chairman or some other member of the committee what will happen in the event of the enactment of this bill to the arrangements that these people have entered into and what will happen to the property, in view particularly of the fact that the property does not conform to the very definite building restrictions and, therefore, cannot be sold under any circumstances to individuals because individuals, as such, cannot buy the property in violation of these building code restrictions.

Mr. WOLCOTT. I may say to the gentleman that unless a firm commitment was made for the sale of the project previous to February 26, 1947, the project would come within the terms of this bill, and if the negotiations carried on up to the present time were contrary to the standards and priorities set up in the bill, they would have to be canceled. But in respect to the gentleman's project, I might call attention to the fact that I am informed there are 94 single dwelling units and 153 duplexes. So it should not be too difficult for the individuals to buy the properties. If the city or municipality has zoning ordinances that do not permit this type of project, before the project is sold, in any event it would have to be put in condition where they comply with the zoning ordinances or the zoning ordinances would have to be amended. In many instances we find that they have to rebuild some of these properties when they are sold at private sale to comply with local health regulations, and that would have to be done in this particular case.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WOLCOTT. Mr. Chairman, I yield two additional minutes to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I hate at any time to burden the membership of the committee with any lengthy discussions on my part, but there are some 300 to 400 units involved here and these people are very definitely concerned. It is because of that that I wanted to get this straightened out to the best satisfaction of these people, and for their individual interests. There are more than 75 or 100. There are 400 units involved. One hundred of them will definitely have to be sold off the site. They have got to get rid of this. There is no question about that. However, there are 300 that will remain in the site. They have to be moved around in order to conform with street lay-outs, and so forth. You are not going to sell that to any individual, be he veteran or anybody else, except as you sell it to move it off of the property. Who is going to pay for it under those circumstances?

The only way this property can be sold to individuals at the present time is through the mutual-ownership organization that has been negotiating for the purchase.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. BYRNES] has again expired.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, this bill deals with a problem of great importance, not only to many individuals but to many communities. It is a subject that should be given very careful consideration by the whole Congress in accordance with the best advice available.

First, it should be remembered that responsibility for disposition of this housing was placed by the Congress in April 1942 with the National Housing Administrator. The law contemplated his delegating the operating task and the legislative history clearly revealed that delegation to the FPHA was expected—that being the logical agency from the standpoint of available field organization and previous engagement in related tasks.

The former administrators of the NHA made and continued the delegation, retaining general supervision of policy. Those matters were known to the previous Congress.

The present Administrator, Raymond M. Foley, after his appointment a few months ago, reviewed the situation, and concluded that conditions existent today were widely different from those recognized when existing laws were passed. He felt that the problems of veterans' preference, the housing shortage affecting veterans especially, the nature of some of the housing projects themselves, the growing interest in mutual and cooperative ownership associations, the inflation in housing prices—all created a situation in which there was room for differences of opinion in interpretation of existing law as to the intent of Congress on disposition matters. He held conferences with FPHA Commissioner Dillon Myer, as a result of which a request was made of the Appropriations and Banking and Currency Committees of the House for advice. Interim advice was given in a letter to Mr. Myer and the subject thus opened was made the topic of public hearings at which Mr. Foley and Mr. Myer both testified.

Mr. Foley made it very clear that he wished the further advice of Congress and that it was his earnest desire to be sure that the intent of Congress would be followed out. Mr. Foley is a man of long and successful experience in governmental administration. He gave every evidence of an active interest and desire to supervise the disposition operation in accordance with the desires of Congress.

It should be remembered that these hearings were all on the general problem of disposition, before a bill was drawn. It should be known to the House that there have never been any public hearings on the bill now before you. This bill, in spite of the importance of the subject, was referred to committee on one day and reported out the next. It bears within it the most conclusive evidence of hasty drafting and brief consideration.

It transfers from the National Housing Administrator to the Federal Works Administrator the entire matter of disposition and jurisdiction over 166,000 units of permanent war housing. I protest the proposed transfer as ill-considered, wasteful, and damaging to the public interest. The bill is ill-considered, because there was never any inquiry by the committee as to whether the Federal Works Agency is equipped in any way to handle the task. The committee neither sought nor received any advice or information from the Administrator from FWA. It was inspired solely, in that particular, by a determination to reduce the scope of activities of the FPHA.

The bill is wasteful—because the fact is that FWA has no organization, personnel, or equipment for the task and has not had since 1942. If this bill is passed, FWA will have to set up an organization largely duplicating that of NHA and FPHA because the latter agencies still will have responsibilities for management and disposition of a great deal of other housing all over the Nation.

The bill is contrary to the public interest because it will in its effect run exactly counter to aims long expressed in this and previous Congresses—economy, simplification, and elimination of overlapping and duplication in governmental operation.

But the evidence of hasty, ill-considered action is not confined to the transfer sections of the bill. If I were the administrator of any agency, I would protest being given the impossible task contemplated in this bill.

This bill imposes two iron-clad requirements on the Federal Works Administrator with respect to the permanent war housing transferred to him. First, he is required to sell all this housing for cash as expeditiously as possible but in any event not later than December 31, 1948. Second, he is required to sell this housing at a price not less than its reasonable value as determined by an appraisal made by the Federal Housing Administration.

There are no if's, and's, or but's about these two requirements. The Federal Works Administrator is ordered by this bill to obey both of them, even though they may well prove to be mutually contradictory. What is he to do if he cannot find cash buyers for any part of this housing at the price set by the FHA? The bill is completely silent on this point. It grants no exceptions and makes no allowance for administrative discretion.

Members of the House, how would you like this assignment? How would you like the responsibility for disposing of 160,000 housing units on this basis? You would have to have them appraised by another agency of Government. You would have to set the price at that appraisal figure. You could sell none of them for any less than that figure, but you would have to sell all of them for cash before December 31, 1948. And you would have to operate under a system of rigid holding periods for various preference categories of prospective purchasers. In the case of large projects, which will have to be sold as single entities, you

would have to give an ambiguously defined group of corporations, associations, or cooperative societies acting as legal agents for veterans 6 months' time to present an offer.

And how would you like the task, quite likely to arise in an effort to meet the dead-line date in this bill, of trying to get a lower price fixed by arguing with an appraiser that his figure of value was wrong because no one had appeared to buy at that price before a date arbitrarily fixed by Congress.

Yet this bill very wisely, I think, relies upon the Federal Housing Administration and its commissioner to make those appraisals—expressing the greatest confidence in them. And well it may. The Federal Housing Administration has won the confidence of the Congress and the Nation by its appraisal and mortgage-insurance practices.

It has not won that confidence by employing staffs who will obligingly change an appraisal figure to fit the fact that a sale is not made under it by a given date. Yet if the agency to whom this job is given is to carry out that job—assuming it were otherwise possible, which I doubt—it might be able to do so only by requiring that sort of subservience from FHA appraisers. It will be a sorry day for real estate, for lenders, borrowers, and the whole public if the Commissioner of FHA ever permits such an attitude with respect to appraisals by his agency.

But even this is not all. Congress has carefully recognized in the original laws on this subject that the Army, the Navy, and other governmental agencies may have real need for some of these housing projects and authorized the administrator to make transfers to them upon showing of such need. Where are they recognized in this bill?

And still further—the communities in which this housing was built have great and geographically varying interest in the manner and time of its disposition. Previous law recognized that. Where are they adequately recognized in this bill?

Members of the House, I have seldom seen a subject of such great importance dealt with so cavalierly, with such evidence of haste, such intemperance of handling as is demonstrated here.

I believe Administrator Foley was right in asking Congress for more specific definition of its desires in the face of new conditions. But neither do I doubt, if given such definitions, the Administrator in whom the majority report expresses such great confidence as the result of his work as FHA Commissioner will make an equally conscientious record in his new additional task as administrator in general supervision of this disposition job.

I have no doubt, on the other hand, that any administrator, no matter who he may be, would find himself confronted with an impossible task under this contradictory, wasteful, hastily concocted measure.

I agree that we need a new expression of congressional desires on many of the new problems of disposition. I agree that the disposition in most cases should be expedited and that it can now be more speedy than it was or could be in the past. I support every possible, feasible preference for veterans in such instructions. I am in accord with cash transactions so far as possible.

But this bill is so badly conceived that to amend it into proper shape on the floor would be a very difficult task. Even after striking out the transfer provisions we would still confront a contradictory hodge-podge. I believe it should be recommitted.

