and compensation for terminal leave under such act to be made in cash, to provide that bonds issued under such act shall be redeemable at any time, and for other purposes; to the Committee on Armed Services.

H. R. 3893. A bill to direct the Secretary of the Interior to establish appropriate zones for the State of Montana when prescribing open season for the taking of migratory waterfowl, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. HAYS:

H. R. 3894. A bill to reduce the interest rate on tax overpayments and delinquencies from 6 percent to 4 percent; to the Committee on Ways and Means.

By Mr. HESS:

H. R. 3895. A bill to amend the act entitled "An act authorizing the Director of the Census to collect and publish statistics of cottonseed and cottonseed products, and for other purposes," approved August 7, 1916; to the Committee on Post Office and Civil Service.

By Mr. LANE:

H. R. 3896. A bill to provide for the payment of 30 days' basic compensation to certain persons separated from service in the executive branch of the Government; to the Committee on Post Office and Civil Service.

By Mr. HAYS:

H. R. 3897. A bill to authorize the Administrator of Veterans' Affairs to accept a conveyance to certain real estate as a site for a general hospital, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. WOLCOTT:

H. R. 3898. A bill to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. SMATHERS:

H. R. 3899. A bill to amend section 12 of the Immigration Act of 1917; to the Committee on the Judiciary.

By Mr. CELLER:

H. J. Res. 219. Joint resolution to abolish the office of Vice President of the United States; to the Committee on the Judiciary.

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 Michigan, memorializing the President and the Congress of the United States to perpetuate the existence and identity of the United States Marine Corps by specifying its functions in legislation unifying the armed services of the United States; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BATTLE:

H. R. 3900. A bill for the relief of Dr. Pradish Cheosakul; to the Committee on the Judiciary.

By Mr. D'EWART:

H. R. 3901. A bill to authorize the Secretary of the Interior to sell certain lands in the State of Montana to Martin E. Fossen; to the Committee on Public Lands.

H. R. 3902. A bill authorizing the Secretary of the Interior to issue a patent in fee to Gifford Monroe; to the Committee on Public Lands.

By Mr. PRESTON:

H. R. 3903. A bill for the relief of Lena E. Sikes; to the Committee on the Judiciary.

By Mr. WOODRUFF:

H. R. 3904. A bill for the relief of Kathleen Rose Ranes; 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:

644. By Mr. ARNOLD: Petition of the faculty of the College of Agriculture and the staff of the Missouri Agricultural Experiment Station, University of Missouri, Columbia, Mo., not only "to restore the publication of the Experiment Station Record but to enlarge its scope and usefulness. This seems to be necessary in order to utilize our time most economically and to make our duties and activities of the greatest value to the farming people and industry"; to the Committee on Agriculture.

645. By the SPEAKER: Petition of Mrs. Pearl Arnold, Lake Worth, 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.

646. Also, petition of Henry Clay Curtis, West Palm Beach, Fla., and others, petitioning consideration of their resolution with reference to protesting further operation of rent control; to the Committee on Banking and Currency.

647. Also, petition of A. M. Keller, Tampa, 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.

648. Also, petition of Mrs. M. G. Rowe, 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.

649. Also, petition of Henry Clay Curtis, West Palm 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.

650. Also, petition of the Municipal Council of St. Croix, V. I., petitioning consideration of their resolution with reference to expressing full confidence in and pledging loyal support to Gov. William H. Hastie; to the Committee on Public Lands.

651. Also, petition of Daniel N. Norton, St. Petersburg, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

652. Also, petition of the president, file department, City of New York Retired Men's Association, Inc., petitioning consideration of their resolution with reference to favoring a limited Federal tax exemption on pensions and annuity incomes; to the Committee on Ways and Means.

SENATE

THURSDAY, JUNE 19, 1947

(Legislative day of Monday, April 21, 1947)

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

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

O God, our Father, while we pride ourselves that we learn something every day, we seem to make little progress in spiritual things.

Nowhere is our ignorance more tragic. So long have we been riding on the balloon tires of conceit, for our own good we may have to be deflated, that on the rims of humility we may discover the spiritual laws that govern our growth in grace. If our pride has to be punctured, Lord, make it soon before we gain too much speed.

For the salvation of our souls and the good of our country. In Jesus' name. Amen.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 3492. An act to provide for the expeditious disposition of certain war housing, and for other purposes;

H. R. 3818. An act to amend the Federal Insurance Contributions Act with respect to rates of tax on employers and employees, and for other purposes; and

H. R. 3839. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1948, and for other purposes.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 51) against adoption of Reorganization Plan No. 3 of May 27, 1947, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H. R. 3792) to provide for emergency flood-control work made necessary by recent floods, and for other purposes, and it was signed by the President pro tempore.

PRICE-SUPPORT PROGRAM FOR WOOL—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 814) to provide support for wool, and for other purposes.

The PRESIDENT pro tempore. Under the unanimous-consent agreement entered into yesterday, a vote is to be taken at 2:30 o'clock this afternoon on the conference report on Senate bill 814, and the time intervening between the convening of the Senate until the hour of 2:30 o'clock is under the control of the Senator from Vermont [Mr. AIKEN] and the Senator from Kentucky [Mr. BARKLEY]. Under the circumstances, the Chair can recognize no one except by permission of the Senator from Kentucky or the Senator from Vermont.

THE JOURNAL

Mr. WHERRY. Mr. President, will the Senator from Kentucky yield to me to ask for the approval of the Journal?

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Mr. BARKLEY. I yield to the Senator from Nebraska.

Mr. WHERRY. I ask unanimous consent that the reading of the Journal of the proceedings of yesterday, June 18, 1947, be dispensed with, and that the Journal stand approved.

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

MEETING OF COMMITTEE DURING SENATE SESSION

Mr. SMITH. Mr. President——

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

Mr. SMITH. Mr. President, I ask unanimous consent that the subcommittee of the Committee on Labor and Public Welfare be permitted to continue to sit during the session of the Senate today while holding hearings on the antidiscrimination bill.

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

LETTERS FROM FORMER PRESIDENT HOOVER ON ECONOMIC SITUATION IN EUROPE

Mr. SMITH. Mr. President, I desire to make a brief statement concerning an insertion in the RECORD I wish to have made.

Mr. President, the news from Europe becomes increasingly alarming. The economic situation appears to be rapidly deteriorating, and prompt action will be necessary if we are to save the world from further chaos.

From the standpoint of America, we are being called on for more and more aid, and the time has definitely come to take account of stock, both as to what our foreign policy should be and what limits must be placed on the aid that we can give in this crisis. Without America sound economically, we will soon find ourselves in serious difficulty.

While perhaps it is the first responsibility of the Committee on Foreign Relations to keep abreast of these matters and prepare to act promptly if necessary, it is my feeling that every Member of the Senate should be informed of conditions. I, therefore, ask unanimous consent to have printed in the RECORD two important communications from former President Hoover dealing with the economic situation abroad. The first is a letter to the Honorable JOHN TABER, chairman of the Committee on Appropriations of the House of Representatives, dated May 26, 1947, entitled "We Must Speed Peace." The second is a letter to the Honorable STYLES BRIDGES, chairman of the Committee on Appropriations of the United States Senate, dated June 15, 1947, entitled "The Limits of American Aid to Foreign Countries."

A study of these letters in connection with Secretary Marshall's recent statement of policy and the statement on June 14 on United States rehabilitation of foreign countries by the senior Senator from Michigan [Mr. VANDENBERG], chairman of the Foreign Relations Committee, will furnish a background for an understanding of some of the serious problems which are facing us and will indicate the direction in which our participation in foreign affairs should move.

I ask unanimous consent that the letters referred to from former President Hoover be printed in full in connection with my remarks.

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

The letters from Mr. Hoover are as follows:

WE MUST SPEED PEACE

NEW YORK, N. Y., *May 26, 1947.*

Hon. JOHN TABER,
Chairman, Committee on Appropriations, House of Representatives, Washington, D. C.

DEAR MR. TABER: I have your request for a memorandum on my views upon the recommendation of the War Department of $725,000,000 for food and collateral relief requirements for Germany, Japan, and Korea for the next fiscal year.

You have also requested that I should furnish you a memorandum upon the causes of these continuing demands upon us, measures which might ameliorate these demands upon our taxpayers and generally upon our foreign relief and reconstruction policies. I shall, as you requested, attend the committee hearing on Tuesday to give any further information they desire.

For clarity, I have throughout this text numbered my specific recommendations.

1. As matters stand this appropriation of $725,000,000 should be made. In addition to this proposed American appropriation the British are also to contribute their share of bizonal relief in Germany. These enormous sums are inescapable for the next year unless millions of people under our flags are to die of starvation. They are about the same as during the present fiscal year and this year's experience demonstrates how near starvation is in these countries.

Surely we must take steps to bring these burdens upon our taxpayers to an end.

We are now providing relief for the third year after the war.

The delay by Russia in making peace with Germany and Japan together with the Allied policies of reparations and industrial demilitarization have paralyzed the industrial productivity of these countries. They are unable to make substantial exports and are not contributing, as they otherwise could, to their own support.

General Marshall, in Moscow, ably urged the immediate necessity for Russia and France to comply with the Potsdam agreement, which provided for economic unification of the four zones; for the revision of the plant transfers for reparations; and the revision of so-called levels of industry. Meanwhile, Russia and France are taking industrial exports from their zones which, under the Potsdam agreement, would contribute to paying the food bill in the American and British zones. Thus we are paying reparations. We are shipping fertilizers for relief which could be supplied from the French zone. We are supplying France with Ruhr coal which could be used for the manufacturing of exports in Germany with which to pay for food.

2. In view of the Russian refusal to General Marshall's able presentation at Moscow, and the continued violation of the Potsdam agreement to unify German economy in both Russia and France, we are surely no longer bound by that agreement as to reparations and industrial policies.

In the bizonal area of Germany, after 2 years since VE-day, the agricultural production is about 75 percent of prewar and the industrial production is only at 33 percent of 1936, and exports are only 3 percent. In Japan there has been about 80-percent recovery in agricultural production, but industrial production is only 30 percent of prewar, with exports about 4 percent.

To understand the situation in the German area, we might visualize what would happen if the present policies were imposed on the United States. Suppose America were divided into four zones with little interchange of economic life or food surpluses, with an obligation to tear down and ship abroad 25 percent of our peace-production plants, and with a restricted level of industry which would destroy 60 percent of our possible export trade. Then add to this the failure even to designate the plants that are to be removed, so that all initiative to operate the remaining plants is destroyed by uncertainty as to whom the victims will be. Suppose also we were not allowed to produce oil, and were limited in fertilizer production. Without relief from some humanitarian country, millions of our people would die.

Unless there are revolutionary changes in our policies as to Germany and Japan, the burdens upon our taxpayers are not likely to lessen, and are more likely to increase. There are three alternatives before us in our occupied territories: To wash our hands of the whole business and then let the conquered countries drag the whole world to final chaos; or, for humanitarian reasons, merely to carry these people on a food-subsistence level, hoping for improvement in the attitudes of other nations; or to act at once to free ourselves from their hindrances as far as possible.

3. The time has come when we should issue a last call to Russia and France to comply with the Potsdam agreement. If they do not at once respond, we and the British should immediately take the steps to set up the economy of the bizonal areas so as to restore their industrial production and exports.

4. An effort should be made to consolidate the French zone (except the Saar) into the bizonal area. In this we have a right to expect French cooperation, in view of the great sacrifices the American people are now making on behalf of France.

5. In any event, we should immediately carry out the present project of a temporary centralized German government over the American and British zones subject to our military direction. We might even contemplate a separate peace with this government if the next Conference of Foreign Ministers does not succeed in more constructive policies.

6. If we are to secure adequate exports with which they can pay for food, it is urgent that we at once revise the reparations and industrial demilitarization policies imposed upon these zones by various Allied agreements. These latter policies are identical in Japan, where they must likewise be revised.

7. We should, in our German zones and in Japan, suspend the whole concept of levels of industry, placing restrictions upon only a few specified industries, such as shipping and aviation.

8. We should at once abolish for good the destruction or removal of all industrial plants which can make peacetime goods or services. The heavy burden now borne by our taxpayers is ample proof of the folly of these policies. It is an illusion that there are any consequential reparations to be had by removal of peacetime industrial plants. The buildings, foundations, water, electrical, and other connections in such plants have no value for removal. All that is removable for any use are machines, all secondhand and many obsolete. The cost of tearing them out, shipping them to some area where there is neither skilled labor nor skilled management, and of building new foundations, buildings, and connections, leave even these values comparatively trivial. We should allow the removal of equipment from such munitions factories which cannot be converted into peacetime production. We should assess by independent engineers the actual value to any proposed recipient of

peacetime plants, deducting the cost of dismantling, and then call upon Germany or Japan to pay such a sum over the years and retain the plants. With such action, the uncertainties which now paralyze German and Japanese initiative would quickly revive many industries and gradually provide exports to pay for their food. The drain upon our taxpayers would gradually disappear. Unless this is done, Germany and Japan will not be self-supporting in our time.

Such policies have no practical relation to the demilitarization of either Germany or Japan. I assume we are not going to make the major mistake of Versailles of leaving these countries the nuclei of militarism by granting them any armies or navies. It seems generally agreed that we will absolutely disarm these peoples so that they shall not again be able to engage in aggressions; that this disarmament will embrace destruction of all military arms, fortifications, and arms factories; that they will have no army, no navy, and no air force; that they will retain only a constabulary in which no previous officer may be employed; that no militarist officials can hold public office; that this disarmament must be continued for a generation or two, until they have lost the know-how of war, and the descent of militarism through birth. We have already offered to join in guaranties which will make these prohibitions effective.

9. With such a policy of demilitarization, the chains on production and export of peace purpose goods should be removed and a simple check maintained to assure that industry does no evil.

The situation in Japan is not complicated by zonal occupation of other armies, and we are more free to act. Also, the United States is paying the entire food bill. The world has had the service of a great administrator in General MacArthur under whose guidance the Japanese have adopted a constitution approved by us; they have freely elected a government and are determined upon democratic processes.

10. We should at once summon the peace conference with Japan and make a peace with her by as many nations as wish to adhere.

Such policies as I have outlined are of a vast importance to the nations outside of Germany and Japan. The whole world is suffering from delay in restoration of productivity. The whole world is an interlocked economy, and paralysis in two great centers of production is a world disaster. There is greater opportunity to speed recovery in the world by such action as I outline than by any amount of gifts and loans from the United States.

There has been announced an American policy of defending the frontiers of western civilization. The most vital of these frontiers are Germany and Japan. If they are lost, all Europe and the Far East are lost.

The reasons for continuous obstruction by Russia to every effort which would restore production have at least some expression in the Russian press as a method by which the United States can be bled white by relief measures. We should wait no longer. Russia will not make war about it.

COORDINATION OF AMERICAN POLICIES

11. The problems of relief I have been discussing are involved in a much wider action. That is the coordination of all aid which we are extending for relief and reconstruction abroad. The resources of the United States are not unlimited and we are carrying over 90 percent of these burdens. In the 2 years since the war the United States has spent upward of fourteen billions in free relief, Government loans or loans from agencies dependent upon the United States for their survival. Already we are practically committed to five billion during the next fiscal year. These activities are divided among five or six such agencies directed from Washington that are extending aid to a score of nations. Their policies are not coordinated so as to secure cooperation among nations which would save large sums to the American taxpayers and would produce more rapid restoration of recovery abroad. The purpose of these activities is to save life and restore productivity. The restoration of production in the world is of mutual interest to all nations. I have in this memorandum cited instances of a lack of cooperation among nations. To state it bluntly, we cannot get such cooperation unless there is coordination of our own organization at home so as to make American aid to other nations conditional upon their cooperation to the common end. I am talking about the American taxpayer, about mutual economic action and not about dollar diplomacy.

Yours faithfully,

HERBERT HOOVER.

THE LIMITS OF AMERICAN AID TO FOREIGN COUNTRIES

NEW YORK, N. Y., *June 15, 1947.*

The Honorable STYLES BRIDGES,
Chairman, Committee on Appropriations,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: I have your letter asking me to give you and your associates my views upon the following points:

1. What are the limits of relief and loans that we can reasonably give to foreign nations annually without seriously impairing our resources in a free economy?

2. Are there methods by which we could increase our gifts and loans above those now available from our present production?

3. What policies should be adopted to make our resources more effective in world rehabilitation?

THE PROBLEM

As a background to this appraisal I wish at the outset to state:

Upward of a billion people in the wartorn areas of western Europe and Asia are asking for help. In these nations some have not recovered one-third of their prewar industrial production; most of them have not recovered over 75 percent of their prewar food production.

There is greater danger of political and economic chaos in the world today than at any time since the war ended. There is more hunger and want today than there was during the war.

In the face of this threatening situation the American people must continue to do the utmost to prevent starvation in the world. We must do our utmost to aid nations in the recovery of their own productivity. That underlies peace and progress on earth.

But the greatest danger to all civilization is for us to impair our economy by drains which cripple our own productivity. Unless this one remaining Gibraltar of economic strength is maintained, chaos will be inevitable over the whole world.

To discover the common-sense course requires clear objectives and organization on our part. The burden is beyond our resources unless there is immediate unity and cooperation among other nations to lessen our unnecessary burdens and thus enable the application of our resources to the most effective use.

THE ECONOMICS OF THE PROBLEM

Too often gifts and loans to foreign peoples are visualized as just money transactions. The only way money of important volume can be transferred from one nation to another is by goods (including gold) and services. Therefore, when we make a gift, credit, or loan, it is not money that we transfer; it is goods and services. There is thus a direct relationship of exports to the volume of loans and gifts.

While exports to pay for our imports cause us no difficulty, it must be recognized that we cannot safely, through gifts and loans, export more goods than our surplus. And the surplus applies to specific commodities, for we do not produce a surplus in all kinds of goods. If we ship more than our surplus we are taking it from the standard of living of the American people. Further, the immediate result of exporting more than a surplus in our free economy is to raise prices. From that we get a dangerous spiral of increased costs of living and wages.

OUR PRESENT ECONOMIC SITUATION

To appraise our present national situation, it is necessary to examine our experience in the 2 years since the war. In so doing, many debit and credit items must be estimated. We must estimate the exports, including Army supplies to foreign civilians, and we must estimate imports of the last months of the present fiscal year. Until full data are available many months hence, the sums given must be considered as illustrative of the situation.

Our exports of goods and services in dollars were about as follows:

	1945–46	1946–47
Exports	$13,500,000,000	$15,500,000,000
Imports	7,200,000,000	7,700,000,000
Excess of exports over imports	6,300,000,000	7,800,000,000

We have provided for the excess of exports over imports by loans or gifts.

An examination of the sources and amounts of these loans and gifts for the combined 2 years since the war were about as follows:

We have provided about $4,500,000,000 in gifts from our Government through relief. We have provided about $1,500,000,000 in gifts by our citizens for relief and by way of remittances to relatives abroad.

We have provided about $5,500,000,000 in credits by Government agencies including the Export-Import Bank loans, subscription to the World Bank and the Stabilization Fund. Loans by these institutions are, in the final analysis, largely drafts on American dollars and are dependent upon us for resources to maintain their operations. We have provided about $1,500,000,000 in private credits and loans.

Thus we have provided in the last 2 years about $6,000,000,000 in relief and gifts together with about $7,000,000,000 in loans or credits, or a total of $13,000,000,000. The differences between these amounts and the trade deficits given above are no doubt accounted for by drawing upon previous foreign dollar balances in the United States.

OUR COMMITMENTS FOR THE NEXT 12 MONTHS

The estimated unexpended balances of appropriations and various credit commitments to foreign nations on July 1, 1947, are not included in the above. They already amount to over $5,000,000,000. We should add further probable loans and expected private gifts of $1,000,000,000. And we must add unknown further calls from the World Bank and Stabilization Funds.

There is also a further liability of the United States in the shape of the foreign deposits in American banks, including earmarked gold and foreign ownership of American securities. These aggregate at least $14,000,000,000. We must at all times be prepared to meet their withdrawal. Some withdrawals are likely to be used to pay for exports during next year, thus increasing the total volume of exports required from us. And to all these commitments and liabilities we must add the exports necessary to pay for our imports amounting to probably $7,500,000,000.

Any study of our international balance sheet, taking into account, on one hand, our commitments in loans, foreign deposits, and investments in the United States, etc., and

on the other hand probable returns from previous loans and lend-lease, including our citizens' greatly impaired foreign investments, will likely discover that the United States is today a debtor rather than a creditor nation.

There is another angle of our national situation that we cannot ignore. These gifts and loans to foreign nations are spent in current purchase of goods. These gifts are an immediate burden on the taxpayer. The goods furnished under loans also must be paid for immediately while the repayment is deferred for years. This has a bearing upon our tax burdens. Including local government expenditures, they now amount to about 35 percent of our national income. No free nation can continue at that rate for long without impairing its productivity.

To pay for our imports and to satisfy the probable gift and loan commitments already made for the next fiscal year, and assuming present prices, we would need export at about the the same ratio as during the past 2 years $14,000,000,000 to $16,000,000,000 annually of goods and services.

A TEST OF THE LIMITS OF LOANS AND RELIEF

The most definite test of the extent of our ability to aid foreign nations is whether we have been overexporting our resources during the past 2 years, and thus unduly straining our economy. For example, we have exported gigantic amounts of agricultural products. During the past 12 months the index of our cost of living has advanced more than 20 percent. Increases in the cost of agricultural products were responsible for about 70 percent of this increase. This has contributed greatly to set in motion the inflation spiral of increasing wages with more increases in prices. A good deal of economic disorder and waste was created by interruptions in production in making these adjustments.

Other examples could be cited. Some of our exports have been taken from our own possible railway, factory, and housing reconstruction. Some part of the rise in prices of these materials is due to exports. So much have prices risen in the construction industries with the accompanying wage spiral and costs, that we now have considerable unemployment in these trades while at the same time, the country is crying for homes and buildings.

I would not contend that the whole rise in living costs, with its inflation spiral has been due to our large exports. But it cannot be denied that with fewer exports that increase would not have been so great.

The conclusion seems to me irrefutable that as the result of our rate of giving and lending we are overexporting goods and cannot continue at such a rate with our present production and consumption without further evil consequences to our stability.

We cannot estimate how much the curtailment in exports, and hence in giving and lending to finance the trade deficit, might be for the next year until we are able to estimate our next year's surplus in agriculture and other major commodities.

While the world situation requires that we do our best, my own view is that, unless we can undertake to increase our productivity or decrease our consumption of goods, we must seriously reduce the volume of exports below the rate of the last 2 years with a corresponding reduction in the gifts and loans for which we supply goods.

Various proposals have been made for expansion of loans by fifty or more billion dollars. The impracticability of these ideas with our present rate of production must be obvious.

STRAIN ON OUR NATURAL RESOURCES

There is a further question of the impairment of our natural resources involved in the export of such materials as iron, oil, metals, lumber, and some other items. As our resources in this sort of commodities are not renewable, their shipment abroad is a depletion of our resources and a charge against our future economy. While such exports may be necessary to restore the world, we cannot ignore the consequences.

POSSIBILITIES OF INCREASING OUR AIDS AND MAKING THEM MORE EFFECTIVE

There are certain measures which have been suggested as enabling us to better bear the load or to increase our exports and to make more effective our aid to foreign countries.

EXPORTING GOLD

1. It has been suggested that we can export gold from our seeming large stocks and thus enable other nations to buy elsewhere than in the United States. With our present requirements for currency and bank reserves, and to cover the very large foreign-demand deposits in our banks, it is necessary that we hold a large stock in reserve. The amount of gold that we have free of such necessities is not material in this situation.

INCREASING IMPORTS BY STOCK PILING

2. One proposal is that we at once import more goods and thus diminish the amount of gifts and loans necessary to furnish. This is a very minor help in the immediate world situation. It would be no help to the world to import materials into the United States which are needed elsewhere. Nor would it help to import goods which we ourselves produce economically. That would create unemployment in the United States and weaken our productivity.

There is, however, a method of increasing our imports which should have serious consideration. We could import and stock pile for national defense many commodities, both those we do not produce and those in which our natural resources are being depleted. We do not have enough of such resources to assure our national defense. Commodities of this kind are tin, manganese, iron ore, mercury, copper, lead, zinc, tungsten, chromite, nickel, and rubber. There are few immediate surpluses of these commodities abroad, but such surpluses will be available within a reasonable time. It happens that few of such commodities are produced by our direct debtors, but our purchase of them would, through multilateral trade, strengthen the whole international financial structure and we would be receiving commodities instead of obligations.

REESTABLISHMENT OF WARTIME CONTROL MEASURES

3. Another proposal is that we reestablish wartime control measures to increase our productivity or reduce our consumption and thus increase our ability to export more goods. The seeming warranty of this idea arises out of the fact that we exported in goods and services over $15,000,000,000 in some war years in addition to many billions in supplies to our armies. But we must remember that war-purpose production was greatly expanded and consumption restricted through war-inspired patriotic impulses.

The restoration of these controls would require again the abolition of the production of important commodities; the restoration of longer work hours in labor; the return of women to industry and agriculture, rationing of most commodities, and total Government control of all economic activities. That is a form of totalitarian economy which the American people are not likely to accept in peace for it would do violence to our whole concept of freedom. Moreover, without emotional background of fighting for national defense, such measures would more likely decrease than increase our productivity.

A METHOD OF INCREASING FOOD EXPORTS

4. Should the next world harvest indicate dangerous shortages, it is possible to increase our food exports for limited periods by voluntarily reducing our own food consumption and altering certain food manufacturing practices. We have here a great spiritual impulse to save starving people. And we may be called upon to do it again unless there is a world increase in food production.

COOPERATION OF OTHER NATIONS VITAL TO SALVATION

5. A most productive field of action by which the limited American economic resources can be made more effective for world reconstruction lies in cooperation of foreign nations in the political field.

The obstruction of the Soviet Government to peace has, during the past 2 years, imposed billions in expenditures upon us through support of occupation armies and relief to starvation which would not otherwise have been required. However, we can apparently expect little cooperation from that quarter.

But if there were full mutual cooperation from the other nations, it would lessen our burdens and divert much of our dead loss expenditures to more constructive channels abroad.

For instance, cooperation in the three western zones in Germany and in Japan to abolish the inhibitions on their productivity due to wrong concepts of reparations, and levels of industry, would increase their productivity and exports, and thus would greatly reduce the drains upon us for food and other supplies. Restoration of their productivity would aid all other nations. Cooperative action to speed peace, such as I recently outlined in a letter to Congressman TABER would greatly reduce demands upon us.

Such cooperation would allow our resources to flow into channels more beneficial to all the world.

POLICIES TO BE ADOPTED

In my view we need to develop or expand the following policies, some of which are already partially in action.

1. We must have in our own foreign economic relations single, coordinated action in all direct and indirect agencies of government—the relief funds, the Export-Import Bank, the World Bank, the Stabilization Fund, the Federal Reserve System, and all those agencies which administer our exports. We must consolidate our front if we are to succeed in our policies.

2. We must prevent excessive exports and by so doing reduce excessive prices. In the matter of food we should begin about August 1 with the new harvest.

3. If necessary to prevent starvation we should increase our available export surplus volume by voluntary reduction of consumption by the public and alteration of some trade practices.

4. We should periodically estimate the goods and services which we can safely export and limit purchases of our commodities by limiting gifts and loans.

5. We should prepare to stock pile for national defense certain commodities from abroad when they are available in surplus.

6. We should bluntly insist that in return for our sacrifices, which are inherent in all loans and gifts, that all nations recipient of our economic aid cooperate with us in measures to reduce the burdens upon us, to promote productivity and bring peace for the world at large.

7. We should insist upon certain principles in operation of gifts and loans, whether directly from our Government or through Government-supported agencies. These principles involve important questions of security, inspection of use, and application to the utmost in increase of productivity.

8. We should concentrate our limited resources in the areas in which western civilization can be preserved.

This problem can be solved if there is prompt unity and mutual aid between other

nations, resolution on their part to build back their productivity, and if we act, on our side, with sense and devotion in this great crisis of mankind.

Yours faithfully,

HERBERT HOOVER.

The PRESIDENT pro tempore. The time taken by the Senator from New Jersey will be charged equally to both sides.

Mr. BARKLEY. I thank the Chair.

Mr. SMITH. I thank the Senator from Kentucky for yielding.

CALL OF THE ROLL

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

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

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

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

Mr. WHERRY. I announce that the Senator from Vermont [Mr. FLANDERS] is absent because of illness.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent because of illness in his family.

Mr. LUCAS. I announce that the Senator from Alabama [Mr. HILL], and the Senator from Tennessee [Mr. STEWART] are absent on public business.

The Senator from Oklahoma [Mr. THOMAS] 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-eight Senators have answered to their names. A quorum is present.

Two hours and ten minutes remain available for debate. The Senator from Kentucky [Mr. BARKLEY] controls 1 hour and 5 minutes, and the Senator from Vermont [Mr. AIKEN] controls 1 hour and 5 minutes.

Mr. AIKEN. I yield 10 minutes to the Senator from Connecticut [Mr. BALDWIN].

The PRESIDENT pro tempore. The Senator from Connecticut is recognized for 10 minutes.

INVESTIGATION OF HIGH PRICES OF CONSUMER GOODS

Mr. BALDWIN. Mr. President, for nearly 6 months, the Eightieth Congress has been in session dealing with a number of important concerns of the American people. However, in those 6 months, I have heard little discussion of—and no solution suggested with respect to—the gravest domestic problem facing our country today, which is the problem of high prices.

If we can say that the American people were more concerned about one subject than any other at the time of the elections last fall, I think that concern was about prices. Yet, we have, so far in the present Congress, made only a few references to the question and have provided no positive specific action, nor has the administration done so. There is little point in political recriminations about the matter at this time. I do not believe our people are nearly so much interested in placing the blame as they are in lowering the prices. After having seen the failure of price-control measures and recognizing the necessity for the operation of a free economy, we on this side of the aisle, in all good faith, assured the people of the country that the decontrol of prices would bring the relief they so sorely needed. Now, it seems to me, it is up to us to demonstrate that we can, and will, do something to provide lower prices, particularly on the necessities our people now find it most difficult to buy.

Experience in the past has shown that we cannot adequately legislate against high prices. Prices are so deeply entangled in economic cause and effect and reaction that they cannot be easily or completely affected through some single legislative action or by controls.

However, the fact is perfectly clear that something can and must be done to change the growing trend toward higher prices. When one finds new cars being sold in second-hand lots at prices from $400 to $600 above the manufacturers' stated prices; when one sees $2 shirts selling for $4 and $5; when one sees steaks nearing $1 a pound, and the price of the less expensive cuts also increasing proportionately, he realizes that there is something fundamentally wrong with our pricing system. It is very difficult to compare certain prices. For example, it is difficult to compare 58-cent-price-controlled butter that could not be obtained, with $1-black-market butter, or with 69-cent-uncontrolled butter. It is true in some fields that shortages are still causing high prices. This is particularly true in the case of certain manufactured articles the demand for which is still far ahead of supply. However, in the case of certain other items, such as basic food necessities, there is every reason to believe that supplies are adequate. Yet prices are still high. This trend upward has been accelerated since the war, until now we find by comparing prices on comparable items, they are probably the highest in our history. Under such conditions, we cannot, as a Nation, continue or improve the high standard of living that has made us the envy of the world and that has made possible our position as the leading Nation today.

According to Bureau of Labor statistics, food prices as of April 1947 are 93 percent higher than in January 1941 and 33 percent higher than in April 1946. Clothing prices are now 82 percent higher than in 1941 and 20 percent higher than a year ago. Food prices, particularly, have seriously affected all our people. Bread prices, for example, have jumped from 8.6 cents in 1941, to 10.6 cents in 1946, to 12 cents in March 1947. Milk—in the same period—has gone from 14 cents to 16 cents, to 19 cents. Potatoes have gone from 39 cents to 75 cents, and now 68 cents a peck. Taking the price index from 1935 to 1939 as 100, children's shoes have jumped from an index of 115 in 1941, to 147 in 1946, to 194 in 1947. Men's shirts have moved from an index of 110 to 183, to 246. These few illustrations should serve to demonstrate the violent increases in price our people have suffered. As we well know, the incomes of many of our people—perhaps most of them—have by no means been increased comparably. While it is most difficult accurately to picture this price condition statistically, any housewife can tell us in irrefutable terms what these costs mean to her family.

The Congress is representative of all the people in all the States. In every sense, it must be the eyes to see what is going wrong in our country and—seeing it—take measures to correct it. It must likewise be the ears for all the people to listen for what is going wrong and—hearing it—take measures to correct what needs correction. Since the administration has shown no disposition to date to cope effectively with this very important problem, there is every reason why Congress should ascertain at the earliest date why prices are high, what corrective measures can be taken, and then to formulate and to put into operation such measures.

It seems to me, therefore, that it is high time that on both sides of the aisle we regard this question as fundamental and nonpolitical. The Senator from Connecticut does not believe anyone of us here has so little faith in our free-enterprise system that he would involuntarily return to the confusion, shortages, and black markets that typified our wartime control of prices. Now it is up to all of us, regardless of party, to do our part to make that American system work. It is high time that we quit talking about high prices and start doing something about them. If exorbitant profits are being made, let us find that out. It is possible that artificial shortages are being created. If that is so, let us find that out. It is possible that increased wages and lower production are the answer—though statistics indicate wages alone cannot account for the increase. I do not pretend to know at this time the detailed causes. However, it seems to me, it is time we do something about it. All of our people are deeply worried about the high cost of plain living—the cost of food, the cost of housing. For that reason, Mr. President, the junior Senator from Connecticut is submitting a concurrent resolution requiring that a joint congres-

sional committee be appointed to begin an immediate, comprehensive investigation and report to the Congress not later than March of next year as to what, in their opinion, the causes are, and what, in their opinion, can be done to give our people just and needed relief. The hour is already late. Let us hope the Members of the Senate will need no urging to join in this common effort to solve what all of us know is the most pressing daily problem our people face.

At this time, Mr. President, I submit a concurrent resolution authorizing the President pro tempore of the Senate and the Speaker of the House to appoint such a committee.

There being no objection, the concurrent resolution (S. Con. Res. 19) was received and referred to the Committee on Banking and Currency, as follows:

Resolved by the Senate (the House of Representatives concurring), That there is hereby established a joint committee to be composed of five Members of the Senate (not more than three of whom shall be members of the same political party) to be appointed by the President pro tempore of the Senate, and five Members of the House of Representatives (not more than three of whom shall be members of the same political party) to be appointed by the Speaker of the House of Representatives. Vacancies in the membership of the committee shall not affect the power of the remaining members to execute the functions of the committee, and shall be filled in the same manner as in the case of the original selection. The committee shall select a chairman and a vice chairman from among its members.

SEC. 2. It shall be the duty of the joint committee (1) to make a full and complete study and investigation of the present high prices of consumer goods and (2) to report to the Senate and the House of Representatives not later than March 1, 1948, the results of its study and investigation together with such recommendations as to necessary legislation as it may deem desirable.

SEC. 3. (a) The joint committee, or any duly authorized subcommittee thereof, is authorized to sit and act at such places and times during the sessions, recesses, and adjourned periods of the Eightieth Congress, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words.

(b) The joint committee is empowered to appoint and fix the compensation of such experts, consultants, and clerical and stenographic assistants as it deems necessary and advisable, but the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1923, as amended, for comparable duties.