States wherein Lanham permanents are located

	Number of projects, by States
Region I:	
Connecticut	38
Maine	7
Massachusetts	8
New Hampshire	3
Rhode Island	2
Vermont	2
Region II:	
Delaware	1
Maryland	14
New Jersey	8
New York	17
Pennsylvania	62
Region III:	
Illinois	18
Indiana	16
Iowa	4
Missouri	5
South Dakota	2
Wisconsin	2
Region IV:	
Alabama	22
Florida	14
Georgia	13
Mississippi	6
North Carolina	8
South Carolina	8
Tennessee	7
Virginia	16
Region V:	
Arkansas	9
Colorado	2
Kansas	6
Louisiana	7
New Mexico	2
Oklahoma	3
Texas	22
Region VI:	
Arizona	2
California	40
Nevada	2
Utah	4
Region VII:	
Alaska	4
Idaho	1
Oregon	13
Washington	26
Region VIII:	
Kentucky	3
Michigan	11
Ohio	23
West Virginia	3
District of Columbia only	17
Region general (includes Alexandria, Va., Arlington, Fairfax)	7
Other outlying districts in Maryland	8

Projects requested by community for low-rent transfer, based on central office approval of Form 1279, as of Apr. 4, 1947

State	Project No.	Location	Project name	Number of units	Date of community request
Connecticut	6041	Waterbury	Hamilton Heights	178	June 10, 1946
Do	6031	New Britain	Hedgecrest	300	Jan. 4, 1947
Do	6032	do	Sunvale Manor	200	Do.
Do	6061	Stratford	Stonybrook Gardens	400	Jan. 10, 1944
Do	6213	Waterbury	Warner Gardens	122	Dec. 27, 1947
Rhode Island	37013	Newport	Lonomy Hill	538	Jan. 9, 1947
Maryland	18095	Baltimore	Lyon Homes	304	Jan. 16, 1947
Do	18096	do	Fairfield Homes	300	Do.
Do	18097	do	Brooklyn Homes	500	Do.
Do	18098	do	Westport Homes	200	Do.
New Jersey	28044	Camden	Chilton Terrace	200	Nov. 27, 1946
Do	28111	Phillipsbury	Heckman Terrace	250	Dec. 10, 1946
Do	28072	Newark	Bradley Court	301	Jan. 29, 1947
New York	30031	Buffalo	LaSalle Court	206	Dec. 16, 1946
Do	30032	do	Longfield Homes	594	Do.
Do	30033	Buffalo-Lackawanna	Albright Court	200	Oct. 29, 1946
Do	30034	Buffalo-Niagara Falls	Griffin Manor	300	Dec. 14, 1946
Do	30039	Buffalo-Lackawanna	Redgewood Homes	400	Oct. 29, 1946
Do	30042	Elmira	Hoffman Heights	144	Oct. 15, 1946
Do	30071	Buffalo-Niagara Falls	Griffin Manor	450	Dec. 14, 1946
Do	30078	Buffalo	Talbert Court and Carver Apartments.	115	Dec. 16, 1946
Pennsylvania	36021	Erie	Franklin Terrace	500	Nov. 13, 1946
Do	36031	Williamsport	Penn Vale	250	Dec. 20, 1946
Do	36061	Elwood City	Walnut Ridge Homes	100	Nov. 27, 1946
Do	36101	Pittsburgh	Glen Hazel Heights	999	Dec. 5, 1946
Do	36041	Allentown-Bethlehem	South Terrace Homes	320	Nov. 13, 1946
Do	36042	do	Parkridge Homes	168	Do.
Do	36044	do	do	12	Do.
Do	36272	Coatesville	Brandywine Homes	150	Dec. 14, 1946
Do	36273	do	Carver Homes	100	Do.
Indiana	12071	Fort Wayne	Miami Village	75	Dec. 27, 1946
Illinois	11081	Alton	Job Homes	150	Dec. 26, 1946
Do	11082	do	Job Homes Addition	200	Do.
Do	11111	Rockford Township	Nocomo Heights	80	Jan. 3, 1947
Do	11112	Rockford	Central Ter	50	Do.
Do	11113	Rockford Township	Victory Homes	200	Do.
Alabama	1072	Childersbury, Sylacauga	Sylavon Ct	150	Dec. 27, 1946
Do	1061	Gadsden	Campbell Ct	150	Dec. 10, 1946
Do	1062	do	Starnes Park	100	Do.
Do	1076	Childersbury, Sylacauga	Sylavon Ct Extension	75	Dec. 27, 1946
Florida	8121	Lakeland	West Lake Addition	60	Jan. 23, 1947
Georgia	9011	Augusta	Oglethorpe Homes	75	July 13, 1946
Do	9042	Savannah	Bartow Pl	150	Dec. 17, 1946
Do	9071	Albany	Bennes Homes	100	Dec. 5, 1946
Mississippi	22041	Meridian	Oakland Heights Village	100	Feb. 4, 1947
North Carolina	31023	Wilmington	Hillcrest	90	Dec. 17, 1946
Do	31024	do	Hillcrest Extension	126	Do.
Do	31041	Charlotte	Jackson Homes	85	May 7, 1946

Projects requested by community for low-rent transfer, based on central office approval of Form 1279, as of Apr. 4, 1947—Continued

State	Project No.	Location	Project name	Number of units	Date of community request
South Carolina	38041	Spartanburg	Camp Croft Ct	110	Dec. 17, 1946
Do	38042	do	Spartanburg Defense Homes	10	Do.
Do	38061	Charleston	Kiawah Homes	60	Aug. 23, 1946
Tennessee	40011	Nashville	Vine Hill	300	Dec. 16, 1946
Virginia	44074	Newport News	Oak Leaf Park	300	Dec. 27, 1946
Do	44075	Norfolk-Portsmouth	Liberty Park	900	Do.
California	4121	Camp Roberts	Oak Park	150	Sept. 12, 1946
Do	4031	Fresno	Funston Pl	150	Oct. 17, 1946
Do	4141	Taft	Victory Sq	72	Do.
Do	4161	Bakersfield	Kern Homes	85	Do.
Do	4171	Richmond	Atchison Village	450	Oct. 8, 1946
Do	4174	San Francisco	Atchison Village Annex	100	Feb. 11, 1947
Oregon	35021	Portland	Dekum Ct	85	Apr. 10, 1946
Washington	45131	do	Kirkland Heights	300	Nov. 25, 1946
Do	45132	do	Lake View Ter	100	Do.
Do	45133	do	White Center Heights	600	Do.
Do	45052	do	Ranier Vista Homes	500	Dec. 23, 1946
Do	45053	Seattle	High Point	700	Do.
Do	45054	do	Holly Park	900	Do.
Do	45055	do	High Point addition	250	Do.
Do	45056	do	do	350	Do.
Do	45121	Portland-Vancouver	McLaughlin Heights	503	Dec. 27, 1946
Ohio	33021	Cincinnati	Valley homes	350	Jan. 20, 1947
District of Columbia	49044	Washington D. C	21st St. homes	36	Dec. 31, 1946
Total units				18,178	

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. O'TOOLE].

Mr. O'TOOLE. Mr. Chairman, in considering H. R. 3492, no one can escape the conviction that it materialized solely as the product of expediency. Legislative expediency—when it aims at doing the most good for the most people—can be an admirable thing. But expediency in this case has been dictated by the ulterior motives of the tightly organized real-estate lobby.

The bill in question would transfer all authority and responsibility for disposal of permanent war housing from the National Housing Agency—which has been handling the problem ably—to the Federal Work Agency, which has not been handling the problem at all. The justification for this move, apparently, is that Federal Works Agency would handle the disposal more efficiently and speedily. The logic in that argument is not questionable—because there is no logic in it at all. The situation is simple. You have on one hand the NHA, which has all the machinery and facilities for disposal of war housing. You have on the other hand the FWA, which, if it inherits the job, will be forced to consume time and money in a laborious investigation and development of staff and organization before it can venture into actual disposal. Where now, if FWA is saddled with disposal, is all the hue and cry for governmental economy? Economy, it would seem in this case, is a meaningless word indeed. Speed of disposal, by the same token, is an impossibility.

Consider this—and I personally find it an incredible abortion of logic. FWA was not once consulted by the committee to ascertain if it could handle disposal and, if so, how well and how quickly. That knowledge dovetails perfectly with another piece of information on the subject—that fact that the committee did not even discuss such a transfer until it was proposed by one Mr. Morton Bodfish. Well known for his shrewd lobbying on behalf of real-estate interests, the ubiquitous Mr. Bodfish pops up with startling regularity whenever an opportunity arises to stab the housing program in the back. This, of course, was a golden opportunity, which Mr. Bodfish did not miss. Next to the last witness before the committee, he proposed the transfer. And I might add he was the only witness who did. The committee seized on the suggestion, with no open hearings, no investigation, no consultation with FWA. The next thing we knew the Bodfish brain-child was incorporated in the bill.

The Bodfish strategy in introducing the transfer is obvious. He, along with such sterling lobbying organizations as the National Association of Real Estate Boards, is intent on scuttling the National Housing Agency in order to scuttle the housing program. What better way is there to start this scuttling than to knock out FPHA, one of the constituent parts of NHA? You might compare it with tearing off a man's arm before you shoot him through the head.

Consider this. The lobbyists I mentioned previously put up a great hullabaloo about taking care of the veterans in disposing of this war housing. That is not only pure camouflage, it is sheer hokum. Of 540 permanent war housing projects, I am informed that—because of the make-up of the buildings, the presence of common utilities, and other pertinent criteria—more than 300 must be sold on a project basis. The bill gives first preference on these project sales to private corporations, associations, or cooperative societies acting as the legal agent of veterans who intend to occupy the housing. Since it would be utterly impossible, except in a few cases, to find any such organizations composed exclusively of veterans, this means that the projects would have to be sold to speculative buyers so as to beat the sales deadline established by the bill as December 31, 1948. That proviso amounts to an "open house" for the speculators who follow the trail of the real estate lobbies like a flock of vultures waiting for the kill.

If that is not enough to illuminate this leaky legislation, you may take into account the fact that—according to the language of the bill—there exists a possibility that any private agency acting for two or more veterans could obtain sales preference. A dummy corporation, with a few veterans for a screen, could acquire large holdings by this device for speculative purposes.

Those are not the only damning facets of this bill. It calls, for example, for disposal on a cash basis, without exception. This would gravely handicap the efforts of many veterans to obtain the housing. Further—and this is another victory for the real estate lobbies—it would completely block communities from acquiring projects for use as low-rent housing. Desire for acquisition for this purpose, allowable under the Lanham Act, if specifically authorized by the Congress, has been signified by 47 local governments, who have formally requested that 72 projects comprising more than 18,000 units be reserved from sale until the Congress can be asked for permission to transfer them. Other communities are contemplating like action.