(c) The expenses of the joint committee, which shall not exceed $100,000, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman. Disbursements to pay such expenses shall be made by the Secretary of the Senate out of the contingent fund of the Senate, such contingent fund to be reimbursed from the contingent fund of the House of Representatives in the amount of one-half of disbursements so made.

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

Mr. BALDWIN. I yield.

Mr. TAFT. The Senator will probably be interested to know that the Joint Committee on the Economic Report will begin hearings on Tuesday next, which will continue during the next 30 days, and to which have been invited most of the leading industrialists of the country and representatives of all the agencies which have statistical organizations dealing with the general question of wages, prices, maintenance of employment, and prosperity in general. The Senator is invited to attend those hearings. So far as I can see, the committee is doing exactly what the Senator thinks such a committee should do.

Mr. BALDWIN. If that is so, I can only join with the rest of the people of the United States in rejoicing over it, and in hoping that there may be speedy action.

The PRESIDENT pro tempore. The time of the Senator from Connecticut has expired.

PRICE-SUPPORT PROGRAM FOR WOOL—CONFERENCE REPORT

The Senate resumed the consideration of the report of the Committee of Conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 814) to provide support for wool, and for other purposes.

Mr. BARKLEY. Mr. President, I yield 15 minutes to the Senator from Pennsylvania [Mr. MYERS].

Mr. MYERS. Mr. President, I may say by way of introduction that much of what the Senator from Connecticut [Mr. BALDWIN] has just said makes sense, and good, common sense. If the Senator from Ohio had not done so, I would have reminded the Senator from Connecticut that at long last the Joint Committee on the Economic Report has gotten around to consider the very subject which is worrying the Senator from Connecticut so much. Unfortunately, we have waited all too long, I believe, to look into this subject, which is so serious. I think the Congress should have given time and attention to it long ago.

But in the Congress of the United States we have been endeavoring to lower taxes for the rich and raise rents for the poor. We have been inviting a return to the days of dog-eat-dog economics. We have placed the housewife at the mercy of the profiteer. We have attempted to emasculate the wage-hour law, and we have attempted to break unions up into tiny little segments so that they can be taken one by one, just as Hitler took the nations of Europe one by one until he had gobbled up the entire continent. I think it all ties in together. I think the bill under discussion, the wool bill, ties into this situation.

In this morning's issue of the Philadelphia Inquirer I came across a rather disturbing editorial. I may say that the Philadelphia Inquirer espouses a political philospohy to which I do not subscribe, but it is one of the finest and most influential newspapers in the United States. It has constantly supported Republican candidates for office and has constantly and regularly supported the Republican ticket.

This editorial is directed to the present session of the Pennsylvania Legislature, which completed its deliberations on Tuesday evening of this week after five and a half months of sessions.

Mr. President, the Governor of Pennsylvania is a Republican, and a fine man, a real gentleman, a patriotic American. The Legislature of Pennsylvania, in both houses, is overwhelmingly Republican. This Republican newspaper, in its issue of this morning, has this to say in the opening paragraph of an editorial entitled "'Tobacco Road' Session Ends in Failure":

> Perhaps the major accomplishment of the session of the Pennsylvania Assembly just ended was its final adjournment at 10:20 o'clock Tuesday night.

In the last few paragraphs of the editorial from the Philadelphia Inquirer I find the following:

> Home rule, racketeers' extortions, the threat of skyrocketing rents, the whiplash of prejudice held over workers by certain employers: all these meant nothing to the Tobacco Roaders.
>
> They clung to their selfish, narrowly political, amazingly behind-the-times views, and they swung their votes that way.
>
> The wonder of it is that the recent session achieved anything worth while at all.
>
> But its accomplishments are marred forever by its failures, its malingering, its incompetence. It will go down in history as the Tobacco Road legislature.

What worries me is this: If we here in the Congress continue to malinger, if we continue to avoid the very things which the Senator from Connecticut brought to our attention today, if we continue to close our eyes to the grave dangers on the home front, if we continue to snipe at the foreign policy of our Government, as this bill does, then this session of the Eightieth Congress may become known as the Tobacco Road session.

Mr. President, I ask unanimous consent that the entire editorial to which I have referred be printed in the RECORD at this point as a part of my remarks.

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

[From the Philadelphia Inquirer of June 19, 1947]

TOBACCO ROAD SESSION ENDS IN FAILURE

Perhaps the major accomplishment of the session of the Pennsylvania Assembly just ended was its final adjournment at 10:20 o'clock Tuesday night.

For up to that time, all through the wearisome weeks since January, its record was mainly one of dismal failure.

Few sessions in the history of the State had the opportunity to enact more urgently needed laws, only to waste that opportunity with Tobacco Road legislating of the worst kind; legislating that smacks of the backwoods and a refusal to keep in step with modern times.

It is typical of the Tobacco Road state of mind to keep the session dawdling on for weeks without important accomplishment, and then as adjournment neared to tie the business of the assembly into hopeless knots of confusion.

On the credit side is passage of legislation opening the way for insurance companies to develop large housing projects in Philadelphia; permitting Pennsylvania to have community-property laws such as a number of other States enjoy, with resultant reductions in income taxes for married couples; and regulating automobile financing practices so as

to put an end to the extortionate overcharges that have been prevalent.

Measures to reduce the rates of unemployment compensation charges levied upon employers under the merit rating system and to provide $89,000,000 for new construction at State mental hospitals, including Byberry, may also be put down as substantial accomplishments.

Certain approved labor regulations are desirable, such as the ban on strikes by State and city employees, including school teachers and essential public-utility workers, and the denial of unemployment compensation to strikers. But a number of other proposed regulations were lost in the shuffle.

Higher pay for teachers is made possible by the legislature, and local tax bases broadened to help out in this connection. But the manner in which this was performed for Philadelphia—by the imposition of a mercantile license and an additional personal-property tax—cannot be accepted as perfect because the amount of money collected may fall far short of the need.

It is in the session's outright sins of omission, however, that the members have proved mainly delinquent.

They refused to pass a fair-employment-practice bill that would have made it unlawful for anyone to deny employment because of race, religion, or color.

They refused to wipe out the disgraceful racket in new-car sales.

They refused to give communities the home-rule right of deciding for themselves whether they wish to add hockey to the list of sports permitted on Sundays.

They refused to protect rent payers with a rent-control law that would have been in effect after Federal controls are lifted.

They refused to reapportion the State's legislative districts to give the people fair representation at Harrisburg for the first time in 25 years.

They refused to outlaw the Ku Klux Klan.

They refused—the Tobacco Road Republicans holding the balance of power—to legislate for the people. They insisted on blockading measure after measure that would have benefited our State.

They have no excuse. They cannot say they did not have ample time—the session stretched on for 5 months. They cannot say they did not understand the various issues—the Inquirer kept pounding away for weeks stressing the desirability of various bills and urging their passage.

Home rule, racketeers' extortions, the threat of skyrocketing rents, the whiplash of prejudice held over workers by certain employers—all these meant nothing to the Tobacco Roaders.

They clung to their selfish, narrowly political, amazingly behind-the-times views, and they swung their votes that way.

The wonder of it is that the recent session achieved anything worth while at all.

But its accomplishments are marred forever by its failures, its malingering, its incompetence. It will go down in history as the Tobacco Road legislature.

Mr. MYERS. Mr. President, I am deeply worried and concerned about the dark shadows cast by the pending wool bill. We have advanced hundreds of millions of dollars to countries all over the world. For what purpose? We have advanced that money to shelter the homeless and to feed the hungry and clothe the naked. I think we have advanced these moneys too in our own intelligent self-interest, as the distinguished senior Senator from Michigan [Mr. VANDENBERG] has so often said. I was and I am thoroughly in accord with this policy, and I congratulate him for the bipartisan leadership which he has given to our present foreign policy. However, I fear that if this bill passes we shall give notice to the other countries of the world that we are abandoning the course which we have followed for some years past.

We cannot carry the world on our back. This we all realize. We can lend money to other countries to enable them to rehabilitate themselves, to assist them along the road to economic recovery.

But of course this is but a temporary and immediately necessary aid. Eventually they must help themselves and the only way they can do so is by engaging in trade with us and with all the world. But this bill gives notice to the nations assembled at the Geneva Conference, and to all the world, that our brave words of reciprocal trade and the lowering of trade barriers are just words—only words. It is notice to the world that we are returning to a policy of isolationism. If we follow that course if we adopt this conference report, our entire foreign policy may be in jeopardy. So I sincerely hope that the Senate will vote down the conference report, because of the world-wide repercussions which may follow. If the Senate approves the conference report, I hope the President will veto the bill. If he does, I hope that his veto will be sustained.

Mr. President, we have offered our assistance and our aid to those countries which subscribe to the kind of democracy in which we believe. I hope we will continue to help those countries which respect the will of the majority of their peoples. If we do there is a chance that we may ultimately achieve that world of decency and of human freedom which we all hoped for during the days of World War II.

But if we retreat now—and this bill is one of the first steps in a retreat—the nations of the world may well be driven into the all-embracing arms of communistic totalitarianism. They may conclude at this crucial hour that America is only whispering honeyed words, and that although we have loaned them some money and have said to them, "We hope you can finally rehabilitate yourselves with this help," we have in reality turned our backs on them, and said, "We will take none of your trade. We will take none of your business. Where then Mr. President will they turn in their desperate search for a road back to economic recovery. Will they turn to trade blocs, sterling blocs, or a sphere of influence in which we may not have any part—a sphere of influence in which we have no influence?

So, Mr. President, while America takes firm and courageous stands on international issues presenting what appears to be a united bipartisan front in behalf of freedom and decency for all peoples everywhere, little men, arrogant little men wield their hatchets on the appropriations necessary to carry out our commitments, and scream in dismay at every dollar spent here or abroad for the purpose of strengthening democracy. They beat their breasts to emphasize the platitudes they speak about as the American way, but they do their mightiest to return America to the ways of isolationism internationally and jungle economics domestically. Disaster follows either course.

If we back out of Europe now, tail first, talking "international cooperation"—and this wool bill, Mr. President, is the start of backing out of Europe tail first—at the same time we retreat from the responsibilities which go with it—world trade is one of those responsibilities, Mr. President; reciprocal trade is one of those responsibilities, and this measure jeopardizes the reciprocal trade program, then, I say, God help those throughout the world who look to us for freedom, for certainly there will be no one else to help them.

And if they go down into the sea of despair which invites expanding totalitarianism, then, I say, God help America, for alone we cannot stand off a world which envied us the wealth we squander so recklessly on nonessentials while denying a fraction of our bounty to save the lives of millions of hungry, cold, and hopeless men, women, and children.

Mr. President, every newspaper editorial I have read, every letter I have received, is concerned over the threat to our reciprocal trade program by this wool bill. I ask unanimous consent, that at the close of my remarks there be inserted in the CONGRESSIONAL RECORD certain editorials and news articles from various newspapers in Pennsylvania.

I know of no one in my State who is in favor of the pending legislation. So, Mr. President, not only because of its domestic effects, not only because of the complications which will be occasioned on the home front, but particularly and more importantly because of the series of dire consequences to our whole international policy, I hope and trust, that the conference report will be rejected.

The PRESIDENT pro tempore. Without objection, the request of the Senator from Pennsylvania to have inserted in the RECORD certain editorials is granted.

The editorials referred to are as follows:

[From the Christian Science Monitor]

WOOLEN TORPEDO

It may not sound very dangerous—a torpedo of wool—but it is. Let's get the story from the beginning:

Before the war ended, statesmen in many nations began to plan for economic peace in the world as one base for political and military peace. A prime factor in economic peace, they decided, was a freer movement of goods between countries. To that end, they sought ways to lower tariffs and other artificial barriers by reciprocal agreements.

A key move in this program was the enactment last year of a new Trade Agreements Act by Congress. This gave the President authority to negotiate pacts reducing the American tariff on specific imports by as much as 50 percent in exchange for similar reductions by other countries. With this authority, the United States arranged a conference at Geneva to work out such reciprocal plans for giving world trade more freedom.

Meanwhile, a new Congress was elected. It was controlled largely by men who believed in high tariffs. There were reports that they would repeal the Trade Agreements Act of 1946, but apparently they decided not to try. Instead, they began to undermine its operations. Some of them served open notice that other nations could

not depend on trade agreements with America to last after expiration of the act next year.

Also, they found a weapon. It is a proposal to raise the already high tariff on wool by an extra import fee sufficient to make it difficult for other countries to ship wool to the United States. The House of Representatives off-handedly passed this bill, which tends to increase the cost of every yard of woolen goods used in America.

If the Senate should also pass it, Mr. Truman would almost surely veto it. But much of the damage would have been done. Other countries would have had notice from Congress that groups of producers with special interests are still powerful enough in the United States to block a general program for reducing trade barriers—even at the expense of the general interest of the consumers. And, as Secretary Marshall warns, "Wool is a symbol of our intentions in foreign trade."

There is your "wool torpedo." And if the American people do not want it to blow up the Geneva conference and the most hopeful steps for economic peace, they should let Congress know—soon and emphatically.

[From the Pittsburgh Press of June 16, 1947]

THE WOOL GRAB

Of course, President Truman will have to veto the wool-tariff bill.

No more greedy, senseless, and untimely measure has even been considered by this Congress.

Here our Government is lending and giving away billions of dollars to other countries because they haven't the exchange to buy goods which we produce and they need.

Wool is one commodity which some other countries have that they could trade for our goods—if we would only buy more wool from them. Yet, our Government has accumulated 430,000,000 pounds of domestic wool, which it can't sell at less than the price-support level of 42 cents a pound, a price higher than our own people can pay. And we already have a tariff of 34 cents a pound against wool imports.

Now along comes Congress with a bill proposing a 50-percent addition to the tariff. And at a time when, under the initiative of our own Government, an international trade conference is being held at Geneva to reduce barriers to commerce.

Fortunately, the Republicans will not have enough votes in Congress to override the veto. And between now and the next election there should be enough time to educate the GOP on some of the economic facts of our present world, which is in the shape it is largely because of the Fordneys and McCumbers and Smoots and Hawleys of days gone by.

[From the Pittsburgh Post-Gazette]

WOOL AND WAR

The wool-grab bill, by which this country would revive its suicidal high-tariff policies of the twenties, is almost certain to be passed by Congress. This bill would not only retain the present duties on wool but would require the President either to raise them or to impose quotas whenever imports were found to be reducing the amount of domestic fiber produced.

The immediate effect of the bill will be to sabotage the efforts of our State Department officials who are now negotiating reciprocal agreements with representatives of 18 nations at Geneva. It is questionable whether these nations can now place much credence in our pious words about freeing world trade when our legislative actions prove us hell-bent for economic isolationism.

The wool tariff hits most of all the British Empire, that family of nations which should provide our closest allies. For example, almost 90 percent of Australia's exports to this country—and a large part of New Zealand's—are accounted for by wool. If we are to close our markets to these Dominions, we shall not only invite a resumption of the Empire preferential system but will set an example in those discriminatory trade practices which are the sure harbingers of war.

Unless all our postwar foreign policy is to go by the board, President Truman must veto—and Congress must sustain his veto of—the wool-tariff bill.

[From the Pittsburgh Press]

GOP ATTACKS TRADE POLICY IN WOOL DEBATE—CALLS FOR RETURN OF HIGH TARIFFS

(By Charles T. Lucey)

WASHINGTON, May 23.—House consideration of a bill authorizing a higher import duty on wool today brought a Republican frontal attack on the whole reciprocal trade program. It had GOP Members calling for a return of the good old days of the Smoot-Hawley tariff.

Heated floor debate turned the congressional clock back 20 years as Republicans called for a traditional party tariff stand and Democrats warned of retaliation from abroad such as followed passage of past high-tariff laws.

Administration officials fear that signs of revival of the old protectionist spirit apparent in the fight on wool will mean trouble when the reciprocal-trade law comes up for extension next year.

CONFERENCE JEOPARDIZED

Already, according to State Department people, the proposed higher tariff on wool has jeopardized the success of the current Geneva Conference studying world reduction of trade barriers.

Under Secretary of State William L. Clayton told the House, in a letter read by Democratic Whip JOHN MCCORMACK, of Massachusetts, that "if * * * when we are negotiating at Geneva, we raise new barriers as this bill proposes, we stand convicted of insincerity."

From Republican Representative HAROLD KNUTSON, of Minnesota, Ways and Means Committee chairman, came a sharp answer by way of appointment of a special subcommittee to study the whole subject of what the United States representatives are proposing at the 21-nation Geneva meeting.

UNITED STATES POSITION WEAKENED

Mr. Clayton flew home from Switzerland a few days ago after word of the proposed higher wool tariff, reaching there, had weakened the position of the United States delegation.

Mr. KNUTSON also said it seemed the entire American wool industry was doomed as the price of shipping a few autos to Australia, and he warned that Geneva conferees should be on notice that Congress is in no mood to destroy one domestic industry so that another might ship surpluses abroad.

The wool bill started as a measure simply to continue the Government's wool-support-price program, which already has cost the taxpayers $38,000,000 and piled Government warehouses high with a 40,000,000-pound wool surplus. The program increases woolen goods' costs to consumers.

[The House today rejected a proposal to reduce the Government's support price for wool from 42.1 cents a pound to 38 cents. The vote was 110 to 56.]

But the House Agriculture Committee added a section authorizing also a new import fee on wool, up to 50 percent of value, beyond the 34-cents-a-pound tariff now levied on cleaned wool.

The GOP high-tariff position was reiterated by Representative ROBERT RICH, Clinton County, Pa., Republican, who proposed direct action by adding a tariff of 8 or 10 cents a pound in addition to the existing tariff.

FOR THE GOOD OLD DAYS

"I'm of the old school," he shouted to the House. "The Republican Party always stood for a tariff and I'm for it today. Let's get back to the good old days."

Representative MCCORMACK asked "if he meant the good old Smoot-Hawley days."

"No, no—I mean yes," replied Mr. RICH.

HOUSE ACTION ON WOOL BILL JARS OUR WORLD TRADE PLANS

(By Marquis Childs)

WASHINGTON, June 3.—Under Secretary of State Will Clayton is a tall, soft-spoken Texan who believes deeply in free enterprise and free trade. As a free trader, starting from scratch, Will Clayton has built one of the impressive private fortunes of his generation.

Now he is serving the Government as conscientiously as he once served his own private interest. His job is not an easy one. He is trying to persuade the other countries of the world that it is possible to revive the free-trade pattern.

The State Department has a plan for an international trade organization. But before the other nations will accept that plan they want us to show our good faith by reducing tariffs and indicating in other ways that we intend to accept imports from abroad.

In April, Clayton went to Geneva, Switzerland, to promote the world trade idea at an international conference. In the middle of that conference, Congress threatened to pull the rug out from under the American proposals at Geneva. Clayton flew back to Washington to argue his case, not with skeptical foreigners, but with doubting and resentful Members of Congress.

This is how the House put the world trade plan in jeopardy. The House passed a bill which would make it possible under certain circumstances to raise by 90 percent the tariff on wool coming into the United States. We were telling anybody who cared to listen that, instead of lowering tariffs, we proposed to raise them.

The House bill represented the pressure of wool growers in this country to get a guaranteed market. They produce only a small fraction of the wool we use, and they produce it at a high cost and at a small margin of profit to themselves, if any. Yet they are distributed in States with comparatively scant population and so they can make their political weight felt.

The wool story is a long and complicated one. During the war, our Government bought wool at a support price, and the Government now holds 500,000,000 pounds which cannot be sold under present law. The price has dropped to about half that of the wartime support price.

The Senate adopted a wool bill that did not contain the provision for a 50 percent boost in tariff. There is a good chance that the Senate point of view will prevail and that the 50 percent provision in the House bill will be knocked out. Even Senator JOSEPH C. O'MAHONEY, of Wyoming, who comes from one of the wool States, has said he is for compromise since he is convinced the President would veto the House bill and he wants help for wool growers in the form of a domestic subsidy.

When Clayton first returned from Geneva, he went down under an attack of flu. Now, after administration of large doses of penicillin, he is well enough to go up to Capitol Hill to battle for his goal.

Much harm has already been done by the action of the House. It was an indication to the delegates at Geneva of an attitude exactly the opposite of that which Clayton was urging. Perhaps if the final outcome is favorable, the damage can be repaired.

But one must say frankly that this is a forlorn hope. The pressures that developed to protect the wool farmers will certainly be exerted again when farmers in other fields

begin to find the going rough. Unless there is powerful and continuing resistance, the shadow of the wool bill may prove to be the shadow of the shape of things to come.

There is another pattern. It is the pattern of subsidies, of dumping on the world market, of imperialism.

If the plans for a world trade organization fail, that is the way it will go. The producer will be given a domestic subsidy. Under the subsidy the Government is likely to acquire surplus stocks. Then comes the pressure to unload those stocks. They cannot be disposed of at home without upsetting the support price. So they are dumped onto the world market.

This means a kind of competition that is in actuality economic warfare. We shall be competing on this level with Argentina and the Soviet Union, which have put their trade under complete state control. The pressure to do the same thing in this country, in order to hold our own in that warfare, will be very great. So the hope of free enterprise goes glimmering.

The proposed hike in the wool tariff must be blocked. Similar pressures must be resisted. Clayton has fought a gallant fight and he deserves better of Congress.

[From the Washington Post of June 19, 1947]

SHEEP'S CLOTHING

House and Senate conferees have agreed on a mongrel measure for looking after our puny wool industry which would gouge the American consumer and promote corruption in the customs administration. Evidently the conferees were impressed by the objection that an import fee added to the present tariff would violate the letter of our existing trade agreements with a group of nations. Accordingly they adopted an alternative course of keeping out foreign wool, namely, the imposition of import quotas. Strange as it may seem, there is no specific ban on import quotas in any of our commercial pacts with foreign nations, though they would clearly violate their spirit. Doubtless nobody ever thought that the time would come when such a method of fighting the foreigner would be taken seriously. That this device has come out of the Eightieth Congress is no compliment to its sense of morality.

Let us think what might be expected to follow this novel method of propping up our wool growers at the consumers' expense. Congress would authorize the Administration to exclude 50 percent of an import trade that is now four times our domestic clip. What yardstick would the administrators pick? The easiest and doubtless the only practicable way would be to shut the ports to foreign wool as soon as the quota had been attained. That would start a race on the part of foreign suppliers to get their stuff into America. Clearly the factor of distance alone would promote discrimination and ill will. But it is the opening for graft on a grand scale that is the most dismaying thing about an import quota system. Wool is such an important item in the economy of Australia, New Zealand, Argentina, and Uruguay that they would do everything they could to obtain import permits. It is irresponsible of Congress to subject the customs administration to this temptation.

One import quota, of course, would deserve another. If this new method of fleecing the consumer succeeds, then we would have a line of sick and uneconomic industries buttonholing Congress for similar protection. The prospective hold-up should arouse the consumer. Already he is paying through the nose for his woolen goods. This new bill would subject him to another steal of monstrous proportions. It might seem surprising that the industry which finds such favor in the eyes of Congress is wool. Its product is worth only $120,000,000, or much less than one-thousandth of the national income. But wool, like silver, is well distributed, and 23 States (or, better put, 46 Senators) have a vested interest in it. And other States might not be averse to going along with the wool States in the hope that with the introduction of this new type of windfall from the public trough they might get theirs. One good turn always has earned another in tariff politics.

We have not discussed the international implications of this opening gun in the congressional declaration of economic war. The Geneva Conference on trade agreements might as well close up shop if the wool bill should be enacted. What our representatives are trying to do there is to establish economic peace. But the wool bill means economic war. It is a new technique in import restrictions which would persuade other nations to copy our example, with disastrous results on world and American trade. Our representatives also are trying to find ways and means of helping foreigners earn the dollars wherewith to buy our goods. The problem of the dollar shortage has now become a crisis of the first magnitude engaging the full-time attention of Secretary Marshall. But the wool bill would close an avenue for earning dollars and at the same time for aiding the American consumer. It thus flies in the face of our national interest. Cannot the national well-being make any dent at all upon men obsessed with selfish interests? The wool bill is the year's prize example of lunatic exploitation of the American consumer and the foreign supplier.

The PRESIDENT pro tempore. The Chair understands that the Senator from Vermont [Mr. AIKEN] yields 20 minutes to the Senator from New Mexico [Mr. HATCH].

Mr. HATCH. Mr. President, under the unanimous-consent agreement providing for limitation of time, it will be impossible for me to discuss at length and in detail all the matters affecting the wool producers of this country. There are many things that should be said. Some of the charges which have been made throughout the press, largely, I think, due to misunderstanding, ought to be answered. The stigma which has been heaped upon the producers of wool in this country ought to be removed. I would that I had the time today to answer the charges of selfishness and greed and unconcern about world affairs and international relations which have been made, ill-advisedly, against those who are engaged in the actual production of a basic American commodity. Some of the charges and some of the things which the Senator from Pensylvania [Mr. MYERS] has just said have given me grave concern.

When it is remembered that since the first reciprocal trade agreement was proposed in the Congress of the United States I have supported every measure, the original act and every extension of it, and not only that, but I have opposed every crippling provision which has been offered throughout the years, including even the one with reference to Argentine beef, it cannot be said that I am not concerned with world trade or international affairs. Considering that record, of which I am not ashamed, it may well be understood that when the House of Representatives added this particular amendment, I was deeply and gravely concerned lest it constitute the erection of a tariff barrier, the placing of an embargo, which would destroy trade which is vitally necessary, as the Senator has so well pointed out. But, Mr. President, if that were the case, if this bill were to have that effect, I would stand here with every man who opposes such a measure and use my voice and my vote to defeat it, no matter what might be the consequence to my own State; for I believe, Mr. President, that international trade is important; I believe that world trade flows across borders, as has been so often said, where armies do not march. I think it is important to the peace of the world that proper trade relations be maintained with all nations. So devoted am I to this principle, Mr. President, that when the amendment first came to my attention I not only gave it such consideration and study as I could give it myself, but I enlisted the advice and counsel of others, men of legal training and efficiency, men who had time to go into it carefully, or more time than I had. As a result of such study as I have given to the subject and of the advice which I have obtained, I am utterly convinced that the measure, even with the amendment proposed by the House, does not have the effect which has been so often attributed to it.

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

Mr. HATCH. I yield.

Mr. MYERS. I take it that the Senator is in total disagreement with the Secretary of State and the Under Secretary of State as to the implications of this measure?

Mr. HATCH. When the Senator says "implications" I do not know just what is meant. Implications are of many kinds. I do know that if the Secretary of State or the Under Secretary of State says that this measure would produce limitations or undue restrictions upon the importation of wool, I believe they are wrong.

Mr. MYERS. Is the Senator in disagreement with the Under Secretary and the Secretary when they say that this amendment, if agreed to, will torpedo and wreck the Geneva Conference?

Mr. HATCH. I have no information as to that. I have not been to Geneva. I know what the respective gentlemen have said, and in their judgment and opinion I have the utmost confidence; but I say to the Senator that, if such is the case, it is an entirely unjustified contention, as I shall presently point out. It is based upon an element with which the Senator from Pennsylvania began his remarks. He said, "I fear." That is the way the Senator began his remarks. He does fear. Perhaps other nations fear. Against such fear I know of no successful defense except truth, and in order to dissipate some of the fears in the Senator's mind and perhaps in the minds of others, I shall truthfully point out what this measure does. But if we are to be ruled and regulated by fear, nothing but chaos will develop at home and abroad.

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

Mr. HATCH. I must remind the Senator that I am under a limitation as to time. I will yield this once.

Mr. MYERS. They are now engaged in negotiating new agreements and they fear the effect this measure may have upon such new agreements.

Mr. HATCH. I shall not discuss that question with the Senator.

Mr. MYERS. There is nothing certain or absolute, but there is a grave danger involved.

Mr. HATCH. I shall reach that point in a few moments if the Senator will permit me to proceed.

Mr. President, I have said that, if this measure had the effect which has just been ascribed to it, if it did arbitrarily raise the tariff duties, if it did impose what amounts to an embargo, I would vote against it, regardless of the consequences to my State. I go further than that, and say that I believe so much in the patriotism of the wool growers of New Mexico that if the effects which have just been ascribed to this measure were shown actually to exist, and if the results would be so chaotic as has been predicted, they would join me in casting that vote.

Mr. President, I have been diverted from the line of my remarks. I wonder whether the Chair can advise me how much time I have consumed.

The PRESIDENT pro tempore. The Senator has 12 minutes remaining.

Mr. HATCH. Very well.

It is true, Mr. President, that the wool growers want protection for their industry to the extent that they can have some measure of the profit and prosperity which prevails throughout other industries of the land. It may be true, Mr. President, that the products of their toil and occupation represent but a small part of the national income. This has been said so frequently I wonder if the thought is gaining strength and momentum that because an industry does not represent a great part of the national income, it may be well to wipe it out of existence and bankrupt and destroy those who are engaged in it. I doubt, Mr. President, the justice and wisdom of any such line of thought. I doubt whether it will appeal to any fair-minded citizen who will look at the facts as they actually exist and not as they are sometimes represented—or, rather, I am inclined to say, misrepresented—to be.

I, for one, Mr. President, notwithstanding my lifelong convictions as to reciprocity being the true basis of world trade, am not willing to single out one lone industry and say that it shall be destroyed and bankrupted, while others prosper and flourish under exactly the same conditions which would preserve and keep it alive. I am not willing to make goats out of sheep.

While the pending measure, Mr. President, has been one represented to be something in the nature of a wolf in sheep's clothing, I am not unmindful of the fact that there may also be contained within the bill itself and within some of those who prompted and caused the tariff provision to be written, something in the nature of a wolf disguised as a sheep. I am utterly convinced, Mr. President, that there are those—and I am not speaking of Members of Congress now—who wanted that provision in the bill, in the belief and in the hope that including it in the measure would cause its defeat either in the Congress or by a veto by the President which could not be overridden, and that as a consequence the whole support program for wool would collapse and that those interests which are concerned chiefly with obtaining cheap wool would thereby unduly profit and gain at the expense, loss, and perhaps bankruptcy, of the wool growers of America.

I shall not elaborate upon this subject today; but having served as a member of the Special Committee To Investigate Wool Trade and Practices, I learned many things about how the wool growers of this country in the past were deceived and even defrauded—which are mild terms compared with actual practices which our committee found to exist in many, many instances.

Now, Mr. President, to the bill itself: The measure does provide a continuation of a support program for the next 18 months. It is but a temporary measure, as was developed on yesterday, and it establishes no fixed or determined policy. Insofar as prices are supported, the Congress does not seem to be in much disagreement as to the terms of the measure. It appears to be almost the unanimous opinion that so long as present unsettled and disturbed conditions exist, it is necessary to have some kind of a support program for wool. Even the most vigorous opponents of the pending bill concede that. So it will not be necessary today to discuss that feature of the measure, and I shall not do so.

The opposition is directed against the provision which relates to the imposition of duties and the fixing of quotas. That is an important matter. This is the provision which gives me so much concern. It is one which I did not want in the bill. I did not think, and I do not believe, that it was at all necessary. Its inclusion was a mistake—such a mistake, Mr. President, as to cause me to question why that provision was inserted, for it may have the effect of eventually killing the entire measure. As I have said, if it did require the raising of import duties, if it did require the fixing of quotas amounting to an embargo, I would vote against it.

As I have previously stated, I studied that provision. I sought the advice and counsel of others. After having done that, I arrived at an interpretation of the bill which was exactly the same as the one which was given yesterday by the distinguished and able Senator from Vermont [Mr. AIKEN].

Incidentally, I might add that the reputation and the record of the Senator from Vermont are such that I know that nothing could persuade him to agree to a conference report or to a provision in any bill which he believed to be contrary and detrimental to the interests of the country as a whole. This is no idle compliment I pay to the Senator from Vermont. His entire record in this body warrants, justifies, and demands this tribute to his character and to his statesmanship. He has not been narrow, selfish or greedy in any of his attitudes with regard to matters of public interest. He has said—and I agree with him—that the provisions in the bill relating to the increase in import duties and the quotas are entirely discretionary with the President.

The measure as it is now presented in the conference report only gives to the President the discretion to protect any program conducted under the Wool Act of 1947 in the same manner and by the same methods as he is now authorized to use to protect programs conducted under the Agricultural Adjustment Act of 1933, as reenacted and amended, the Soil Conservation and Domestic Allotment Act, as amended, and section 32 of Public Law 320, Seventy-fourth Congress, as amended.

The provisions of section 22 of the Agricultural Adjustment Act empower the President, "whenever he has reason to believe"—note the words, "whenever he has reason to believe," for they are the words of the act—"and finds, after an investigation conducted by the Tariff Commission," that one or more of the articles included in that section are being imported under such conditions and in sufficient quantities as to interfere materially—not merely incidentally—with any program conducted under the provisions of the laws enumerated, to impose such fees on, or such limitations on the total quantities of, any article as he finds to be necessary, within, of course, the limitations that are fixed, in order that the importation of such article will not materially interfere with programs conducted under the laws mentioned.

The words I have just used are taken, in large part, from the statement of the House managers, but they correctly quote the act and they correctly state its implications.

Mr. President, the words I have quoted, appearing, as they do, in the statement of the House managers, are words which would be interpreted by any court constructing the provision. They should also be understood and interpreted by the other countries who may deal with this provision. They convey the clear and definite meaning that the exercise of the power vested rests entirely within the discretion of the President of the United States.

Although he may sometimes entertain fear, will any Senator on this side of the aisle stand here and say that he fears and distrusts the wisdom and discretion of the President of the United States? Does he fear and distrust that the President of the United States will unreasonably, unduly, and harshly raise tariff duties or impose quotas? If there is such a fear on the part of any Member of the Senate, he entertains a fear which I do not share, and he has a feeling toward the President of the United States which I do not have.

Mr. MYERS. Mr. President, will the Senator from New Mexico yield?

Mr. HATCH. I yield for 1 minute.

Mr. MYERS. I am sure the President does not even want this power, since his Secretary of State has opposed the granting of the power. Furthermore, I am of the opinion that what is proposed will be permanent legislation. Although I have no fear of the present President, I do not know who may be President in the

future, and I say this is to be permanent legislation, which will extend beyond 1948.

Mr. HATCH. Again, Mr. President, the Senator expresses fear, and I say that when he expresses a fear that it is permanent legislation, he expresses a fear which is entirely ungrounded and unfounded, for it is not to be permanent legislation, as was fully explained on the floor yesterday. It will automatically expire on the 31st day of December next, when President Truman will still be in office.

Mr. MYERS. I am in accord with that statement, but with the Senator's interpretation I am not in accord.

Mr. HATCH. What I have said about the present occupant of the White House, when I stated that I do not mistrust and will not mistrust his motives, I would say regarding any occupant of the White House, for, regardless of how elections may go, I am convinced, as an American, that the man the American people choose for their Chief Magistrate will be a reasonable, a just, a fair, and a patriotic American. No matter to what party he might belong, I would say, Mr. President, that I would have complete confidence that no President of the United States would unduly and unreasonably exercise the power proposed to be vested by the bill to destroy international relations, to destroy world trade, and bring chaos and ruin to all the world. I have too much regard for all Presidents and all parties to entertain any such fear as that. So what I have said about the present occupant of the White House applies to all.