The conclusion, it seems to me, is inescapable. This bill, which should do its utmost to channel these homes into the hands of veterans and needy communities as quickly and efficiently as possible, will actually serve mainly to take care of profiteering speculators. Does anyone believe that these speculators will fail to shoot rents sky high on any projects they acquire as soon as rent controls terminate?

This bill is nothing but a farce to the veterans who are hardest hit by the housing shortage. If it passes it will no longer be a mere farce—it will be a full-fledged tragedy.

Mr. FLETCHER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FLETCHER. Mr. Chairman, the following action was taken by the San Diego Citizens' Housing Council at the monthly meeting of the executive committee, Tuesday, May 20, 1947:

1. Whereas there are approximately 2,000 nonveteran families now living in saleable housing units in San Diego; and

2. Whereas 8,000 veterans are now on the official waiting list for Federal Public Housing units representing an emergency need; and

3. Whereas the provisions of the proposed revision of the Lanham Act would cause the eviction of 2,000 San Diego nonveteran families now residing in housing projects; and

4. Whereas these 2,000 nonveteran families would be replaced by 2,000 veteran families; and

5. Whereas 6,000 veteran applicants for housing units would still be without adequate housing; and

6. Whereas it is apparent that this is the only housing bill that will be acted on by this Congress: Therefore be it

Resolved, That it is the feeling of the San Diego Citizens' Housing Council (1) that the passage of the suggested revision of the Lanham Act would aggravate the housing situation in San Diego; (2) that a mere change of occupants is not solving San Diego's housing problem; and (3) that adequate housing in San Diego cannot be hoped for until a housing program is formulated which, when in operation, will actually increase housing facilities.

BEN HADDOCK, Jr.,
President.

The following petition was received from the Azure Vista Civic Council, William A. Emerson, chairman, 4429 Marseilles Street, San Diego, Calif.:

We the undersigned nonveteran occupants of Azure Vista, FPHA housing project in San Diego, under the priority system of the proposed revision of the Lanham Act, will be evicted by the veteran purchasers. We protest the injustice of this discriminatory legislation which forces us American citizens to sacrifice our homes. We demand that restoration to the present occupants, nonveterans or veterans, of the right to purchase our homes before any other groups. We are joined in this protest by many veteran occupants of Azure Vista.

This petition was signed by 270 persons representing a total of approximately 1,050 individuals. Of the 270 persons signing the petition, 59 are veterans.

The Bayview Terrace Citizens Council, San Diego, Calif., has sent me the following telegram:

We urge revision of present housing disposal bill as follows: first priority, occupants as of December 1948; second priority, nonoccupants veterans; third priority, nonoccupants civilians. Failure to revise bill will displace over two thousand persons in this project alone and will promote high percentage of speculation by nonoccupant buyers at expense of occupants.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. ROGERS].

Mr. ROGERS of Florida. Mr. Chairman, while the able chairman of the committee was discussing this bill the thought occurred to me that this would be a good place to do something for the veterans, as he said they wanted to do and as they have provided in this bill. I repeat what he said, that the only thing the veterans have gotten so far is priority. That is all they have gotten in anything I have seen. They have gotten priority, all right, but when it comes to getting the execution of that priority there is nothing doing.

I was glad that the fine chairman of this committee said he could see no objection to the proposal I made when I asked him how some of these veterans that have no money could get the benefit of this act, and asked if he would object to an amendment that would provide that the veteran who held a terminal-leave pay bond, which is useless to him at the present time since he cannot us it for 5 years, could make use of that bond in making the down payment on some of this housing. I was glad to see that the gentleman from Michigan said that he had no objection to it, because I believe it is his intention and he wants to take care of the veteran, and he has shown that since he has been here.

I intend to offer this amendment:

On page 4, line 3, after "1948", strike out the period and insert a semicolon and the following: "*Provided*, That any veteran holding a terminal-leave bond shall be permitted to use said bond as a cash payment on the purchase price of any dwelling in the war-housing project purchased by said veteran, and said Administrator is authorized and directed to accept said terminal-leave bond as cash payment at its full face value plus all accrued interest."

I am sure that that cannot be obnoxious or objectionable to any Member of this House. It merely permits the veteran who has no money but who has a bond to use it as part of the purchase price on one of these dwellings, if he needs to. There is a precedent for this. At the present time you can use the bonds to pay on the national life insurance. If they can be used in that case, why should there be a distinction here? I cannot see why there can be any objection to this amendment which I am going to offer at the proper time when the bill is read for amendment.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. MILLER of Nebraska. Since there is a lack of legislation permitting all veterans to use their bonds or cash their terminal leave bonds, would not that be a discrimination against those who are not fortunate enough to buy a house on which they might apply their bonds as a payment? We lack legislation enabling all veterans to use their terminal leave bonds except for life insurance. If you make it apply just to Federal housing, what about the veteran who does not get a house and who cannot use his bonds? Would not that be a discrimination against him?

Mr. ROGERS of Florida. I am depending upon the wisdom of this House to report out my bill which would permit every one of these bonds to be negotiated or which would permit the veteran to file an application with the Treasury Department and get the cash. I am hoping that the majority side of the House will agree with the minority side and bring that bill out.

Mr. MILLER of Nebraska. Yes, but in the absence of your legislation, would not that be a discrimination against the other veterans?

Mr. ROGERS of Florida. Not at all, not at all.

Mr. MILLER of Nebraska. It certainly would.

Mr. ROGERS of Florida. It simply permits the use of these bonds. The houses belong to the Government. The Government owes the money. It would just be taking money out of one pocket and putting it into the other.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. SPRINGER. As I understand, these bonds can be used at this time only for the purpose of applying on the payment of insurance. The gentleman proposes to offer an amendment, according to which the veterans can use their bonds to apply on the payment of property which they might want to purchase.

Mr. ROGERS of Florida. That is right.

Mr. SPRINGER. That is, the bond may be negotiated for that particular purpose?

Mr. ROGERS of Florida. It may be negotiated for that particular purpose. They can come in and make a first payment in the purchase of these houses.

Mr. SPRINGER. And that would then permit those who want to purchase a house to cash their bonds or receive the value of the bond in the purchase price of the property?

Mr. ROGERS of Florida. Yes, they would be able to use the bonds in the purchase price of the property. That is correct.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, I am rather disappointed that there does not seem to be as much interest in this measure as its importance warrants. I think there would be a good many more objections voiced on the floor of the House during the committee consideration of the bill this afternoon if the membership generally knew just how impracticable and how unworkable this bill is in its present form.

I have always looked to the Committee on Banking and Currency to bring out legislation which is well considered and well drafted and practicable in its application. But this, I think, will sort of damage the reputation that that committee has established in past years.

I have here some communications from quite conservative people who condemn this legislation in its present form very viciously. They claim it will give speculators a grand opportunity to take advantage of the Government to the detriment of the veterans. They claim that it can very easily be seen to have been drawn just from the suggestions made by real estate lobbyists. These communications are from people who usually do not communicate with the Congress. They are from public agencies, agencies of municipalities and of cities that have had something to do with the management of these properties for several years. They know what they are talking about. This measure goes directly contrary to the practical experience of those people who have done such a fine job in handling these properties, without loss to the Government and without loss to the local municipalities. Not to allow the municipalities and the agencies which managed these properties for so many years an opportunity to purchase them at fair and reasonable terms, is, I think, an unpardonable mistake. I think the Congress of the United States ought to be very particular in the disposition of these properties. This bill certainly is not fair in that respect. I think it is inexcusably deficient in not giving a positive and certain priority that is workable to the veterans of this country. As was well said by the preceding speaker, we give veterans a priority and it does not mean a thing, because all he gets is a priority which in fact means nothing but

a certificate, which gives him no benefit whatsoever. Whenever you say that these projects must be disposed of by a certain date, by an agency that has never had any experience in handling housing, I cannot realize how the committee could come to such a conclusion. To take away the responsibility from an agency that knows the subject and has been having surveys and investigations and studies made for a year or so with respect to the disposition of this property—to take the responsibility from that agency and give it to a different agency that has never had any experience is unpardonable and raises an objection to the bill which, if not corrected by amendment, should be defeated.

Mr. Chairman, we have the possibility of improving the measure this afternoon by offering amendments. Generally speaking I do not like to rely on another body to correct mistakes made in the House. I take pride in this side of the legislative body. I like to think that we turn out legislation that does not need any correction. If this legislation goes out of this House this afternoon in its present form, I hope that some improvement will be made on the other side of the Capitol. We are going to waste all the experience that the housing agencies of this Government have obtained by turning this responsibility for the disposition of these buildings over to an agency that does not want it, in my opinion, and that has had no experience, with a resulting loss to the Government and plenty of confusion. I predict that before December 31, 1948, the disposition of these housing units will be again before this House, because this measure will have been found to be totally unworkable and impracticable.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. EBERHARTER] has expired.

Mr. SPENCE. Mr. Chairman, I yield such time as she may desire to the gentlewoman from California [Mrs. DOUGLAS].

Mrs. DOUGLAS. Mr. Chairman, H. R. 3492 is not a good bill. It is not an answer to the veteran's desperate need for housing. The Republican leadership in this Congress talks a lot about the American way of life, but it does little to defend it.

In the disposal of permanent war housing the Republican leadership had an opportunity to make permanent homes available at reasonable prices to the individual veteran and nonveteran. This bill as written does no such thing despite Republican speech to the contrary. H. R. 3492 will permit a private corporation composed of a few veterans the right to purchase a huge housing development, including many hundreds of individual units as a speculative investment.

It would require that all permanent war housing be sold for cash and not later than December 31, 1948.

When on top of this the bill turns over the disposition of war housing to the Federal Works Administration which is not equipped to undertake this work, you have clearly a mess, a mess that will play into the hands of the real-estate lobbies, but will not work out to the benefit of the families of young veterans and low-income groups.

This bill is quite in line with the phony rent-control bill this house passed and with the heartbreaking injury inflicted yesterday on Federal Public Housing, FHA, and Federal Home Loan Administration in the appropriation bill for special agencies.

This Congress, I am sorry to say, shows little concern with the needs of the common people.

I include now an analysis of H. R. 3492:

ANALYSIS OF H. R. 3492

The permanent war housing which is the subject of H. R. 3492 is now under jurisdiction of the National Housing Administrator and has been since early in 1942. With the knowledge of the Congress, the Administrator has delegated from time to time many of his responsibilities for the detailed administration of this housing to the Federal Public Housing Authority. The Administrator, however, retains general supervision.

The policies which now govern disposition of this housing were developed by NHA and FPHA under the provisions of the Lanham Act and have been periodically explained and discussed before a number of Congressional committees. Early in the present session of the Congress, both the National Housing Administrator and the Commissioner of the FPHA sought the advice and guidance of the Banking and Currency Committee of the House of Representatives regarding these disposition policies.

The bill has five major provisions:

1. It would transfer responsibility for permanent war housing built under the Lanham Act from the National Housing Administrator (who has delegated the operations to the Federal Public Housing Authority, subject to his supervision) to the Federal Works Administrator.

2. It would require that all permanent war housing be sold for cash and not later than December 31, 1948.

3. It would make the Federal Housing Administration responsible for appraising the reasonable value of the permanent war housing at the time of sale and would prohibit the FWA from selling at a price lower than this appraisal.

4. It would establish a specific system of preferences governing disposition of the permanent war housing.

5. It would amend title VI of the National Housing Act so as to permit the Federal Housing Administration to insure mortgages on Lanham Act properties up to 90 percent of their appraised reasonable value.

The first of these provisions is quite obviously distinct from the other four. The policies governing disposition could be changed without transferring responsibility, or responsibility for disposition could be transferred without changing the policies.

In addition to these five explicit provisions, the bill would apparently do two other things which are not specifically stated. First, it would seem to eliminate the provision now contained in the Lanham Act permitting the transfer of permanent projects to the War and Navy Departments. Secondly, it would appear to contemplate the elimination of the present provisions of the Lanham Act authorizing the transfer of these projects to local housing authorities for low-rent use with the specific approval of the Congress.

MAJOR CONSEQUENCES OF THE BILL

If the bill should be enacted in its present form, it would have the following consequences:

A. It would disrupt a carefully planned program for disposition of the permanent war housing which is now going forward on the basis of 2 years of intensive study and lengthy consultations with key officials in hundreds of local communities. These consultations were necessary in the public interest because of many community problems—deviations from local building codes, relationships to over-all community plans, effect of disposition on the local real estate market, and other similar considerations. They have now been completed in 234 communities, covering 308 permanent projects. In place of this carefully planned program H. R. 3492 would require that all of the 540 permanent housing projects must be disposed of by December 31, 1948. It thus creates a real and serious danger that the housing would have to be disposed of in great haste with insufficient regard for local plans or real-estate values or for community wishes and recommendations.

B. The bill would result in a wastage of all the experience which the NHA has gained over the past 5 years in connection with this housing and transfer responsibility to another agency which has almost no familiarity with it.

It would also cast aside a large part of the preparatory work which NHA has accomplished over the past 2 years looking toward the disposition of these permanent projects. The FWA would have a great deal to learn about these properties and almost no time in which to learn the facts.

C. By preventing the transfer of permanent war housing to local communities for use in housing low-income families, the bill would disappoint a great many local plans and expectations. Under the Lanham Act such transfers are permitted if the Congress approves. In reliance on this provision of the act, 47 cities have registered official requests covering the proposed transfer of 72 projects. H. R. 3492 makes no provision for submitting these requests to the Congress.

D. By splitting off the permanent Lanham Act projects from other housing under jurisdiction of the National Housing Agency, H. R. 3492 would take the Government back to the chaotic conditions that prevailed before consolidation of Federal housing activities under NHA in February 1942. Approximately 60 percent of the permanent Lanham projects are being managed under leasing arrangements by local housing authorities. Most of these authorities are also managing other types of housing which would be left under NHA's general supervision by the provisions of H. R. 3492. In a considerable number of cases, the housing transferred to FWA and the housing remaining under NHA are located on the same site and even use a common utility system. The inevitable result of the transfer would be a tremendous complication of management relationships and a large amount of administrative duplication and overlapping. Instead of dealing with one set of Federal officials on all types of Lanham Act housing, as at present, the local agencies and others concerned would henceforth be required to deal with two.

E. Because of the tight disposition dead line that would be established and the cash payment that would have to be made for purchase of some of the larger projects, the bill would make it extremely difficult for veterans and other occupants or prospective occupants to organize mutual ownership corporations (cooperative societies) for group purchase of the projects. In many cases it has proved unfeasible for a variety of reasons to subdivide the Lanham Act projects for sale of the individual buildings. Where this is the situation, the National Housing Agency has considered the possibility of selling to mutual ownership corporations as the most practicable way of encouraging home ownership. The Congress will doubtless want to consider whether it wishes to encourage home ownership through this particular device. In this connection, it should be remembered that some of the veterans' organizations have strongly recommended the sale of many of these projects to mutual ownership corporations.

F. Although the bill is apparently intended to give top preference to veterans for purchase of the permanent war housing, would it not actually complicate the problem of purchase for a great many home-seeking veterans and perhaps work directly against their interests? The bill sets up a dual system of preferences. In cases where the projects can be subdivided for sale of the individual buildings, all buildings containing less than five apartments are to be disposed of to purchasers in the following order of priority:

(1) Occupants who are veterans; (2) prospective occupants who are veterans; and (3) occupants who are nonveterans. In the disposition of projects which cannot be subdivided and of buildings which contain more than four apartments, however, the only preference that is given is to a "private corporation, association, or cooperative society which is the legal agent of veterans who intend to occupy the war housing" to be purchased. This language is subject to two interpretations. It may mean that the corporation or society purchasing the housing must be composed exclusively of veterans. In that case, the provision may be a serious handicap since experience indicates that it is extremely difficult to organize a group composed entirely of veterans for the purchase and operation of the larger war-housing projects. Experience also indicates that some of the veterans' organizations will want the opportunity to accept nonveterans as members. On the other hand, the language of the bill may mean that any organization which has itself appointed as the "legal agent" for a handful of veterans "intending to occupy" is fully qualified to exercise top priority for purchase of a 1,000-unit or even a 2,000-unit project. In that event, the bill would have the effect of freezing out the individual veterans.

G. The time schedule established for disposition of the properties is actually much tighter than might at first appear. At least a few months, at the very minimum, will have to be allowed for working out the somewhat complicated features of the transfer and for FWA to acquire even an elementary familiarity with the properties. On top of this, many of the projects will have to be held for periods ranging up to 180 days before the priorities have expired; new appraisals will have to be made; and community consultations will have to be conducted all over again by the Federal Works Agency. Finally, FWA will have to make some allowance for disposing of those projects—and there probably will be many of them—which cannot be sold to the priority holders. Administrative prudence would seem to require at least 2 months to be reserved for this purpose at the end of 1948. As a result of all these deductions, the time schedule established by the bill becomes almost completely unworkable.

H. The bill sets up two inflexible requirements that would severely handicap the agency handling disposition: (1) the requirement that all sales must be completed before December 31, 1948, and (2) the requirement that none of the housing may be sold for less than its appraised value. These two requirements together permit the disposal agency almost no discretion whatever in sales of the properties. Regardless of what the bill may say, it may well develop that the market simply will not absorb these properties at the appraised values within the time limit established.

OTHER COMMENTS OF THE BILL

The provision permitting the Federal Housing Administration to insure mortgages up to 90 percent of the appraised value of Lanham Act properties is highly desirable and should be enacted.

As already indicated, the section of the bill providing for veterans' preference is ambiguous and may well produce serious complications. A better way of accomplishing this objective would be to provide simply that individual buildings or dwellings may be sold to purchasers in the following order of priorities: (1) veteran occupants, (2) veteran prospective occupants, (3) nonveteran occupants, and (4) nonveteran prospective occupants. In sales to groups, preference could be given to groups made up of individuals in the above mentioned four categories.

Mr. SPENCE. Mr. Chairman, I have no further requests for time.

Mr. WOLCOTT. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "War Housing Disposal Act of 1947."

DEFINITIONS

SEC. 2. For the purposes of this act—

(1) The term "Administrator" means the Federal Works Administrator.

(2) The term "Lanham War Housing Act" means the act entitled 'An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended.

(3) The term "war housing" means any interest, owned by the United States and under the control of the National Housing Agency, in (A) housing (other than temporary housing) acquired or constructed under the Lanham War Housing Act, under the Second Supplemental National Defense Appropriation Act, 1941 (Public, No. 781, 76th Cong.), as amended, under the Urgent Deficiency Appropriation Act, 1941 (Public Law 9, 77th Cong.), or under the Second Deficiency Appropriation Act, 1944 (Public Law 375, 78th Cong.), and (B) such other property as is determined by the Administrator to be essential to the use of such housing.