Of course, Mr. President, world trade is of such vast importance that it requires the efforts of all of us to maintain it and keep it on a sound, fair, and just basis, especially with nations like Australia and New Zealand, whose chief exports are wool, which they send to us, buying from us in return. I would do those countries no injury, and my President will do them no injury. If those at Geneva are entertaining grave fears because of the passage of the pending measure, let them read the amendment itself, and let them realize that the power is only discretionary and that, as I say, it will not be used by the President except in the most extreme case, when it might be absolutely necessary to use it in order to prevent the ruin of an important industry here at home. I do not believe even the Australians or New Zealanders would have any reasonable objection to that.

Mr. President, I have taken already more time than I should have taken; but I feel deeply about every question involved in the bill. I did not want the provision we have been discussing; I do not want it now. I think it is unnecessary. But I believe it will be completely harmless and ineffective, and if the measure shall not be enacted, if the program shall be killed and destroyed, I am quite sure many citizens of America engaged in the production of wool will face bankruptcy and perhaps ruin.

The PRESIDENT pro tempore. The Senator's time has expired. To whom does the Senator from Vermont yield?

Mr. AIKEN. I yield 7 minutes to the senior Senator from Wyoming [Mr. O'MAHONEY]. I believe the Senator from Kentucky will want to speak on the other side at the conclusion of the remarks of the Senator from Wyoming.

The PRESIDENT pro tempore. The Senator from Wyoming is recognized for 7 minutes.

Mr. O'MAHONEY. Mr. President, I desire to associate myself with the very well-reasoned statement which has just been made by the senior Senator from New Mexico [Mr. HATCH], who pointed out that section 22, which seems to be drawing the principal fire of those who are fearful of the results of the proposed legislation, makes itself operative by the phrase "whenever, in the discretion of the President of the United States." The provision cannot become effective unless the President in his judgment finds that it is essential.

I wish to point out that it is my understanding that every reciprocal trade agreement which is now proposed to be entered into will contain an escape clause, which will be an expression of the same, exact power of the President of the United States with respect to any agreement.

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

Mr. O'MAHONEY. I yield.

Mr. HATCH. The Senator is familiar with the provision of existing law giving the President of the United States power not only to raise but to lower tariffs.

Mr. O'MAHONEY. If a reciprocal trade agreement is made, it is a binding obligation of our Government, of course, until it is modified, but when the reciprocal trade agreement contains an escape clause, then those who enter into the agreement—and this must include all those assembled at Geneva—are on notice that the President of the United States may bring the agreement to an end. The situation, therefore, logically and factually is no different with respect to the pending bill than with respect to any reciprocal trade agreement which may be entered into. Therefore all the charges which are being made that the bill undertakes to establish a new policy of economic isolation fall absolutely to the ground.

Mr. President, I wanted to call attention to another phase of the matter.

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

Mr. O'MAHONEY. I yield.

Mr. LUCAS. If what the Senator says is true, why is the State Department so violently opposed to the proposal?

Mr. O'MAHONEY. Because the State Department has been impressed by the emotional reaction of those who are seeking to prevent the enactment of this support bill, the emotional reaction of those who seek to capture the largest possible amount of the American market for wool.

I point out to the Senator from Illinois that the primary basis for the wool legislation is that the chief producers of wool in the world, outside the United States, are Australia, New Zealand, and South Africa, as the Senator well knows. The Government of Great Britain has entered into an agreement with those three Dominions under which the Government of Great Britain has set up a joint organization to sell wool in the United States. Great Britain has, in other words, a state monopoly for the disposal of that wool in this market.

It goes further than that, however. The Government of Great Britain lends its money to France to promote manufacturing of the British-owned wool in France, to be reexported to Great Britain, and exported to the United States as the output of Great Britain. The same policy has been followed with respect to Italy. In other words, the Government of Great Britain has organized the wool-producing and the wool-manufacturing trade for the purpose of capturing the largest possible share of the American market, and all that we, who are supporting the pending measure, are trying to do is to prevent that program from destroying our own basic industry.

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

Mr. O'MAHONEY. How absurd it is to say that we will endanger either the foreign exporters of wool or the domestic consumers becomes evident when I point out to the Senate that the pending bill provides only for the purchase of domestic wool at the OPA ceiling price. There is no other commodity of the farm or the factory which is being held to the OPA ceiling price.

I now yield to the Senator from Kentucky.

Mr. BARKLEY. I wanted to inquire if the Senator did not know that the joint organization of which he speaks is really, in fact, a sort of prototype of our Commodity Credit Corporation?

Mr. O'MAHONEY. Oh, I do not agree with that suggestion.

Mr. BARKLEY. Is it not operating with respect to wool produced in the British Dominions, in order that there may be an orderly marketing of that product in the nations of the world who are in a position to receive it?

Mr. O'MAHONEY. But the Commodity Credit Corporation buys only what it sells within the United States.

Mr. BARKLEY. I understand that.

Mr. O'MAHONEY. What I am pointing out to the Senator from Kentucky is that the Government of Great Britain has launched itself upon a program of state commercialism. Not a single pound of American cotton can be bought in Great Britain by any individual citizen of Great Britain. Every pound of cotton to be purchased there must be purchased by the state, not by the individual. If we are to preserve a system of free economy, we must preserve a system in which the individual is free.

Mr. LUCAS and Mr. BARKLEY addressed the Chair.

Mr. O'MAHONEY. I am under limited time, and I wanted to refer to another point.

The whole basis, Mr. President, of our saving the world from the results of the war is the productive capacity of the United States, the productive capacity of America. We cannot afford to destroy that productive capacity, whether it be the producers of wool upon the ranges, the producers of automobiles in American industry, or the industrial producers of New England. So we cannot

afford to follow a policy that may jeopardize the productive capacity of the wool growers, in order to find foreign markets for our industrial output. There must be a balance.

The PRESIDENT pro tempore. The Senator's time has expired.

Mr. BARKLEY. Mr. President, I yield 10 minutes to the Senator from Delaware [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. President, when the pending bill was initially before the Senate for consideration, I voted against its passage. I intend to vote against the adoption of the conference report today, not because of what was added to the bill in conference, but because I think it an unsound piece of legislation. When we pass the pending bill we are establishing a precedent of supporting an agricultural commodity at a price far in excess of parity. This is the first bill relating to farmers that has come before the Eightieth Congress. In it there has been selected one section or group of American farmers. And we are proposing for the next 18 months to guarantee to that group the highest price they have received for their product during the past 14 years. In other words, we are picking out one favorite group and guaranteeing to it wartime prices in a peacetime economy.

A statement was made a few minutes ago that there are no other agricultural products selling at OPA ceilings. I would dispute that statement because today there are many agricultural products which the eastern farmers are selling considerably below the former OPA ceiling, and which they have been selling below that ceiling for some time. It is nothing unusual to establish price ceilings in wartime, but the farmers do not expect and Congress has no right to establish wartime prices in a peacetime economy. We have heard a great deal of discussion recently both by the President of the United States and by Members of this body regarding the high cost of living, and yet, at the same time, we find that while the Government, through one agency, is buying potatoes and dumping them on this side of the border, through another agency potatoes are being imported from our neighbor on the north. The same thing is being done, or is now proposed to be done, with respect to wool.

The 1946 report on agricultural statistics shows that this country is normally an importer of wool since we actually produce less wool than we consume. The whole price structure can be worked out on an equitable basis through the tariffs. It is ridiculous that we should today establish the price of any commodity at wartime levels and then complain about the high cost of living, yet that is exactly what we are doing. Many mills in our country are operating entirely on imported wool because the foreign countries are selling their wool in the American market at just a shade under the price which we are endeavoring to maintain. I think we should be rendering maximum service to the farmers, the laboring man, and to the man who has retired from active employment if, instead of calling upon them to pay still higher prices, we should endeavor to check the inflationary rise in the cost of living. Mr. President, I shall continue to vote against such a program as that here proposed.

I ask to have included in the RECORD a table which shows the production of wool in the United States, since 1936. It also shows the consumption of wool within the United States during the same period, the amount of wool imported, and the price. I call attention to the fact that the price ranged from 19 cents to 42 cents. We are today proposing to stabilize the price at the highest price on record, which is near 42 cents.

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

Wool

Year	Consumption	Total production	Exports	Imports for consumption	Price
		Million	*Million*	*Million*	
1936	406	419	16	110	26.9
1937	380	423	68	150	32.0
1938	284	425	1,343	30	19.1
1939	396	428	179	98	22.3
1940	407	436	456	222	28.3
1941	647	456	38	613	35.5
1942	615	459	111	1,004	40.1
1943	624	449	27,878	918	41.6
1944	622	418	7,396	584	42.4
1945	645	387	32,392	709	41.9

The PRESIDENT pro tempore. To whom does the Senator from Kentucky now yield?

Mr. BARKLEY. I promised to yield to the Senator from Maryland [Mr. TYDINGS], but he is not on the floor at the moment. Would the Senator from Vermont care to yield time to someone?

Mr. AIKEN. No, Mr. President. We have used 37½ minutes out of our 65 minutes, I believe.

Mr. BARKLEY. How much?

Mr. AIKEN. We have already used more than half our time. I suggest the Senator from Kentucky yield to someone on the other side.

Mr. BARKLEY. Mr. President, I inquire how much time have I remaining?

The PRESIDENT pro tempore. The Chair is informed that 49 minutes remain to the side of the Senator from Kentucky.

Mr. BARKLEY. I yield 5 minutes to the Senator from Illinois.

Mr. LUCAS. Mr. President, I am exceedingly interested in world recovery; I am extremely interested in certain of the elementary principles of world trade. It seems to me the pending bill is at cross purposes with what is desired by the American people, namely, world recovery, in our economic and political relations with other nations. A moment ago the distinguished Senator from Wyoming [Mr. O'MAHONEY], replying to a query, said the State Department was opposed to the pending measure, by reason of the emotional situation which arises with other nations of the world who are now in conference at Geneva, attempting to secure economic uniformity throughout the world, whereby the raw materials of this and other nations may be furnished without tariff barriers, which are contemplated by the pending bill. Knowing George Marshall as I do, knowing Will Clayton, the Under Secretary of State, as I do, I am certain they are not being misled by the emotional side of the economic picture which faces them at the present time. Once a beginning is made with legislation of this kind the door is being opened to ultimate repeal of the reciprocal trade-agreement program which was inaugurated years ago by Cordell Hull. I am told that Cordell Hull is unalterably opposed to the conference report which is now before the Senate. If there is any man in America who understands reciprocal-trade relations between this and other nations, it is the distinguished former Secretary of State, Mr. Hull.

Mr. President, I am sure that the citizens of New Zealand and Australia and other sheep-producing countries of the world are disillusioned as the result of what is proposed to be done by the pending bill. In other words, we are talking out of both sides of our mouth at the same time, as we proceed to pass legislation of this kind. Sooner or later the Congress is going to be compelled to look at this kind of problem from the standpoint of the Nation as a whole, as its economic power is related to that of the rest of the world. That is not now being done. The same old, sectional, selfish interest is involved in the wool bill as is involved in a good many other measures which come to the floor of the Senate and by means of which United States Senators seek to protect some particular industries at the expense of the economic life of the rest of the Nation.

Mr. President, I am opposed to the conference report.

The PRESIDENT pro tempore. The time of the Senator from Illinois has expired.

Mr. AIKEN. Mr. President, I yield 5 minutes to the junior Senator from Maine [Mr. BREWSTER].

The PRESIDENT pro tempore. The Senator from Maine is recognized for 5 minutes.

Mr. BREWSTER. Mr. President, I have been interested in this matter from the standpoint of the woolen mills of the East, which, it has been suggested, might be prejudiced by the proposed action. In my study of the situation I have been interested to find that exactly the same power which is placed in the President by this bill to protect the domestic wool industry and dispose of the great reserves of wool we have accumulated, extends also to the manufactured product, so that if any prejudice should extend to the manufacturers of wool products by reason of the provisions of the bill, the President has exactly the same power to extend protection to the woolen manufacturers of the East or of any other section of the country that he has to the wool growers of the West. I say that because there has been concern expressed as to whether or not the eastern manufacturers would be prejudiced by the provisions of the pending measure. That would be by means of imposing quotas on the importations not only of wool but of wool products, a power which was bestowed upon the President in the Tariff Act of 1930 under section 1336. So I think there will be no question regarding the powers of the President to act, as he has said,

for the protection of any industry in the United States which is threatened with disaster by these means.

Nor does the measure interfere with any of our existing trade agreements. While in the United Kingdom agreements it is provided that no fees shall be imposed, and so that method of protection would not be available under the terms of the pending bill, it does not prohibit the imposition of quotas. We hear a great deal about quotas being inconsistent with our existing international trade policy. My only answer to that is that the greatest single item concerned is now handled by quotas not under the tariff.

While Mr. Clayton, our very eminent Under Secretary of State, dealing with economic matters, and, I think, without employing any criticism, one of those most familiar with the cotton industry, so that he must be fully informed regarding the situation, inveighs against protection for products of the North and the West, while he challenges the proposed action regarding wool, and cries to high heaven that quotas are utterly incompatible with the great trade philosophy which he is seeking to sell to the nations of the earth, yet today he has his great cotton industry safely sheltered behind a quota system which is the most restrictive of any of the provisions we have in our laws or in our regulations.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point, the annual import quotas on cotton.

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

Annual import quotas on cotton

	Pounds
Under 1⅛ inch, other than rough or harsh cotton under ¾ inch	14,516,882
1⅛ inch or more, but less than 1 11/16 inch	45,656,420
This item was increased by Presidential action last week to add this amount of 1⅜ to 1 11/16 inch fiber	23,094,000
Less than ¾ inch harsh rough fiber	70,000,000
Total quotas of all lengths	153,267,302

Cotton 1 11/16 inches longer comes in quota free but pays a duty of 3½ cents a pound.

These quotas represent a total of somewhat under 300,000 bales. The amount of fiber longer than 1 11/16 entering the country is negligible. The total United States production of all lengths of cotton is approximately 10,000,000 bales.

Mr. BREWSTER. These figures show that while we produced 10,000,000 bales of cotton under the import quotas established by Mr. Clayton, who inveighs against import quotas, not more than 300,000 bales of cotton of any character, outside certain items which are very little used in this country, can be imported. I suggest that what is sauce for cotton is sauce for wool, if I may use a somewhat mixed metaphor, and that if it is all right to protect the American cotton industry by import quotas on cotton, I am quite sure that the trade program of the world will not collapse if the poor little sheep of the West or the poor little woolen industry of New England is accorded a similar assistance. What is good for one is certainly good for the other, and with that I wish to leave the discussion.

Mr. BREWSTER subsequently said: Mr. President, I ask unanimous consent to have inserted in the RECORD, at the conclusion of my remarks made earlier in the day, a brief statement relating to the position of the wool-textile industry under Senate bill 814.

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

POSITION OF WOOL-TEXTILE INDUSTRY UNDER S. 814

If the Wool Act of 1947 becomes law and import restrictions (either fees or quotas) are imposed on raw wool, what will be the position of the wool manufacturers who are buying raw wool? The following comments are addressed to section 22 as it would be amended by the wool bill now before the Senate.

Section 22 (a) provides that when any one or more articles are being imported so as to interfere with the Wool Act, the President shall direct the Tariff Commission to make an immediate investigation to determine whether additional import restrictions are necessary to protect the domestic program. Wool textiles are certainly within the scope of section 22 (a) as well as raw wool.

Section 22 (b) authorizes the imposition of fees or quotas on any article or articles which the President finds to be necessary to prevent the entry of such article or articles from interfering with the program.

Both raw wool and wool manufactures are clearly covered by section 22, provided, of course, that the facts show the necessity for action in order to prevent imports from interfering with the domestic program.

The principal question concerning compensatory protection to the textile industry arises from the last proviso of section 22 (b): "That no proclamation under this section with respect to wool shall be enforced in contravention of any treaty or international agreement to which the United States is now a party." That provision would not affect raw wools finer than 44s—the types produced in the United States—because such wools are not included in existing trade agreements. The proviso would, however, preclude the imposition of fees, but not of quotas, on wool textiles. Practically all forms of imported wool textiles are included in existing trade agreements, the most important of which in this connection is the agreement with the United Kingdom. Under the proviso, in the wool bill no article on which an outstanding trade-agreement concession is in effect could be subjected to an import fee under section 22 because the agreement prescribes the maximum duties that can be imposed on the articles covered thereby, and the fee under section 22 is a duty within the terms of the agreement and would therefore be in contravention thereof.

However, quotas may be imposed on trade-agreement articles under certain conditions, one of which permits the use of quotas "in conjunction with governmental measures or measures under governmental authority operating to regulate or control the production, market supply, quality, or price of the like article of domestic growth, production, or manufacture."[1]

The Wool Act of 1947 in effect establishes a floor under the price of raw wool produced in the United States and therefore is a measure to regulate or control the price of such wool within the meaning of the trade agreement. It would also seem reasonable to conclude that by controlling the price of raw wool the wool act would operate to control the price of textiles—at least to the extent that the cost of the raw wool is reflected in the cost of the textiles. From all this it is concluded that the proviso of section 22 (b) would preclude the use of import fees on wool textiles but that import quotas could be imposed.

[1] This language is quoted from art. XV of the trade agreement with the United Kingdom. Other trade agreements contain identical or similar language.

The PRESIDENT pro tempore. The time of the Senator from Maine has expired.

The situation is that the Senator from Vermont has 20 minutes remaining, and the Senator from Kentucky has 43 minutes remaining. The Chair understands the Senator from Kentucky yields 15 minutes to the Senator from Maryland [Mr. TYDINGS].

Mr. TYDINGS. Mr. President, when the Nation is about to begin to take a certain course of action it is highly desirable that we survey the circumstances that exist in order to test whether or not the proposed course of action is desirable and in the over-all national interest. Today we live in a world that is very sick indeed. Most of the economy of Europe has been destroyed. The nations over there are having a very difficult time to make ends meet. The situation in Asia is far from wholesome and far from promising. As a matter of fact, the United States is the one great citadel of economic sufficiency, on the one hand, and stabilized democratic government, upon the other, that seems to exist among the great powers of the earth.

After the last World War the earth was not so greatly devastated. When that war was over our allies owed us $11,000,000,000 in war debts which we refused to cancel. In the next 11 years private banking interests in America loaned $15,000,000,000 to foreign governments and subdivisions thereof and to foreign corporations. So that by 1929, in war debts and in private loans made after the war to foreign governments and subdivisions thereof and to foreign corporations, there were $26,000,000,000 owing to the United States of America as a government or as a people.

At the same time we prevented those who had borrowed the money and who owed us the money from paying the debt in the only medium of exchange that existed, and that was in goods or services. To my way of thinking, this helped materially to bring on a world crisis, which in time overtook our own Nation and put us through one of the most serious depressions of all time.

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

Mr. TYDINGS. I cannot yield.

Today the situation is far worse. Today the earth is much more devastated and impoverished than it was after World War I. Today countries are not able to float loans on a security basis. What has been done in this body so far has been largely in the nature of gifts which we call aid. I do not know how far this process will continue, but it is estimated by high authority that if we were to adopt it in its full scope it would require $24,000,000,000 or $25,000,000,000 to place a bottom under the economy of the world so that a sound world economy could thereafter evolve. Probably the Congress would not welcome embrac-

ing—certainly not at one time—an aid program of this magnitude. Nevertheless, we have already started along that roadway. In this session of Congress we have appropriated $350,000,000 for general foreign relief and $400,000,000 for Greek and Turkish assistance, a total of almost $1,000,000,000, besides other appropriations which directly and indirectly go to aid a stricken world.

We must not lose sight of the fact that in this country we have only about 6 percent of the earth's population; but we have a much larger percentage of the world's income. It has been estimated that the United States has approximately 30 percent of the total world income. So here we are, a people numbering 6 or 7 percent of the population of the earth, with 30 percent, or nearly a third, of the total income of the entire earth. We are rich, happy, and prosperous almost beyond human imagination, in comparison with many other countries.

One must actually see at first hand the conditions which prevail in the world faintly to appreciate them. Last year I had the good fortune to go around the world and visit many of the countries of the earth and see at first-hand the dire conditions which exist.

We can talk in generalities all we please about how we must rehabilitate and safeguard civilization, how we must place a substantial floor under it so that we can build upon that floor, how we must have a world at peace and must have security at home. We can talk about disarmament abroad and at home so that the United Nations may perform the task for which it was created. But all of that is only so much Fourth of July oratory unless we couple with it another premise of procedure. There must be some division of the world's work if world prosperity and a sound economy are to come to the peoples of stricken lands. We can own all the ships on earth which carry commerce on the seven seas; we can own all the airplanes in the world which fly commerce in the air; we can perform all the banking business; we can perform all the insurance business of the world; we can raise more food than any other country on the globe—but after all is said and done, unless the other fellow can do something also, he cannot buy what we have to offer; and if he cannot buy what we have to offer, our own prosperity is adversely affected.

We must find some way, without adopting the repugnant tenets of communism in international affairs, to allow production to be grouped into natural places. A country which can best produce beans ought to be given an opportunity to produce beans for the good of mankind all over the world, particularly if it can produce little else. By selling those beans outside the country which produces them, that country can obtain credits—dollars—with which to purchase the things which it cannot produce, and which we desire to sell. We cannot do it all. If we do it all, all we shall do is to look at suffering humanity all over the globe and from time to time funnel out from the Treasury of the United States sums sufficient merely to keep life in existence all over the globe.

Many countries are faced with a situation in which they cannot compete with us. They have not our industrial know-how. They have not our inventions, or our machinery. They have not our transportation facilities. In a prosperous, busy world, in a world dedicated to peace, and a world which is in a position to keep the peace, there must be some sort of division of the world's work. No one wants to make the sacrifice. The man who is in the airplane business wants to fly all the planes from this country to all points of the compass. The man who is in the shipping business wants to have his ships go to all the ports of the earth, without competition from any foreign source. The man who produces cotton, wool, cattle, potatoes, automobiles, furniture, clothing, shoes, or what not, wants to have customers all over the globe.

That is a commendable outlook so far as it goes, but we cannot have customers all over the globe unless we have customers who can sell something in order to obtain the money with which to buy the things which we desire to sell. If we do not have a broader horizon than mere little segments of this, that, or the other business enterprise, we shall be in the position of prolonging the misery of the world and unwittingly sowing the seeds of rebellion, and perhaps of another war as a consequence.

I do not mean to say that part of this bill has not a great deal of merit. During the war and for several years preceding it, this Government has been dedicated to what is known as a support program. The bill as it passed the Senate under the able leadership of the Senator from Vermont [Mr. AIKEN] carried a provision with respect to wool which is similar to that enjoyed by other commodities. But when it came back from the House of Representatives it was an entirely new bill. There was an effort to jam the mailed fist of power into the economy of nations so as to stop the normal ebb and flow of trade.

What will the people of New Zealand, Australia, and South Africa, who now produce wool, produce instead of wool, so that they may get the money with which to buy our automobiles, our wheat, our corn, our cattle, our cotton, and our manufactured goods, if we stop the importation of wool into this country? They certainly must produce something. They cannot buy with thin air. They cannot buy unless they can sell.

So, Mr. President, I shall vote against the conference report with the hope that if we are able to vote the conference report down, the Senate bill, which has gone to the House of Representatives, will then be in order for reconsideration in the House. If the House should be so wise as to pass that bill, we could keep the commendable features in our present economy in it without walking a road which is fraught with serious dangers.

Mr. President, how much time have I remaining?

The PRESIDENT pro tempore. The Senator has 2½ minutes remaining.

Mr. TYDINGS. I was intrigued with the language in the bill. It says that the President of the United States is empowered to levy fees—mark the word, "fees"; f-e-e-s—against imports of wool if certain conditions arise which make it desirable, under the philosophy of the bill. The word should be "tariffs." That is all it is. The word "fees" is nothing more than a pleasing substitute, a euphemism, if you please, to soften the harsh character of the connotation of the word "tariff."

I am therefore hopeful, Mr. President, that others may see this situation as I see it, that they may see that we are starting with one bill after another to walk the same roadway we walked after World War I. At that time we loaned money to our customers so that they could buy the goods which they desired from us. We did not let them sell us anything that we could keep out; but we made loans to the extent of $15,000,000,000 after World War I, and our customers paid the money which they had borrowed from us with which to buy the goods we were selling to them. But when the loans stopped in 1928 and 1929 that trade stopped, and the whole world skidded into a gigantic depression. Now we are beginning again to make gifts instead of loans to the foreign states that are in a depleted condition. At the same time we erect barriers so that we will have to make these gifts, for the sake of humanity, over a longer period of time than otherwise would be necessary.

There must be some division of the world's work if there is to be a prosperous world, if there is to be a peaceful world, and it should be an orderly and natural division of the world's work, not one which is artificial, grabbed or acquired or protected by the artifices of governmental legislation.

The PRESIDENT pro tempore. The time of the Senator from Maryland has expired. To whom does the Senator from Vermont yield?

Mr. AIKEN. I yield 5 minutes to the junior Senator from Wyoming [Mr. ROBERTSON].

The PRESIDENT pro tempore. The junior Senator from Wyoming is recognized for 5 minutes.

Mr. ROBERTSON of Wyoming. Mr. President, several statements were made by the Senator from Maryland [Mr. TYDINGS] to which I should like to reply, particularly his statement questioning the advisability of this measure on the ground that it would have the effect of reducing the foreign imports of wool, thereby further reducing the ability of a foreign nation to buy goods from us, or, in other words, to receive American dollars. I fully realize the necessity of foreign nations obtaining American dollars, but the passage of the pending bill affecting the wool industry would not interfere with their ability to obtain American dollars.

Prior to the war, as I made clear yesterday, we imported approximately 200,000,000 pounds of wool, mostly from Australia. During the war, when the cost of production of wool in this country rose approximately from 200 to 300 percent, it was impossible to maintain our production, and it dropped from 450,000,000 pounds to 300,000,000 pounds, which is the production today.

By reason of the peculiar nature of the sheep business it is impossible to increase production in 6 months, a year, or 2, or even 3 years. It is a very gradual process; and if we ever do get back to raising 400,000,000 to 450,000,000 pounds of wool in this country it will probably take us at least 10 years to do so. During that time, and certainly for the next 2 or 3 years, the foreign imports coming into this country, instead of being approximately 200,000,000 pounds, which was the amount in prewar days, will be approximately 800,000,000 pounds, as it is now.

Our consumption of wool has increased from approximately 600,000,000 pounds to approximately 1,000,000,000 pounds, and there is no possibility, Mr. President, of that amount of imported wool being reduced. Our consumption is, as I say, approximately a billion pounds, and experts claim that it will continue at that rate for many years to come. I myself am inclined to think that that may be a slight exaggeration, but I believe that the floor will be somewhere around 800,000,000 pounds, which will still leave an importation of at least 500,000,000 pounds of wool.

Australia, New Zealand, South Africa, and the Argentine are importing into this country two or three times as much wool as they have ever before imported in any prewar period.

So far as my having any sympathy with attempts to boost imports from those foreign countries is concerned, I cannot go along with the Senator from Maryland.

Regarding the statement of the Under Secretary of State, Mr. Clayton, that our attitude at Geneva would appear inconsistent, I cannot agree that we would be inconsistent in any way if this bill should be passed. Our imports would continue at the high rate at which they are today; and there is nothing inconsistent in approaching any trade treaty or any understanding with a foreign nation when they continue to export to this country the vast quantity which they exported during the war years because of the great demand for wool to be used in the manufacture of uniforms and blankets for our Army and Navy.

The PRESIDENT pro tempore. The time of the Senator has expired.

Subsequently,

Mr. AIKEN. Mr. President, I yield 1 minute to the Senator from Wyoming [Mr. ROBERTSON].

Mr. ROBERTSON of Wyoming. Mr. President, I merely wish to ask that a correction be made relative to a news release appearing in today's Washington Post. The title is "Senate Ready To Vote Today on Wool Bill." After referring to the remarks of the Senator from Kentucky [Mr. BARKLEY] and the Senator from Wyoming [Mr. O'MAHONEY], the last paragraph states that—

> Senator ROBERTSON (Republican, of Wyoming) also said other nations would regard passage of the bill in its present form as a high-tariff, isolation move by the United States.

The article continues to show that I would vote against this measure.

Mr. President, obviously that position should have been ascribed to the Senator from Virginia [Mr. ROBERTSON], a Democrat. It was he who made that remark. Let me add that I am advised that over the radio networks this morning the statement was made that Senator ROBERTSON of Wyoming was opposed to this bill—a bill which he himself introduced.

So I hope the press and the radio will make the necessary correction, in line with this correction which I am inserting in the RECORD.

Mr. BARKLEY. Mr. President, I feel compelled to correct the Senator from Wyoming in this respect: He referred to this measure as being a bill he introduced. This is not the bill he introduced. All of us can support and did support the bill he introduced.

Mr. President, I now yield 5 minutes to the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. Mr. President, I shall vote against this conference report. I shall do so, because, as I stated yesterday, it will make it very difficult for the people who are consumers of wool to use wool as a raw product. I shall not repeat the argument which I made yesterday, but I should like to make two points in answer to the distinguished junior Senator from Maine [Mr. BREWSTER] with relation to the use of wool in woolen mills. He stated that there were quotas on cotton. I do not doubt that that is true. The difference between cotton and wool is a very simple one. We produce all the cotton we can use, whereas, as the distinguished Senator from Wyoming [Mr. ROBERTSON] said a moment ago, we produce approximately only half of the wool we consume. If quotas are placed on wool or its cost is increased, the amount of wool or the price at which it goes into the woolen mills for use in the making of garments is directly affected.

It is true, as the junior Senator from Maine has stated, that, under the reciprocal trade agreements, tariffs can be raised by the President on the other wool products that go into the making of cloth. In other words, if quotas or increased prices are put on raw wool, then the President has the power under present laws to increase the tariffs on yarn and other material.

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

Mr. SALTONSTALL. I have only 5 minutes.

Mr. AIKEN. If it takes only 30 seconds of my time?

Mr. SALTONSTALL. I yield.

Mr. AIKEN. Imposing an additional tariff on wool is not a condition for imposing a tariff on the finished product. The President can impose a tariff on the finished product regardless of the tariff on raw wool.

Mr. SALTONSTALL. The Senator from Vermont is entirely correct, and if I made a statement to the contrary it was inadvertent. What I intended to say was that if an additional tariff or a quota is put on raw wool, presumably, in order to keep the balance equal, a higher tariff would have to be placed on yarn. I shall not argue the question of international relations; but I do submit that what we are doing is to impose upon the consumer a higher price for suits made of woolen goods which he must buy.

I believe we can help the grower of raw wool, the sheep raiser, by providing a floor under raw wool prices, without having the Government go completely into the business and without adopting a quota or a fee system which would make it almost impossible for the buyer of wool to make contracts in other countries, and which would make wool producers in other countries unable to do business with us in the United States without the fear that either their contracts would have to be canceled or higher prices would have to be put on them.

I believe the conference report creates a great deal of unnecessary uncertainty. I hope it will be rejected, and that the Senate bill will be returned to the House and a further conference requested.

Mr. BARKLEY. Mr. President, how much time do I have remaining?

The PRESIDENT pro tempore. The Senator from Kentucky has 23 minutes.

Mr. BARKLEY. Mr. President, I feel compelled not only to vote against this conference report myself but to join other Senators who have urged its defeat. When this conference report was before the House of Representatives a few days ago, a motion to recommit it was defeated by a little more than 20 votes, which leads me to believe that if this conference report is defeated in the Senate, and if a further conference is requested by the Senate, and if the bill is returned to the House of Representatives and a further conference is held, with or without instructions from either body, we would very likely have returned to us the bill which the Senate passed, without this amendment which has caused all this controversy in regard to the wool situation.

Mr. President, the wool situation is one which has bedeviled Congress ever since I can remember. It is one upon which the Taft administration was wrecked back in 1909. Schedule K, which was the wool schedule of the Payne-Aldrich tariff bill, was the beginning of the hard luck which Mr. Taft encountered in the 4 years of his Presidency.

At the present time, the tariff on wool is 34 cents a pound. We in the United States have never produced as much wool as we consume; and as our population has increased and as our people have from time to time worn more clothes, the proportion of wool produced in the United States in relation to the total amount of wool consumed in the United States has declined, until at the present time, out of a billion pounds of raw wool consumed by the people of the United States, we produce less than 300,000,000 pounds—less than 30 percent. So, in order to meet our needs, we are required to import more than 70 percent, or, to state it in round figures, let us say approximately 70 percent of all the wool we consume.

From the figures of the Bureau of Labor Statistics, the Department of Agriculture, the Department of Commerce, and other agencies which deal

with the cost of living, we are advised that at the present time the cost of clothing in the United States receives a figure of 200 percent, as compared to 100 percent for its cost in 1939—in other words, that in the 8 years from 1939 to 1947 the cost of clothing to the American people has increased 100 percent.

The situation with respect to wool at the present time is that the Commodity Credit Corporation, which has purchased wool in order to maintain a price for the American wool producers, now has 460,000,000 pounds of wool in its possession. Under the law, it cannot sell that wool, because Congress has provided that it shall not sell it. One of the objects of this measure, as originally passed by the Senate and as now incorporated in the conference report, is to authorize the Commodity Credit Corporation to sell at the market price the wool it now has, together with the wool which it will take over from the 1947 and 1948 clip. No one thinks that the Commodity Credit Corporation is stupid enough to dump all that wool on the market. It will feed it to the market, of course, as the market will absorb it. There is no provision in this proposed law that compels the Commodity Credit Corporation to sell it; it is merely authorized to sell it. That is a wise provision, because if that Corporation were compelled to keep the 460,000,000 pounds it now has, plus approximately 600,000,000 pounds for the 1947 and 1948 clip, the Commodity Credit Corporation would find itself the owner of a billion pounds of American-produced wool. Inasmuch as we are compelled to buy more than two-thirds of the wool we consume in the manufacture of clothing, blankets, and other woolen manufactured goods in this country, it seems to me that we already have on the books a tariff sufficient to protect the wool growers of the United States, many of whom live within my State.

I dare say that in some 20 or 25 States of the Union there are sheep ranches on which wool is produced. Wool is a byproduct of the sheep industry. One can drive from one end of Kentucky to the other and see beautiful flocks of sheep grazing upon the meadows. It has always been an ambition of mine to own one of those meadows and have some sheep grazing upon it.

I have not received a single letter from a wool producer in my State asking for inclusion in the bill of the provision we are discussing. The wool producers did not ask for it in the House. The Senator from Wyoming [Mr. O'MAHONEY] yesterday made the statement that this amendment was inserted in the bill in order to put the President of the United States on the spot, or in a hole. I do not know in what fertile brain that stupid idea was germinated. Nobody denied that accusation here yesterday, and I take it for granted there must be some substance to it. But I know that the wool growers did not ask for the provision. They did ask that we provide for the same type of price support for wool that we provided for price support in the case of other commodities, most of which are in surplus, such as tobacco, wheat, and cotton. We produce more of those commodities than we consume, and therefore we have a surplus to sell to other markets of the world. In view of the world conditions in those markets, and the domestic condition, too, at the time the support was provided, we provided for support prices for those commodities, payable out of the Treasury of the United States.

There is a condition in the wool market that is entirely different. We not only have no surplus, but we have a two-thirds deficiency in our own production compared to our own consumption, so that we must obtain wool from foreign fields, and we must obtain that wool from the countries which produce it in surplus—Australia, New Zealand, South Africa, and the Argentine.