(4) the term "veteran" means (A) any person in the active military or naval service of the United States during the present war, or (B) any person who served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to the termination of the present war, and who has been discharged or released therefrom under conditions other than dishonorable after active service of 90 days or more or by reason of an injury or disability incurred in service in line of duty.

(5) The term "dwelling" means a war housing building designed for residential use of one or more families.

(6) The term "dwelling unit" means a dwelling, or that part of a dwelling, which is designed for residential use of one family.

Mr. SPENCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE:

Page 1, lines 7 and 8, strike out the words "Federal Works Administrator" and insert in lieu thereof the words "National Housing Administrator."

Page 3, in lines 6 through 21, strike out the words "Transfer of War Housing to Federal Works Administration" and all of Section 3 and renumber the succeeding sections and references and cross-references thereto.

Page 3, in line 24, and page 4, in line 1, strike out the words "transferred to the Administrator by Section 3" and insert in lieu thereof the words "under the jurisdiction of the Administrator."

Mr. SPENCE. Mr. Chairman, this amendment would take from the Public Works Agency the authority given it under the act and place it in the Federal Public Housing Administration, under the National Housing Agency.

In the hearings General Fleming, the Federal Works Administrator, did not testify. There is not a word of testimony in the record that the Federal Works Administration is equipped or qualified to carry out the mandate of this legislation. Not since 1942 has the Federal Works Agency had anything to do with this housing we are attempting to dispose of. It has been in the Federal Public Housing Agency and it was built by the Federal Public Housing Agency, and they have a personnel and an organization that could handle this matter immediately. We say that expedition is what we are seeking. Certainly, it would mean interminable delay to place this power and this authority in an agency which is in no way connected with the building and maintenance of these properties.

There is an incongruity also in this matter, it seems to me. In the interest of scientific legislation it should be placed in the Housing Administration. The Federal Housing Administration appraises this property and the Federal Works Administration which has no connection at all with the Federal Housing Agency has the disposal of it. In addition, I wish to repeat—and I think I am perfectly sound in my conclusions—that if you grant this power to the Federal Works Agency you sabotage the reorganization plan that the President submitted to Congress on May 27. The Congress has 60 legislative days within which we can act upon that plan. The plan is not susceptible to amendment but we in substance amend it, we nullify it by collateral action. The President probably would have presented an entirely different plan if the Federal Works Administration had at that time the jurisdiction delegated in this bill.

It seems obvious that this transfer is a mistake. It was brought about by a prejudice against the agency. Legislation based upon prejudice is never good legislation. Legislation that is based on the hypothesis that the agency will not carry out the mandate of Congress is certainly not scientific legislation. There is another way to approach that contingency.

Mr. Chairman, I hope that free from partisanship and free from prejudice the Members will give this amendment their careful consideration. We want to expedite this matter. It is essential that these houses shall get in the hands of the people who want to purchase them at the earliest possible date, and the way to effectuate that purpose is to give the agency that has control over them now, that has the personnel and the organization to do the job, the authority and the direction to do it.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. MACKINNON. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Fifty-seven Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 78]

Barrett	Gallagher	O'Hara
Bell	Gamble	Patman
Bishop	Gifford	Pfeifer
Bland	Granger	Philbin
Bloom	Grant, Ind.	Ploeser
Buckley	Hall,	Powell
Bulwinkle	Leonard W.	Price, Fla.
Busbey	Hartley	Rayfiel
Byrne, N. Y.	Heffernan	Riley
Case, S. Dak.	Hess	Rizley
Celler	Hill	Robertson
Clark	Hinshaw	Sarbacher
Clements	Hull	Scott, Hardie
Clevenger	Kearney	Scott,
Clippinger	Kearns	Hugh D., Jr.
Cole, Kans.	Kefauver	Seely-Brown
Cole, N. Y.	Kelley	Shafer
Combs	Kennedy	Sheppard
Courtney	Keogh	Simpson, Pa.
Cox	Landis	Smith, Ohio
Crawford	LeFevre	Stockman
Dingell	Lesinski	Stratton
Dirksen	McGarvey	Taylor
Domengeaux	Macy	Thomason
Eaton	Mansfield, Tex.	Towe
Feighan	Martin, Iowa	Vinson
Fellows	Meade, Ky.	Wadsworth
Fisher	Merrow	Welch
Flannagan	Morrison	Winstead
Fletcher	Nodar	Wolverton
Fogarty	Norrell	Zimmerman
Fuller	Norton	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BENDER, 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. 3492) to provide for the expeditious disposition of certain war housing, and for other purposes, and finding itself without a quorum, he had directed the roll to be called, when 335 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER. The Committee will resume its sitting.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Michigan [Mr. WOLCOTT] is recognized in opposition to the amendment.

Mr. WOLCOTT. Mr. Chairman, it has been explained that the functions and the powers of the National Housing Administrator with respect to the Lanham permanent projects will be transferred under the provisions of this bill to the Federal Works Administrator, which, of course, virtually means that the functions and powers now being exercised by the Federal Public Housing Authority will be transferred to the Federal Works Administrator. We are not transferring these powers to an agency which is not fully acquainted with these housing problems. These projects were originally in the Federal Works Agency and were transferred from that Agency to the Federal Public Housing Authority. We are merely transferring them back to where they came from.

It has been suggested that jurisdiction over the disposition of these properties must stay in the Federal Public Housing Authority because they have had more experience than the Federal Works Agency in the disposition of them. I merely bring out the fact that the Federal Works Agency originally had jurisdiction over these projects or many of them in order to show that they have had experience in this line and, further, may I call attention to the fact that up to the present time—and the war has been over for almost 2 years, that is hostilities ceased almost 2 years ago—and during these 2 years, although the Federal Public Housing Authority had an express mandate from the Congress to dispose of these properties, the total disposals up to April 11, 1947, amounted to only 45 projects involving 10,167 housing units. Of these 45 only 29 projects containing 6,867 dwelling units represented actual sales. The balance of 16 projects containing 3,330 dwelling units were transfers from the Federal Public Housing Authority to the War and Navy Departments. So that there have been only 29 projects containing 6,867 dwelling units actually sold.

What happened to the rest of them? A great many are being reserved for transfer to communities for low-rental purposes. I want to read just a short paragraph from the report in that respect:

> Despite the provisions of the Lanham Act prohibiting the transfer of any of these properties to communities for subsidized housing use, unless approval of Congress is obtained, the FPHA has already reserved from sale for possible transfer to communities or local housing authorities for low-rent use, almost three times as many dwelling units as they actually sold.

The FPHA—we will have to be very realistic about this situation—up to the present time has been very public housing minded.

In providing for the transfer of the functions and powers of FPHA, with respect to Lanham permanent projects, to the Federal Works Administrator, the committee is of the opinion the latter agency is more sympathetic with our policies, and the disposal program is more likely to be administered in keeping with the expressed intent of Congress.

The amendment should be defeated.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. FOLGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to address myself generally to the bill. Being a member of the Committee on Banking and Currency I had some opportunity to observe with what particularity this matter has been considered, and I cannot agree with the statement or the imputation or insinuation that it has been a half considered matter.

Following the resolution which was adopted on the 26th of February, at which time the disposal of Lanham housing was interrupted, the committee did have hearings and rather extensive hearings upon the subject of the proper disposal of these permanent Lanham houses. I think the great objective, besides properly preserving the Government's rights and its interest in the matter, was to make sure to provide for veterans an opportunity to secure homes either by purchase of individual units or by associations or otherwise purchasing housing as they found it for the collective occupancy of many veterans. I believe that has been done. If you will read the preferences provided for in the bill I think you will see that very minute attention has been paid to accomplishing that which we all desire. I will not go over the preferences as they are written here, but I do suggest for your consideration that they are well conceived. I have, however, only two question marks in my mind with respect to the sufficiency and the wisdom of the bill's provisions.

No. 1, I may name it, is the transfer of the disposal authority from the National Housing Administration to the Federal Works Administration. Not since 1942 has the Federal Works Administration known what went on with respect to the construction or the disposal of houses that were erected either in single units or in multiple units under the Lanham Act. They therefore have no machinery by which they might go to work, and time is of the essence when you contemplate the fact that these houses must all be disposed of on or before December 1948, and that is not so long away.

I believe that governmentally, administratively, and logically, the authority and the responsibility for the disposal of these houses should remain in the National Housing Administration. It is true that that would contemplate appraisals by the Federal Housing Administration, and of course they are controlled by the provisions in this bill as to those appraisals, which seem to me to be well conceived and well ordered, so that the Federal Housing Administration must do the appraising, to which nobody offers an objection. The Federal Public Housing Authority is already engaged in it, but having been interrupted by the resolution, and I think properly so, are acquainted with every bit of property that would come under the purview of this act. I believe that ought to remain where it is, and that the amendment offered by the gentleman from Kentucky ought to prevail.

Mr. COUDERT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had the benefit of hearing the remarks of the distinguished chairman of the Committee on Banking and Currency when this question first came to the floor a couple of hours ago. I have since examined the report and the bill. It seems to me this is a very simple question, that we ought not to have a great deal of difficulty with. Certainly it presents no difficulty to any member of the Subcommittee on Appropriations for Government Corporations. The members of that committee had the interesting and enlightening experience of having before them for several long, hot days in the subbasement of this Capitol a group of representatives of FPHA. Having had its records before us as well as the administrative history of that agency, we can have very little doubt as to the wisdom and necessity of this bill. It is perfectly apparent on the record, as the distinguished gentleman from Michigan pointed out, that this agency has completely failed, for whatever reason is unimportant, to carry out the intention of the Congress, which was to dispose of this housing rapidly so that it might be put to the best possible use. In view of such failure, it is certainly proper to transfer that duty to another agency that is more capable, and will be more likely to carry out the congressional purpose. The FPHA has indicated such a degree of incompetence and has presented to our subcommittee such

a picture of confusion worse confounded that it is not surprising that the housing has not been moving as intended. I think Congress has shown patience in not acting sooner. I think this amendment should be defeated and the bill should be passed.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JENSEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, last year the Subcommittee on Appropriations having jurisdiction of Government Corporations by unanimous request caused an investigation to be made of all the Federal Housing projects under FPHA, and a report was submitted to the committee early this year:

The report is the result of a 6 months' investigation 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 may 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 terrific 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.