Mr. President, the provision of the bill we are discussing may well become effective, because while the bill does not compel the President to initiate the investigation which he would refer to the Tariff Commission, there will be no doubt a moral obligation, and there will certainly be great pressure brought to bear upon the President by those who are interested, with the presentation of such facts and figures as they may collate, in order to induce him to submit to the Tariff Commission a direction for an investigation such as that which is provided in the bill.

The President could arbitrarily say, "Notwithstanding all this, I will not do it," and there is no force that could compel him to do it, I grant. But if the facts which are submitted to him, if the bill shall become law, by those who are interested in the enforcement of the provision, are such as to make out a prima facie case in favor of an investigation and an increase, the President cannot arbitrarily decline to order it, without subjecting himself to the charge of deliberately ignoring his obligation under the law.

After he has ordered the investigation, from there on it is mandatory. When the Tariff Commission has made the investigation and has made its report to the President, showing that the facts submitted to him in the first instance are true, or substantially true, then the President shall do certain things, under the terms of the bill. It does not say he may do them; he shall do them. Then he shall institute these quotas, and, assuming that the Tariff Commission report were accurate and could be relied upon by the President, it is no longer a voluntary act on his part, he is commanded to do certain things.

Mr. President, I have here a letter written by the Secretary of State. Certainly he is a man of responsibility. He is not actuated by any partisan, political considerations, or by local considerations with respect to the production or sale or the price of wool. Secretary Marshall has written a letter to the Senator from Vermont, which I shall not have the time to read, but to which I call the attention of the Senate, in which he emphatically states that the adoption of this provision, added on to the bill by the House of Representatives, and brought here in a merely modified form, but substantially the same as that which went to the conference committee—and in some respects I believe it is even worse—will materially interfere with the economic phases of our foreign policy, and, Mr. President, we cannot avoid the economic phases of our foreign policy.

The distinguished President of the Senate, the chairman of the Committee on Foreign Relations, has time and time again, in language of sincerity and eloquence, announced the doctrine that we cannot long prosper in the United States if the rest of the world is prostrate. We have made loans to various nations in order to try to stabilize their economy, and not only to stabilize their economy, but, by stabilizing their economy, to stabilize their political institutions, because politics depends very largely upon economic conditions in every country for its own stability, and we know that the alien nostrums and doctrines and ideologies move into any territory where there is economic chaos and uncertainty, unemployment and want. So that in order to help stabilize these economies in the interest of a peaceful world we have made loans to various nations.

We know that the making of these loans cannot continue forever. The distinguished chairman of the Committee on Foreign Relations a few days ago made a suggestion with reference to the creation of a commission to investigate our ability and our resources, and also the need for our assistance in foreign countries. That was a very constructive suggestion, and I endorse it, with this reservation, that I hope that by whatever method the set-up may be created, the question of investigating our resources and our ability to respond to the needs of foreign nations may be in some way related to our Department of Commerce, which I think is best equipped to investigate that subject, and that in so far as the investigation of the needs in other countries may be concerned, it may be related to our State Department, which I think is best equipped to make such an investigation, but that the two investigations should be correlated and dovetailed into each other, so that we may not overreach ourselves either in the matter of the needs of other countries, or our ability to respond to those needs.

Mr. President, we cannot in any event, regardless of this investigation or its results, if it is held, continue indefinitely to feed money to Europe, which will exhaust itself in its very expenditure, and that expenditure will be futile unless out of it can come economic reconstruction, so that Europe can get on to her feet, manufacture products, and sell them to the markets of the world.

In order to do that, European nations must buy machinery. Where can they buy it except in the United States? Nowhere, in sufficient quantities. How can they pay for machinery bought in the United States except with dollars? They cannot pay for it in pounds, or in marks, or in francs, or in drachmas. They must pay for it in dollars. Dollars are the only commodity the American manufacturer will accept in return for his goods.

There are only two ways by which these foreign purchasers can obtain dollars. One is either by borrowing the money from us or accepting a gift from

us; or by selling something to us in exchange for dollars.

Which do we prefer? Shall we continue to lend or give them money, or shall we allow them to sell something to us in exchange for dollars, which they then exchange for other products? With those dollars they buy our surpluses, they buy our food, they buy our wheat, they buy our tobacco, they buy our meats, and they have to pay for them in dollars. By allowing them to sell us a surplus which they produce, such as a surplus of wool, they can exchange their wool for our meats, our tobacco, our corn, our wheat. Dollars do not travel. Money does not travel. It does not meet itself going forth or coming back in the middle of the Atlantic Ocean. Goods are exchanged, but money is used as a medium of the exchange.

So, Mr. President, we are required either to continue to feed money into Europe by loans or gifts in order that they may have dollars with which to buy things from us, or we must allow them to sell things to us in order to get dollars; and wool is one of the things which is the most convenient means by which certain nations producing a surplus of that commodity may obtain dollars to exchange for American products. Australia's wool constitutes 90 percent of her exports to the United States. That is an important part of the world economy, and I do not think we can afford to lose sight of our recent history. I do not believe we can afford again to stick our heads in the sand economically or politically and imagine that our entire anatomy is concealed, when the truth is that most of it is in plain view. We have fought two expensive and bloody world wars in order to learn that lesson. Are we going to forget it now?

I am not able at first hand to say to what extent the passage of the pending bill will interfere with the Geneva Conference now in progress, but when, out of a clear sky, without any hearings, the House of Representatives made an addition to the pending bill, Mr. Clayton, the head of our delegation in Geneva, was so concerned about it that he was compelled to leave the Geneva Conference and come here in an effort to avoid this thing that might bring catastrophe to the Geneva Conference, which not only involves trade agreements but the charter of the International Trade Organization which has been set up under the United Nations.

I have here a copy of the letter which former Secretary Hull wrote to the Secretary of State. Cordell Hull, in his room at the hospital in Bethesda, was so concerned about it that he wrote a letter to the Secretary of State, urging elimination of the provision. I ask that the Secretary of State's letter to the Senator from Vermont [Mr. AIKEN], and Mr. Hull's letter to Secretary Marshall, and also a telegram to Secretary Marshall from former Secretary Henry L. Stimson, be printed in the RECORD at this point in my remarks. I have also received a telegram from the League of Women Voters of the United States, which I ask to have printed at this point in my remarks.

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

JUNE 4, 1947.

The Honorable GEORGE D. AIKEN,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR AIKEN: I wish to express appreciation to the Senate and House conferees in hearing the Under Secretary of State for Economic Affairs with respect to pending legislation on wool. I am sure Mr. Clayton made clear the serious issues involved from the point of view of our foreign policy. However, I wish to summarize the position of the Department of State in this matter.

The Senate bill directs the Commodity Credit Corporation to continue until December 31, 1948, to support a price to domestic producers of wool at the same price at which it purchased domestic wool in 1946. It authorizes the Commodity Credit Corporation to dispose of wool owned by it at market prices.

The House added to this bill a provision intended to result in an increase in the high tariff on wool, and thus enable the Government to give this support to domestic wool producers without financial loss to this Government. The cost of such support would thus be passed on to the consumers of woolen goods.

The critical importance of this action, as it bears on our foreign relations, arises from the fact that there is in progress at this very time in Geneva, an International Conference on Trade and Employment called by the United Nations on the initiative of this country. The United States delegation, of which Mr. Clayton is chairman, is taking a leading part in this Conference.

The object of the Conference is to negotiate reciprocal trade agreements for the reduction of barriers and the elimination of discriminations in international trade. A further object is to agree upon a draft of a charter for an international trade organization to be set up under the Economic and Social Council of the United Nations.

Some 50 or 60 negotiations are actually taking place between the different countries represented at this Conference, and it is expected that eventually some 70 or 80 agreements will be entered into. The participation of the United States in this aspect of the proceedings derives from the Reciprocal Trade Agreements Act, last extended by Congress in 1945.

While wool constitutes a relatively small part of our domestic economy, being only one-half of 1 percent of agricultural income, it is a highly important commodity in other countries. For example, it forms 90 percent of the value of all of the exports of Australia to the United States.

The question here is whether the best interests of the United States will be served by the passage of the Senate wool bill, which affords protection to the domestic wool producers at a relatively small cost to the United States Treasury, or by the adoption of the House version of the bill which would provide this protection by further raising barriers to international trade. The Department of State is strongly of the opinion that the Senate bill provides the only acceptable course of action open to us not wholly inconsistent with our current efforts to remove the cause of serious conflicts in the world economic field.

I am taking the liberty of passing on to you herewith the views on this subject of our most distinguished elder statesmen—Mr. Stimson and Mr. Hull.

Faithfully yours,

G. C. MARSHALL.

(Enclosures: Letter to Secretary Marshall from Hon. Cordell Hull, dated June 4, 1947. Copy of telegram to Secretary Marshall from Hon. H. L. Stimson, dated June 4, 1947.)

NAVAL HOSPITAL,
Bethesda, Md., June 4, 1947.

The Honorable GEORGE C. MARSHALL,
Secretary of State.

MY DEAR SECRETARY MARSHALL: I have been very disturbed to learn of Mr. Clayton's return from Geneva in connection with the possibility of action by the Congress intended to increase the tariff on wool. I believe that such action would seriously endanger the success of the negotiations now going on in Geneva for the reduction of trade barriers under the Reciprocal Trade Agreements Act, and for the establishment of an international trade organization, embodying the basic principles of mutually beneficial international economic relations for which we have striven so long.

After more than a decade of successful operation under the Reciprocal Trade Agreements Act, and at a time when the principal trading nations of the world are prepared to follow our lead in carrying out a program of economic disarmament, it would be tragic indeed if any action of ours should endanger that program.

I do not wish to pass judgment on whether or not the growers of wool in this country are entitled to additional assistance. That is for the Congress to decide. I do feel very strongly, however, that such assistance, if given, should not be in a form which would preclude or nullify the comprehensive negotiations in which we are now engaged with other countries for the reciprocal reduction of tariffs and other trade barriers. The success of these negotiations is indispensable to our own economic stability and prosperity, and for the creation of a climate favorable to the preservation of world peace.

The form in which domestic wool producers receive price support must not jeopardize our international relations. As the President said in his address at Waco, Tex., on March 6: "The negotiations at Geneva must not fail."

Faithfully yours,

CORDELL HULL.

JUNE 4, 1947.

The Honorable GEORGE C. MARSHALL,
Secretary of State,
Washington, D. C.

DEAR MR. SECRETARY: I am deeply concerned regarding the pending wool legislation in Congress. In the form proposed by the House of Representatives, this legislation would increase the tariff on wool.

It is my considered opinion that to enact the House measure at any time would be most unwise. It would amount to a repudiation of the whole structure of American economic policy developed in the Congress and the State Department during the 15 years since Cordell Hull began his great work for trade agreements. And such repudiation now, when American leadership has been so largely responsible for the Conference on World Trade at present proceeding in Geneva, could not fail to have serious and immediate international effect, both economic and political. To other nations now watching for proof of American sincerity and unity it would be a shocking indication that the policy of the United States can at any time be shackled by the sort of economic shortsightedness for which all the world has paid so dearly in recent years.

After World War I, the American people and others executed an economic and political retreat from world affairs. These policies were in large part responsible for the great economic break-down which followed both here and in Europe. Now we are engaged in an effort to reconstruct a world shattered by the war which grew out of that economic break-down. In this effort of reconstruction greater freedom of world trade is indispensable. No such freedom can be achieved if this country retreats behind tariff walls higher than ever.

To enact any provision raising the wool tariff would be a clear first step toward the disastrous repetition of our former error. If the Congress should determine that the price of wool must be supported, a question on which I do not here offer any judgment, it can accomplish this purpose at relatively small cost by employing the method of subsidies contained in the Senate bill. But to support these prices by raising the tariff on wool would be to give financial assistance to a few at the cost of a large share of this Nation's hope for world prosperity and peace.

Very sincerely yours,

HENRY L. STIMSON.

WASHINGTON, D. C., *June 18, 1947.*

The Honorable ALBEN W. BARKLEY,
United States Senate,
Washington, D. C.:

Tariff amendment added by House to S. 814, the wool bill, constitutes, in our opinion, first concrete attack on reciprocal-trade program. We consider expanded world trade essential to well-being of the American economy and to reconstruction of the world. We urge you to oppose approval of conference report on this bill.

ANNA LORD STRAUSS,
President, League of Women Voters of United States.

Mr. BARKLEY. Mr. President, surely Cordell Hull cannot be actuated by partisan politics; surely, Cordell Hull, who has done a great work that will live forever in the annals of our history, is not actuated by any petty desire either to injure or to promote any industries in the United States. Surely, that great Republican, Henry L. Stimson, who was Secretary of War in the administration of William Howard Taft, Secretary of State in the administration of Herbert Hoover, and Secretary of War, again, under the Roosevelt administration—surely, he is not actuated by partisan politics, or by any desire to put the President of the United States in a hole or on a spot.

Mr. President, I have been advised that I have only 2 minutes remaining.

The PRESIDENT pro tempore. The Senator from Kentucky has 3 minutes remaining.

Mr. BARKLEY. I ask the Chair to notify me when I shall have consumed one more minute because I want to yield 2 minutes to the Senator from Massachusetts [Mr. LODGE].

Mr. President, I hope that the conference report will be defeated, and, upon its defeat, I hope that a further conference may be requested by the Senate. In view of the closeness of the vote in the House a few days ago, I have no doubt that it will be agreed to, and that we can get a bill which will do all the wool growers request, and all they have a right to expect, in order to put them on the same basis as the producers of wheat, tobacco, cotton, and other commodities—in order to support their price in the postwar period—without adding this other thing that materially interferes with the economy and welfare of the world, and also indicts our own sincerity in the provisions we have made upon that subject.

The PRESIDENT pro tempore. The time of the Senator from Kentucky has expired.

Mr. AIKEN subsequently said: I yield 1 minute to the senior Senator from Kentucky.

The PRESIDENT pro tempore. The senior Senator from Kentucky is recognized for 1 minute.

Mr. BARKLEY. Mr. President, in that 1 minute I ask unanimous consent to have printed at the end of my remarks an editorial entitled "Break in the Dike," published in the Washington Post of June 17, 1947; an editorial entitled "Bad Timing," published in the New York Times of June 17, 1947; an editorial entitled "Extreme Short-Sightedness," discussing the same subject, which appeared in the New York Herald Tribune of June 13, 1946, with an accompanying article entitled "Vital Role of American Dollar," by Warwick O. Fairfax; and an editorial entitled "Sheep's Clothing," which appeared in the Washington Post of June 19, 1947.

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

[From the Washington Post of June 17, 1947]

BREAK IN THE DIKE

Some persons will see in the congressional enactment of the new wool bill a return to economic isolationism. Such an assessment misses the mark. The superprotection provided for American wool stems, in our opinion, from a combination of purely domestic circumstances. It has been fostered by representatives of the western wool-producing States in part as retaliation against Republican cuts in reclamation projects. Their colleagues then passed the buck to the President as a way out of a predicament which is always felt on the favor-bartering Hill. The trouble is that this action is buck-passing with economic peace and treaty observance.

The dilemma in the wool industry could have been resolved for at least the present by acceptance of the Senate bill providing for domestic subsidies. Instead, the conferees left the President with the ugly alternative of raising the import fees or lowering the import quotas to support the price of domestic wool. It is bad enough that such ill-conceived action makes a mockery of all our high-sounding talk on new trade agreements at Geneva. What is worse is that the amended program, if upheld, will provide a flagrant violation of reciprocal trade agreements we have already signed with the wool-exporting nations.

As Mr. Stimson phrased it, it will "amount to a repudiation of the whole structure of American economic policy developed * * * during the 15 years since Cordell Hull began his great work for trade agreements" and would be "a shocking indication that the policy of the United States can at any time be shackled by the sort of economic short-sightedness for which all the world has paid so dearly in recent years." If this blow is sustained in contravention of our pledged word, what Nation can then afford to trust us? An emphatic veto should be forthcoming.

[From the New York Times of June 17, 1947]

BAD TIMING

Only an adverse vote in the Senate can now prevent Congress from sending Mr. Truman the final draft of a measure which is about as untimely as any measure of which the imagination could well conceive at this moment. This is the wool bill, directing the President to increase the tariff or to impose quotas on that commodity, in order to carry out a price-support program. The House of Representatives approved the measure yesterday.

The bill reaches a peak of untimeliness because it promises to do damage on two fronts. At home one of the chief problems of the moment is rising costs of living; this bill would hold up or increase the price of woolen clothing for all American consumers. Abroad, there is no problem more pressing than that of how to get as much as possible of Europe and Asia started on the road to economic recovery through a revival of trade and enterprise; this bill would increase barriers to trade and torpedo the work on which the international conference at Geneva is now engaged.

Surely there ought to be enough votes in the Senate to halt so bungling a measure.

[From the New York Herald Tribune of June 13, 1946]

EXTREME SHORT-SIGHTEDNESS

One would have to look far to find a more perfect example of short-sightedness than the action of the Senate-House conferees who agreed to permit higher import restrictions on foreign wool. In its final form, the wool bill provides for exclusion of imports through higher tariffs or quota restrictions. Senator AIKEN, of Vermont, who was reluctant to agree to these provisions, predicted a Presidential veto if the bill is passed by Congress. It deserves no better fate.

On another part of this page we print an article by Warwick O. Fairfax, a leading Australian, who explains in sober, restrained language how American trade policy can affect foreign nations. The outside world desperately needs dollars, he writes. It needs them first to buy food. For "if it cannot live, it cannot earn its living." It also needs dollars to buy the machinery of reconstruction, to replace war-exhausted productive capacity. It can get dollars only if the United States lends them or gives them, or if Americans will buy what foreigners can produce.