If every Member of the House could read this full report, the bill now being considered would be unanimously adopted as written by the Banking and Currency Committee.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. JENSEN] has expired.

The question is on the amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 63, noes 144.

So the amendment was rejected.

The Clerk read as follows:

TRANSFER OF WAR HOUSING TO FEDERAL WORKS ADMINISTRATION

SEC. 3. (a) The functions of the National Housing Administrator and of the National Housing Agency with respect to war housing are hereby transferred to the Administrator.

(b) There are hereby transferred to the Administrator, to be used or held in connection with the exercise of the functions transferred by this section, (1) the records and property used or held on the date of the enactment of this act in connection with such functions, and (2) so much of the unexpended balances of appropriations, allocations, or other funds available for use by the National Housing Administrator or the National Housing Agency in the exercise of such functions as the Director of the Budget shall determine.

SALE OF WAR HOUSING

SEC. 4. (a) All war housing (except mortgages, liens, or other interests as security) transferred to the Administrator by section 3 shall, subject to the provisions of this act, be sold for cash as expeditiously as possible and not later than December 31, 1948. Wherever practicable each dwelling in a war housing project shall be offered for sale separately from other dwellings in such project. Any mortgage, lien, or other interest as security transferred to the Administrator by section 3 or acquired by him under this act pursuant to a contract entered into prior to February 26, 1947, may, subject to the provisions of this section, be sold for cash.

(b) (1) Except as provided in paragraph (2) of this subsection, the price to be paid for war housing sold under this act shall be a price not less than the reasonable value thereof at the time of the offer for sale as determined by appraisal made by an appraiser or appraisers designated by the Federal Housing Administrator.

(2) The price to be paid for any mortgage, lien, or other interest as security sold under this section shall be a price not less than the unpaid principal (plus accrued interest thereon) of the obligation with respect to which the mortgage, lien, or other interest as security is held.

(c) Except as provided in subsections (a) and (b), the sale of war housing under this act shall be with or without warranty and upon such other terms and conditions as the Administrator deems proper.

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida: On page 4, line 3, after "1948" in line 3, strike out the period, substitute a semicolon, and insert "*Provided*, That any veteran holding a terminal-leave-pay bond shall be permitted to use said bond as a cash payment on the purchase price of any dwelling in the war-housing project purchased by said veteran, and said Administrator is authorized and directed to accept said terminal-leave bond as cash payment at its full face value, plus all accrued interest."

Mr. ROGERS of Florida. Mr. Chairman, I spoke on this amendment a few moments ago, but inasmuch as just a few Members were present then I am going to repeat to some extent what I said.

I am offering this amendment to provide that a veteran who holds a terminal-leave-pay bond, who wants to buy one of these units in a housing project can use this bond as a part payment. As was said by the fine chairman of the Committee on Banking and Currency, the only thing we have given to the veteran so far is a priority. We have given him a priority, but unless they have something to carry out that priority the gift that the Congress has made them amounts to nothing.

I am glad to say to the membership of this House that before I prepared this amendment I asked the distinguished gentleman from Michigan, chairman of the Committee on Banking and Currency, if he had any objection to it, and I am glad to say that he did not.

The proviso, as I say, is merely that the Administrator is authorized and directed to accept terminal leave pay bonds as part of the cash payment.

That does not affect anything so far as the Treasury is concerned. The bonds are not payable until maturity, but the Administrator is just taking property that is real and transferring it to property which is personal.

I do not see how any Member of the House who wants to show any interest at all in helping the veterans can object to this amendment. This gives him something real instead of just a priority. I do not believe any Member will object to the amendment.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is a very important amendment. Certainly the amendment is predicated upon justice. I do not know of any amendment in a long while that has appealed to me so much. Let me read it:

Provided, That any veteran holding a terminal-leave-pay bond shall be permitted to use such bond as cash payment.

That means a part of the cash payment. It seems to me this is an excellent way to accomplish several desirable objectives. If the veteran is to buy a home from the Government, certainly the Government ought to permit him to use his terminal-leave-pay bond. That is something of real benefit to the veteran, for it enables him to get a home. It may be the one thing that will enable him to get a home, with other cash. He may not have sufficient cash to make the complete down payment. This terminal leave pay bond might supply the difference.

Permitting the use of terminal-leave-pay bonds in this manner carries out sev-

eral objectives and at the same time discharges an outstanding obligation of the Government.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MASON. I understand there is no objection to this amendment.

Mr. McCORMACK. Then I shall be very glad to yield the floor.

Mr. VAN ZANDT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there is a question in my mind as to the germaneness of this amendment; furthermore, I doubt whether or not we can make these bonds negotiable in view of the fact that the basic act makes them nonnegotiable. If this amendment is adopted and it is possible for the veteran to apply the value of his bond to the purchase of a home, I think we are discriminating against the majority of the veterans of World War II who hold bonds and who are awaiting the necessary congressional action to make these bonds negotiable for all purposes. In the near future the House Committee on the Armed Services will give consideration to the necessary amendments that will provide the veterans of World War II who hold terminal leave bonds the privilege of cashing them at face value or holding them until maturity.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Illinois.

Mr. MASON. This would be the same method of cashing them, by applying them as a cash payment on the purchase of a home.

Mr. VAN ZANDT. Yes; but it is discriminatory in that it applies to one class of veterans, those who wish to purchase a home. The rest of the veterans would have to continue holding their bonds.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Florida.

Mr. ROGERS of Florida. Does the gentleman consider there is discrimination because these bonds may be used as payment for national life insurance? Is that discrimination? They can use them at the present time to pay their insurance.

Mr. MILLER of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Connecticut.

Mr. MILLER of Connecticut. There is a very decided difference between the national life insurance premiums being paid by these bonds and applying them on a very limited number of houses. In my community there will be approximately 119 houses made available for sale under this act. Who is going to select the 119 veterans who are going to be put in that preferred position of now having their bonds paid in cash with interest that is not due for 3 or 4 years? I agree wholeheartedly with the gentleman from Pennsylvania. Let us deal with this thing in a proper way by making these bonds payable in cash at the earliest possible opportunity.

Mr. ROGERS of Florida. Who is going to select them when they come in and are paid on a cash basis?

Mr. MILLER of Connecticut. Every one of them are paid in cash.

Mr. VAN ZANDT. Mr. Chairman, the question before us is of such importance that it should only be considered after the House Committee on Armed Services has had an opportunity to perfect a bill to make possible the cashing of these bonds. Let us not make the mistake of hasty and inconsiderate action that will benefit only a handful of veterans. Let us do the job right in fairness to the several millions of veterans who hold terminal-leave bonds.

Mr. Chairman, I ask for the defeat of the pending amendment.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Arkansas.

Mr. HARRIS. If it is right for the terminal leave bonds to be made available for housing necessities, is it not also right that they be made available for other necessities of life that the veterans have to provide for?

Mr. VAN ZANDT. That is correct. I am in favor of giving the veterans the right to cash their terminal leave bonds, but I believe the necessary legislation should be brought to this floor and due consideration given to it so that every veteran will be able to cash those bonds and not just those who may purchase real estate.

Mr. SMATHERS. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Florida.

Mr. SMATHERS. Has the gentleman signed the discharge petition to bring this bill to cash terminal leave bonds to the floor? Has the gentleman signed that to bring it on the floor?

Mr. VAN ZANDT. I happen to be a member of the subcommittee of the Committee on Armed Services that will consider legislation on the subject very shortly. In my opinion it is unnecessary to circulate a discharge petition in behalf of legislation to cash terminal leave bonds. I have introduced H. R. 2 to provide for cashing terminal leave bonds and would have circulated a discharge petition myself if I had any doubt that the legislation would not be considered during this session of Congress.

Mr. SMATHERS. It can be considered right away if the gentleman will sign it and get some of his friends to sign that petition.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Mississippi.

Mr. COLMER. If this amendment is adopted, those veterans who want to use the certificates for that purpose may use them. That would not discriminate against them. Why could not that be done pending the bringing out of the bill which would pay them in cash that the gentleman from Florida has been working on? I do not see how it would be a discrimination against anybody. It would give relief to that many. Does the gentleman agree with that?

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. HARRIS. Mr. Chairman, reserving the right to object, the gentleman from Mississippi would like to have 5 minutes and I hope the gentleman will permit him to consume that much time.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 6 minutes, to be equally divided between the gentleman who are on their feet and any member of the committee who may be opposed to the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The gentleman from Mississippi [Mr. WILLIAMS] is recognized.

Mr. WILLIAMS. Mr. Chairman, since I have been a Member of Congress, I have watched it treat veterans as if they did not have enough sense to know what to do with their own money. I want to remind the Congress that the veterans of our country are grown men. I think that certainly we should recognize the fact that they have sense enough to know what to do with their own money. For that reason I think we ought to go ahead and allow them to cash these bonds.

I was somewhat surprised at my good friend from Pennsylvania when he stood up here and spoke against allowing veterans to use their terminal leave bonds as a part payment on a home. I am surprised. He has always been a friend of the veterans, so I am sure he is possibly a little misled on this subject, because he says he wants them to be given the right to cash those bonds, but is against this amendment. Certainly this amendment would be a step in the right direction. It is his party that says that the boys cannot cash them; it is not our party. The bill is in a Republican committee of a Republican Congress.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. If my memory serves me correctly, I was not here then, I was in the service, but during the Seventy-ninth Congress the gentleman's party was in control of this House, and they were the ones that passed the bill.

Mr. WILLIAMS. If the gentleman will let me reply to that. I will tell him that I was not here either. I was in a service hospital.

Mr. ANGELL. The gentleman's party held it up.

Mr. WILLIAMS. Now, whether my party held it up or not, the Republican Party is in power now, and you have the power to cash them. Two wrongs do not make a right.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from New York.

Mr. ROONEY. I ask the gentleman from Mississippi if it is not a fact that there is a discharge petition on the Clerk's desk, which would relieve the committee from considering the bill to cash terminal leave bonds.

Mr. WILLIAMS. I understand this Republican-controlled committee refused to bring this bill out on the floor. So, as a last resort, the author of the bill placed a petition on the Speaker's desk and it is up there now. If you really want to pay these bonds, sign this petition in order to bring it up. You ought to give these boys a right to cash these bonds. There are very few Members, to my left, if any, who have signed that petition.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Illinois.

Mr. ARENDS. I think I might be able to throw some light on this matter. When the question was up last year whether they should be paid in cash or be paid in bonds I was a member of the conference committee. The House voted to pay in cash. We sat in conference for a number of days and finally, word came from the White House that the bill would not be signed unless they took the bonds and therefore we took the bonds.

Mr. WILLIAMS. I was not here then.

Mr. ROGERS of Florida. Mr. Chairman, if the gentleman will yield, I hope that they will not make this a party issue. It is the interest of the veteran that I am concerned with.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. MILLER of Connecticut. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I certainly do not want to get involved in a partisan argument. The last thing in the world I want to do is to get into an argument with my distinguished friend the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, if the gentleman will yield, I think we are both in accord on cashing these bonds.

Mr. MILLER of Connecticut. I am in accord on that point, and I believe the bonds should be cashed at the earliest possible moment. I have confidence in the leadership of my party that the matter will be considered in due time and by the proper committee. I am not going to be jockeyed into signing a discharge petition, but I say, when we deal with it, let us deal with it for all veterans and not a mere handful. It will be a comparatively small number that can use their bonds to get these houses that are going to be offered for sale on the market. If you want to do that, if you want to make these bonds payable for the purchase of a house, let us require the FHA to accept these terminal-leave bonds in payment for the purchase of any other real estate, not require any cash at all, and the mortgage to be insured by FHA. I could go along with that, but I cannot go along with an amendment the benefits of which will be limited to a few veterans. In my community, out of 1,400 veterans there will be 119 that will have a chance to buy a home now. In some communities a few hundred miles away, with no war housing whatsoever, such veterans will not have an opportunity to buy them. I think the proper committee of the House should continue its hearings on the question of cashing the terminal leave bonds and thereby reach the objective that the gentleman from Florida so earnestly desires, the payment of the bonds at the earliest possible moment.

I urge, for that reason and that reason alone, that the amendment be defeated and that we deal with the subject matter at the proper time.

The CHAIRMAN. The time of the gentleman from Connecticut has expired. All time has expired.

The question is on the amendment offered by the gentleman from Florida [Mr. ROGERS].

The question was taken; and on a division (demanded by Mr. ROONEY) there were—ayes 100, noes 123.

Mr. ROGERS of Florida. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WOLCOTT and Mr. ROGERS of Florida.

The Committee again divided, and the tellers reported that there were—ayes 100, noes 137.

So the amendment was rejected.

Mr. RAINS. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. RAINS:

On page 4, immediately following section 4, add the following new section:

"Transfer of war housing to the War or Navy Department.

"SEC. 5. Notwithstanding the provisions of this act or any other provision of law, the Administrator may in his discretion upon the request of the Secretaries of War or Navy transfer to the jurisdiction of the War or Navy Department any war housing that may be considered to be permanently useful to the Army or Navy."

Renumber sections 5, 6, 7, 8, 9, and 10, as sections 6, 7, 8, 9, 10, and 11, respectively.

Mr. WOLCOTT. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BENDER, 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. 3492) to provide for the expeditious disposition of certain war housing, and for other purposes, had come to no resolution thereon.

SUPPORT PRICE ON WOOL—CONFERENCE REPORT

Mr. HOPE submitted a conference report and statement on the bill S. 814, an act to provide support for wool, and for other purposes, for printing, under the rule.

EXTENSION OF REMARKS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill H. R. 3492 may have five legislative days in which to revise and extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

REPORT ON H. R. 3769

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file a report on the bill H. R. 3769.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

Mr. GAVIN asked and was granted permission to extend his remarks in the RECORD in two instances and to include two editorials.

Mr. McDONOUGH asked and was granted permission to extend his remarks in the RECORD and include a speech he recently made.

Mr. SCHWABE of Oklahoma asked and was given permission to extend his remarks in the RECORD and include certain extraneous matter.

Mr. SPRINGER asked and was granted permission to extend his remarks in the RECORD and include an editorial from the Indianapolis Times.

Mr. DONDERO asked and was granted permission to extend his remarks in the RECORD and include a newspaper article.

Mr. JOHNSON of California (at the request of Mr. DONDERO) was given permission to extend his remarks in the Appendix of the RECORD with reference to the Mundt bill.

Mr. STEVENSON asked and was granted permission to extend his remarks in the RECORD and include a statement made before the Subcommittee on Retirement Legislation of the Civil Service Committee of the House of Representatives regarding the report of the actuaries of the Civil Service Commission retirement and disability fund.

Mr. HAND asked and was granted permission to extend his remarks in the RECORD and include an editorial.

Mr. BYRNES of Wisconsin asked and was granted permission to revise and extend the remarks he made today in Committee of the Whole and include a resolution adopted by the common council of the city of Manitowac.

Mr. ARNOLD asked and was granted permission to extend his own remarks in the RECORD.

Mr. POTTS asked and was granted permission to extend his remarks in the RECORD and include an article.

Mr. LODGE asked and was granted permission to extend his remarks in the RECORD and include a newspaper article.

Mr. MUNDT asked and was granted permission to extend his remarks in the RECORD and include a recent public statement by Secretary of State Marshall on the importance of the student exchange program.

Mr. RANKIN asked and was granted permission to extend his remarks in the Appendix of the RECORD and include the address made by President Truman at Ottawa, Canada, on yesterday.

Mr. BLATNIK asked and was granted permission to extend his remarks in the RECORD.

Mr. MANSFIELD of Montana (at the request of Mr. CARROLL) was granted permission to extend his remarks in the RECORD and include an editorial.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made earlier today and include two schedules showing the States wherein the Lanham permanents are located, and a statement showing projects requested by community or low-rent transfer based on central office approval of Form 1279.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. EDWIN ARTHUR HALL, for Friday, June 13, on account of illness of mother.

To Mr. JOHNSON of California, for Friday, Saturday, and Monday, June 13, 14, and 16, 1947, on account of sickness of mother.

To Mr. LANE, for June 13, 1947, on account of attendance at the funeral of ex-Senator David I. Walsh.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 5 o'clock and 38 minutes p. m.), under its previous order, the House adjourned until tomorrow, Friday, June 13, 1947, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

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

782. A letter from the Administrator, Federal Security Agency, transmitting a draft of a proposed bill to amend the Public Health Service Act to permit certain expenditures, and for other purposes; to the committee on Interstate and Foreign Commerce.

783. A letter from the Secretary of the Interior, transmitting a draft of a proposed bill to authorize the leasing of salmon trap sites in Alaskan coastal waters and for other purposes; to the Committee on Merchant Marine and Fisheries.

784. A letter from the Acting Secretary of the Navy, transmitting report of a proposed transfer to the American Naval Cadets of naval equipment; to the Committee on Armed Services.

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. DONDERO: Committee on Public Works. H. R. 3792. A bill to provide for emergency flood-control work made necessary by recent floods, and for other purposes; without amendment (Rept. No. 563). Referred to the Committee of the Whole House on the State of the Union.

Mr. LECOMPTE: Committee on House Administration. House Resolution 94. Resolution to provide funds for the expenses of the investigation authorized by House Resolution 93; without amendment (Rept. No. 572). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Resolution 163. Resolution to provide funds for the conduct of the investigation continued by House Resolution 153; with an amendment (Rept. No. 573). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Resolution 228. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 195; without amendment (Rept. No. 574). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Resolution 177. Resolution providing for the expenses incurred by House Resolution 176; without amendment (Rept. No. 575). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Resolution 185. Resolution relative to the expenses of conducting the studies and investigations with respect to the activities of the Department of State relative to personnel and efficiency and economy of its operations; with an amendment (Rept. No. 576). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. Senate Joint Resolution 69. Joint resolution to prepare a revised edition of the Annotated Constitution of the United States of America as published in 1938 as Senate Document 232 of the Seventy-fourth Congress; without amendment (Rept. No. 577). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Resolution 233. Resolution for the relief of Pearl Cox; without amendment (Rept. No. 578). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Resolution 245. Resolution authorizing the printing of additional copies of House Report No. 510, current Congress, being the conference report on the bill (H. R. 3020) entitled "Labor-Management Relations Act, 1947"; without amendment (Rept. No. 579). Referred to the House Calendar.

Mr. HOFFMAN: Committee on Expenditures in the Executive Departments. House Concurrent Resolution 51. Concurrent resolution against adoption of Reorganization Plan No. 3 of May 27, 1947; without amendment (Rept. No. 580). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. H. R. 2955. A bill authorizing and directing the Commissioner of Public Buildings to determine the fair market value of the Fidelity Building in Kansas City, Mo., to receive bids for the purchase thereof, and for other purposes; without amendment (Rept. No. 581). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. H. R. 3219. A bill to authorize the Federal Works Administrator or officials of the Federal Works Agency duly authorized by him to appoint special policemen for duty upon Federal property under the jurisdiction of the Federal Works Agency, and for other purposes; without amendment (Rept. No. 582). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. H. R. 3146. A bill to amend section 3 of the Flood Control Act approved August 28, 1937, and for other purposes; without amendment (Rept. No. 583). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of Illinois: Committee on the Judiciary. H. R. 3769. A bill to provide that membership in the National Guard shall not disqualify a person from serving as a part-time referee in bankruptcy; with an amendment (Rept. No. 585). 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. SPRINGER: Committee on the Judiciary. S. 317. An act for the relief of Robert B. Jones; without amendment (Rept. No. 564). Referred to the Committee of the Whole House.

Mr. SPRINGER: Committee on the Judiciary. S. 470. An act for the relief of John H. Gradwell; without amendment (Rept. No. 565). Referred to the Committee of the Whole House.

Mr. SPRINGER: Committee on the Judiciary. S. 514. An act for the relief of the legal guardian of Sylvia De Cicco; without amendment (Rept. No. 566). Referred to the Committee of the Whole House.

Mr. SPRINGER: Committee on the Judiciary. S. 561. An act for the relief of Robert C. Birkes; without amendment (Rept. No. 567). Referred to the Committee of the Whole House.

Mr. SPRINGER: Committee on the Judiciary. S. 824. An act for the relief of Marion O. Cassady; without amendment (Rept. No. 568). Referred to the Committee of the Whole House.

Mr. SPRINGER: Committee on the Judiciary. S. 882. An act for the relief of A. A. Pelletier and P. C. Silk; without amendment (Rept. No. 569). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 710. A bill for the relief of Fritz Hallquist; with amendments (Rept. No. 570). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 718. A bill for the relief of Clarence J. Wilson and Margaret J. Wilson; with an amendment (Rept. No. 571). 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. BEALL:

H. R. 3807. A bill to provide for the operation of the recreational facilities within the Catoctin recreational demonstration area, near Thurmont, Md., by the Secretary of the Interior through the National Park Service, and for other purposes; to the Committee on Public Lands.

By Mr. HEDRICK:

H. R. 3808. A bill to make inapplicable to future actions and proceedings section 200 (1) and (2) of the Soldiers' and Sailors' Civil Relief Act of 1940, relating to default judgments; to the Committee on Armed Services.

By Mr. JOHNSON of California:

H. R. 3809. A bill to provide for the payment of subsistence allowances to members of the armed forces who were held captive by the enemy during World War II; to the Committee on Armed Services.

By Mr. KEAN:

H. R. 3810. A bill to amend section 522 of the Tariff Act of 1930 so as to clarify the procedure in ascertaining the value of foreign currency for customs purposes where there are dual or multiple exchange rates, and for other purposes; to the Committee on Ways and Means.

By Mr. KEOGH:

H. R. 381 . A bill to authorize the Attorney General and his assistants and United States district attorneys and their assistants to act as notaries public; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 3812. A bill to promote equitable personnel practices in the Federal Government by the establishment of a Federal Appeal Board, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. REES:

H. R. 3813. A bill to provide for removal from, and the prevention of appointment to, offices or positions in the executive branch of the Government of persons who are found to be disloyal to the United States; to the Committee on Post Office and Civil Service.

By Mrs. ROGERS of Massachusetts:

H. R. 3814. A bill to provide for the establishment of a veterans' hospital for Negro veterans at the birthplace of Booker T. Washington in Franklin County, Va.; to the Committee on Veterans' Affairs.

By Mr. VAN ZANDT:

H. R. 3815. A bill to provide Federal aid to the States for the construction of armories and similar training facilities for the National Guard and Naval Militia; to the Committee on Armed Services.

By Mr. HORAN:

H. R. 3816. A bill providing for a District of Columbia Sales and Compensating Use Tax Act of 1947; to the Committee on the District of Columbia.

By Mr. PLOESER:

H. R. 3817. A bill authorizing the transfer of certain real property for wildlife and other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. KNUTSON:

H. R. 3818. A bill to amend the Federal Insurance Contributions Act with respect to rates of tax on employers and employees, and for other purposes; to the Committee on Ways and Means.

By Mr. WILSON of Indiana:

H. R. 3819. A bill to amend the act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes," approved December 22, 1944, with respect to the Clark Hill Reservoir on the Savannah River in South Carolina and Georgia; to the Committee on Public Works.

By Mr. GILLIE:

H. J. Res. 216. Joint resolution to provide for designation of the Veterans' Administration hospital at Fort Wayne, Ind., as the Thomas Lau Suedhoff Memorial Hospital; to the Committee on Veterans' Affairs.

By Mr. WELCH:

H. Res. 244. Resolution for the initiation of investigations looking to the provision of additional water for southern California and the Colorado River Basin, and for other purposes; to the Committee on Public Lands.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Nebraska, memorializing the President and the Congress of the United States to ratify a proposed amendment to the Constitution of the United States relating to terms of office of the President of the United States; to the Committee on the Judiciary.

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. 3820. A bill for the relief of Leo Gottlieb; to the Committee on the Judiciary.

By Mr. HARRIS:

H. R. 3821. A bill to authorize and direct the Secretary of the Interior to issue a patent for certain lands and for the minerals therein; to the Committee on Public Lands.

By Mr. LEA:

H. R. 3822. A bill for the relief of Howard S. Lawson; Winifred G. Lawson, his wife; Walter P. Lawson; and Nita R. Lawson, his wife; to the Committee on the Judiciary.

By Mr. RUSSELL:

H. R. 3823. A bill for the relief of Domingo Ozamis Ormaechea; to the Committee on the Judiciary.

By Mr. WEICHEL:

H. R. 3824. A bill for the relief of Mrs. Cletus E. Todd (formerly Laura Estelle Ritter); 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:

627. By Mr. CANNON: Petition signed by 305 citizens of Albion, Nebr., protesting the elimination of Federal cooperation in the farm-conservation program; to the Committee on Appropriations.

628. By the SPEAKER: Petition of the Maryland State and District of Columbia Federation of Labor, petitioning consideration of their resolution with reference to request for veto of Taft-Hartley bill; to the Committee on Education and Labor.

629. Also, petition of the membership of the Stuart Townsend Club, No. 1, Stuart, Fla., petitioning consideration of their resolution with reference to enactment of a uniform national insurance program; to the Committee on Ways and Means.

630. Also, petition of Mrs. Albina Bibeau 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.

631. Also, petition of Mr. Wilbert B. Scott, Daytona Beach, 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

FRIDAY, JUNE 13, 1947

(Legislative day of Monday, April 21, 1947)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

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

God of our fathers, in whose name this Republic was born, we pray that by Thy help we may be worthy to receive Thy blessings upon our labors.

In the troubled and uneasy travail before the birth of lasting peace, when men have made deceit a habit, lying an art, and cruelty a science, help us to show the moral superiority of the way of life we cherish. Here may men see truth upheld, honesty loved, and kindness practiced. In our dealings with each other, may we be gentle, understanding, and kind, with our tempers under control. In our dealings with other nations, may we be firm without obstinacy, generous without extravagance, and right without compromise. We do not pray that other nations may love us, but that they may know that we stand for what is right, unafraid, with the courage of our convictions.

May our private lives and our public actions be consistent with our prayers. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 12, 1947, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed, without amendment, the joint resolution (S. J. Res. 69) to prepare a revised edition of the Annotated Constitution of the United States of America as published in 1938 as Senate Document 232 of the Seventy-fourth Congress.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 959. An act to amend section 3179 (b) of the Internal Revenue Code;

H. R. 3791. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes; and

H. R. 3792. An act to provide for emergency flood-control work made necessary by recent floods, and for other purposes.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. WHITE. Mr. President, I ask unanimous consent that the Subcommittee on Immigration of the Judiciary Committee be permitted to sit during today's session of the Senate.

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

Mr. WHITE. I also ask unanimous consent that the Committee on Interstate and Foreign Commerce may be permitted to sit during this afternoon's session of the Senate.

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

Mr. HILL. Mr. President, at the request of the senior Senator from Missouri [Mr. DONNELL], I ask unanimous consent that the subcommittee of which he is the chairman, of the Committee on Labor and Public Welfare, may be permitted to sit today during the session of the Senate.

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

CALL OF THE ROLL

Mr. JOHNSTON of South Carolina. Mr. President——

The PRESIDENT pro tempore. The Senator from South Carolina [Mr. JOHNSTON] is recognized.

Mr. HILL. Mr. President, will the Senator yield so that I may suggest the absence of a quorum?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield for that purpose?

Mr. JOHNSTON of South Carolina. I yield for that purpose.

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

The legislative clerk called the roll.

The PRESIDENT pro tempore. Thirty-eight Senators are accounted for. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators.

The roll call disclosed the presence of the following Senators:

Aiken	Buck	Connally
Ball	Bushfield	Cooper
Barkley	Butler	Cordon
Brewster	Byrd	Donnell
Bricker	Cain	Downey
Bridges	Capper	Dworshak
Brooks	Chavez	Ecton