Although Mr. Fairfax does not say so, it will at best be years before the world can produce enough to buy the dollars it needs. Thus, higher imports do not provide the whole answer. But they are one thing that is needed. We say, therefore, that for the United States to reduce the ability of foreigners to sell to this country, at the very time when the United States has taken the initiative in promoting an international conference to increase world trade, is unbelievably short-sighted. Before American representatives went to Geneva, the State Department put wool on the list of articles to be considered for a tariff reduction up to 50 percent. These representatives are now seeing their efforts torpedoed by a bill to raise instead of lower the tariff.

The wool-growing industry in the United States is small. It has needed price supports as well as high tariffs to survive. The wool growers themselves treat wool as a kind of by-product. In 1946 the income from wool for all United States sheep growers was only $126,000,000, less even than the duties levied on foreign wool in the same year and a mere nothing in relation to the national economy. How, then, other than on the basis of the narrowest form of catering to special interests, can a bill be justified which imperils relations with one of America's best neighbors, Australia; which jeopardizes the success of American foreign policy, and which is an economic monstrosity, raising the price of wool to American consumers and depriving foreigners of the dollars with which they could but the products of American industry? It cannot be justified. The Congress should defeat it and save the President the necessity of vetoing it.

[From the New York Herald Tribune of June 13, 1946]

VITAL ROLE OF AMERICAN DOLLAR—AUSTRALIAN EDITOR APPEALS TO UNITED STATES ECONOMIC VISION IN WORLD REORGANIZATION

(By Warwick O. Fairfax, managing director, the Sydney, Australia, Morning Herald)

America dominates world economy today. With the rest of us she is only now beginning the struggle at Geneva to find a sound

basis for world trade, yet she has provided and is providing for Britain and many other countries dollar funds vitally necessary to their political and economic stability. Will the funds be exhausted before the machinery of world trade starts moving?

The recipients of these loans do not want charity—they want the right to work. The British Commonwealth in particular dislikes having to take such help because it is forced into the position either of accepting an intolerable interest burden or of becoming a defaulter. A great part of the world, including even ex-enemy countries, is accepting American help in one way or another, which does credit to the humanity and the idealism of America.

Why is this necessary? Emphatically not because the countries concerned were incapable of standing on their own feet, or because they could not provide themselves with a sound and stable government or an adequate economic system. The reasons were two—one greater and the other lesser.

The greater reason is, of course, that nearly all Europe and the British Commonwealth had their economy torn to pieces by 10 years of warfare out of the 40 years that began with the Kaiser's ultimatum to Belgium. The second reason was that the 20 years of peace were marked by a number of factors which made any satisfactory basis of world trade utterly impossible.

First of these factors was the unbalanced internal control of most nations. They pursued unduly deflationary policies in bad times, thus accentuating the boom of the late twenties and the slump of the early thirties. The second factor was the tendency, steadily increasing throughout this period, to economic nationalism and isolationism.

It is not the business of the Geneva Conference to say which nation is responsible and how much so for any of the shortsightedness, the blunders, the crimes that have brought us to this pass. No one can escape responsibility for what has happened during the last 30 years, and the greater the nation the greater the responsibility.

But the plain question before the Geneva Conference and all such conferences is what is to be done and who is best able to do it?

It is scarcely an exaggeration to say that the world cannot live without American dollars. More accurately, the least fortunate nations will be half starved and bankrupt if they cannot get dollars; with others, such as Britain, dollars can make the difference between a grim and precarious livelihood which will not for long improve beyond the privations of wartime conditions, and a decent livelihood. With more happily placed countries like Australia it makes the difference between living a rather isolated and pinchpenny existence and coming well into the world picture as an extensive buyer and trader.

Why does the world want dollars?

First, to supply itself with the commonest type of consumer goods without which it literally cannot live—that is, food, clothing, and shelter. If it cannot live, it cannot earn its living.

Second, to accumulate, buy, and construct capital goods without which it cannot earn its living. It needs factories, machinery, tools, and capital.

The German householder, the English millhand, the Australian farmer, the Greek peasant, the Chinese and Indian coolies are all alike, desperately dependent upon what happens in the United States. They are dependent obviously upon its external political and trading policy. They are dependent upon its internal policy because since American prices have risen while the dollar exchange has remained stable, it makes it yet harder for them to buy and more expensive for the Americans to lend or give. Great as is the political power of America today, her economic power is even more staggering, since for purposes of world trade Russia, in proportion to her size, is a negligible quantity.

What, then, will America do? Broadly speaking, she has three possible courses of action:

1. She may try to earn her living within her own borders and trade outside where trading is possible. In that case the world will remain in a state of economic chaos for a very long time, long enough to accumulate slowly the means of earning a living which has been destroyed. There would be suffering and starvation on a colossal scale as well as incalculable political consequences.

2. The United States may help, as she has been doing, by lending or otherwise making available funds to selected countries which are considered worthy of support or which are suffering so much as to require charity. But unless the rest of the world is eventually able to earn its own living the effect of such help will be purely temporary and the dollars can never be repaid. They can probably not be repaid in any case.

3. Instead of giving away dollars for nothing, America can buy something with them.

It is not enough to say that unless she does this she will be undermining her own export market and preventing world recovery, bringing about a first-class world depression which may for a number of reasons be even more violent in America than elsewhere in its swing from great prosperity, just as in 1930.

The boom of the last 2 years has been based on a number of temporarily operating factors and has no firm foundation. In all countries, but most particularly in America, there has been a sudden release of great spending power.

That period obviously cannot last. In fact, the tide is already turning. The height of the price structure in America is being widely recognized as the principal obstacle to the continuance of a prosperity which is already admitted to be threatened.

It is, therefore, inevitable that when the wave of postwar buying subsides, when the most urgent demands that have to be met at any cost have been satisfied, when the popular feeling of relief at being able to buy again has had its fill, there can be no steady world demand at present world prices. For the world is actually impoverished, despite the fact that it can absorb all the automobiles that can be turned out at much higher than the prewar price.

If the world were all equally impoverished the problem would in a way be simpler. But the greatest economic power—the United States—has its means of production untouched by enemy attack, its manpower resources not decimated by war, its financial structure sound and its taxes relatively low. In other words, it can meet the market in a superlatively good position—both to export heavily and to import heavily.

Let us take as a concrete example Australia, a fairly prosperous country which suffered less than others during the war and which before the war was a heavy buyer of automobiles, films, newsprint, petroleum products, clothing, and many other things from the United States.

Australia today has an overseas sterling balance of more than £200,000,000 (more than $800,000,000)—the highest in her history. The primary products which she exports are at a very high price level. Yet America's expectation of selling to Australia is low today and is growing steadily less. Why? The first reason is rising prices, the second, and dominating reason, is absence of dollars.

Selling all her wool to England, France, or Belgium makes Australia prosperous but it does not enable her to buy 1 cent's worth of American goods. That can only be done with dollars and the possession of all the francs or sterling in the world will not give Australia dollars. All the dollars spent by the British Commonwealth come from a pool which is filled from two sources only: One is the proceeds of the American loan to Great Britain, which is rapidly being exhausted; the other comes from whatever Great Britain or Australia or other British countries contrive to sell to America.

For every car that the Ford Motor Co. wants to sell abroad it is up to Ford to see that some American buys the equivalent amount in foreign goods. That is, of course, unless Ford prefers America to go on lending dollars without being paid back. It is understandable that no matter what it is proposed that America import, whether it is wool or wine, someone will get up and say that there is an industry in America that needs protection.

It is for other nations simply to point out that if she does not import, certain results will follow. The rest of the world will suffer but it will not be ruined. To the extent that Australian women cannot get locally made or European-made stockings they will go without—as most of them did during the war. To the extent that Fords or Chevrolets cannot be got, we shall either manufacture ourselves (which we are already preparing to do), or get along with less suitable models and make old ones last longer.

The first result of American refusal to import will be an enormous stimulation of competitive industries throughout the world. It will not be necessary for anyone consciously to organize a sterling bloc. The bloc will just be there through force of circumstances. The articles to be manufactured may or may not be as good and as cheap as American ones, but if the purchaser has no dollars he either takes them or goes without.

The present Australian labor administration has gone further than any other in our history to work closely and to form a close friendship with the United States. It is not good to hear the Australian Prime Minister express himself as being confounded and astonished to find that America—the country which had originated the Geneva trade negotiations—had taken action of an almost internationally provocative nature in proposing to increase the wool tariff; but it is hard to disagree with him.

We must have the support of the American people. Communism is unlikely to thrive in any country that is prosperous and fully employed.

[From the Washington Post of June 19, 1947]

SHEEP'S CLOTHING

House and Senate conferees have agreed on a mongrel measure for looking after our puny wool industry which would gouge the American consumer and promote corruption in the customs administration. Evidently the conferees were impressed by the objection that an import fee added to the present tariff would violate the letter of our existing trade agreements with a group of nations. Accordingly they adopted an alternative course of keeping out foreign wool, namely, the imposition of import quotas. Strange as it may seem, there is no specific ban on import quotas in any of our commercial pacts with foreign nations, though they would clearly violate their spirit. Doubtless nobody ever thought that the time would come when such a method of fighting the foreigner would be taken seriously. That this device has come out of the Eightieth Congress is no compliment to its sense of morality.

Let us think what might be expected to follow this novel method of propping up our wool growers at the consumers' expense. Congress would authorize the administration to exclude 50 percent of an import trade that is now four times our domestic clip. What yardstick would the administrators pick? The easiest and doubtless the only practicable way would be to shut the ports to foreign wool as soon as the quota had been attained. That would start a race on the part of foreign suppliers to get their stuff into America. Clearly the factor of distance alone would promote discrimination and ill will. But it is the opening for graft

on a grand scale that is the most dismaying thing about an import quota system. Wool is such an important item in the economy of Australia, New Zealand, Argentina, and Uruguay that they would do everything they could to obtain import permits. It is irresponsible of Congress to subject the customs administration to this temptation.

One import quota, of course, would deserve another. If this new method of fleecing the consumer succeeds, then we would have a line of sick and uneconomic industries buttonholing Congress for similar protection. The prospective hold-up should arouse the consumer. Already he is paying through the nose for his woolen goods. This new bill would subject him to another steal of monstrous proportions. It might seem surprising that the industry which finds such favor in the eyes of Congress is wool. Its product is worth only $120,000,000, or much less than one-thousandth of the national income. But wool, like silver, is well distributed, and 23 States (or, better put, 46 Senators) have a vested interest in it. And other States might not be averse to going along with the wool States in the hope that with the introduction of this new type of windfall from the public trough they might get theirs. One good turn always has earned another in tariff politics.

We have not discussed the international implications of this opening gun in the congressional declaration of economic war. The Geneva conference on trade agreements might as well close up shop if the wool bill should be enacted. What our representatives are trying to do there is to establish economic peace. But the wool bill means economic war. It is a new technique in import restrictions which would persuade other nations to copy our example, with disastrous results on world and American trade. Our representatives also are trying to find ways and means of helping foreigners earn the dollars wherewith to buy our goods. The problem of the dollar shortage has now become a crisis of the first magnitude engaging the full-time attention of Secretary Marshall. But the wool bill would close an avenue for earning dollars and at the same time for aiding the American consumer. It thus flies in the face of our national interest. Cannot the national well-being make any dent at all upon men obsessed with selfish interests? The wool bill is the year's prize example of lunatic exploitation of the American consumer and the foreign supplier.

The PRESIDENT pro tempore. The time of the Senator from Kentucky has expired, except for 2 minutes.

Mr. BARKLEY. I yield the remainder of my time to the Senator from Massachusetts [Mr. LODGE].

The PRESIDENT pro tempore. The Senator from Massachusetts is recognized for 2 minutes.

Mr. LODGE. Admitting, as I do, that a wool-support price program is desirable, I nevertheless feel that the method or the philosophy which is set forth in the conference report is not a prudent or a wise way to do it, particularly at the present time. It comes at a moment when our foreign relations are in a tense condition, and at a time when we are doing our best to revive the economies of foreign countries and to place trade on a healthful footing, not so much because of our interest in foreign countries, as because we believe the development of such a trade is good for us. Certainly the setting up of the system which is contemplated in this piece of legislation, runs counter to those hopes.

Then, Mr. President, we confront the fact that large numbers of our citizens who may not actually be groaning under the high cost of living, yet are certainly feeling it very keenly, and that if the provisions of the pending bill are invoked, it will certainly tend to increase the cost of living for a great many people in this country. Those are the reasons why I intend to vote against the adoption of the conference report.

The PRESIDENT pro tempore. The Senator's time has expired.

Mr. AIKEN. I now yield 10 minutes to the Senator from Ohio [Mr. TAFT].

The PRESIDENT pro tempore. The Senator from Ohio is recognized for 10 minutes.

Mr. TAFT. Mr. President, the problem we face here is not a new one, and it is one we are going to face with increasing force and strength for the next 2 years, particularly when we finish the agricultural-support program in 1947 and have to decide a new agricultural policy. There are three methods of protecting American industry, and I think nearly everyone who has spoken has expressed his desire to protect the wool industry. One method is by subsidy; another method is by tariff; and a third method is by quotas. We have adopted all methods as to different commodities. We have placed quotas on sugar, to protect sugar; we have, in effect, subsidies to protect silver; and we have a general tariff policy, which is the traditional policy of the country, as a method of protecting American industry.

All the pending bill does is to say that, in addition to using the subsidy method, which is what the Senate approved, the President may also use the method of increasing the tariff, or he may use the method of developing a quota system. Personally, I like a tariff system better than I do either of the other two. I went along with the subsidy plan, because, after all, we have an agricultural-price guaranty, to which we are pledged for 1947 and 1948, that necessarily implies in many cases a subsidy; and it seemed to me the wool growers were entitled to the same protection as any other industry; so that I was satisfied to go along with the subsidy. But I do not think that those who provided the other two methods, which are traditional in the United States, were inspired by political motives. In fact, the Senator from Vermont has shown that the scheme was suggested by the Assistant Secretary of Agriculture, not by the Republicans in the House of Representatives.

Mr. President, the proposed action does not represent a tremendous departure from the policy now prevailing, in fact, it is no departure at all. I think it might have been better had the House not placed the amendment in the bill, but under the existing law, as the Senator from Maine [Mr. BREWSTER] has shown, the President already can raise the tariff 50 percent under the provisions of section 1336 relating to the equalization of the cost of production. In that case the Tariff Commission acts if it finds that the cost of production at home is in excess of the cost of production abroad plus the fixed tariff.

Moreover, in case of discrimination by other nations the President is given the arbitrary power to raise the tariff by 50 percent. Today, under present world conditions, there is not a nation in the world that is not discriminating to some extent against American commerce. So I believe that under existing law the President can raise the figure 50 percent.

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

Mr. TAFT. I yield.

Mr. SALTONSTALL. I called up a member of the Tariff Commission yesterday on that subject and, as I understood from him the only raw wool that is not now subject to reciprocal-trade agreements is raw wool below 44 percent in quality. Where there is a reciprocal trade treaty involved, section 1336 of the code does not apply.

Mr. TAFT. However, the other section, section 338 of the code, relating to discrimination, does apply. Under that provision I think we can find that discrimination exists today in nearly every nation. They have been forced to discriminate against American imports in many respects because they cannot afford to take American imports. Of course, the section already applies to every other agricultural commodity. Why on earth should it not apply to wool?

Action is entirely discretionary with the President. As a matter of permanent law I would be opposed to giving the President the wide discretion given in the bill, but he can apply one of three methods, the tariff, the subsidy, or the quota method. When we come to decide the question ourselves I think we will have to decide what method shall be used. But during the next year and one-half during the maintenance of the agricultural support program I am willing to waive the right of Congress to act, and give discretion to the President as to which of these three methods should be adopted.

Mr. President, I can see no reason why the Australians or any others should think we are changing our policy or doing anything except carrying out the traditional policy which every Senator favors, of placing in the hands of the President some method of protecting American industry. Wool is no petty industry. For a long time American producers provided more than one-half the total consumption of wool in the United States. Today, because of the tremendous increase in consumption, American production is down to about one-third of the total American consumption. But in a number of States it is one of the leading industries, and I see no reason why it should not have exactly the same protection that every other industry has and every other agricultural product has, and that is all the bill does.

I voted for the Senate bill, and I should have been glad if it had come back to the Senate in the form in which we passed it. It seems to me, however, that the objections to this particular amendment are utterly unfounded, that there is absolutely no reason why any foreign nation or any American should be concerned about this proposal involving a great change in policy, or in any way abridging the reciprocal trade program or doing anything else which will interfere at all with our foreign trade.

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

Mr. TAFT. I yield.

Mr. HATCH. The Senator mentioned the increase of consumption of wool in the United States. Is he not also aware that there is a dangerous decrease in production?

Mr. TAFT. Yes, the production has decreased, too, I think, 300,000,000 pounds. Wool is a strategic material. Apart from tariff questions, I think it is very important from a national standpoint that we should be prepared to produce at least as much wool as we are now producing, and of course if there is not some protection the production will decrease much further, and it will become a mere byproduct of another industry.

Mr. President, I hope very much that the conference report will be agreed to. I do not think there is any politics in it. I think the gentleman who is protesting in Geneva is sincere, but I think he is completely mistaken. I believe he and his colleagues should be able to show the people with whom they are meeting that this proposal does not represent any change in the policy of the United States.

Mr. AIKEN. Mr. President, I yield 1 minute to the Senator from North Dakota [Mr. YOUNG].

Mr. YOUNG. Mr. President, in that 1 minute I should like to discuss the attitude of the conferees on the bill. There was no sentiment in the conference committee to put the President on the spot. I cannot understand why Mr. Clayton, or New Zealand, or Australia, should be concerned about import fees and quotas which are explained by the President unless they want to increase their imports into this country far and above what they are importing now or unless they were looking toward reduced tariffs.

At the present time our imports are about 80 percent of the wool that is used in the United States. It would seem to me that the President should welcome this provision, and that also foreign countries should welcome it, because it would provide a means of controlling the market. Otherwise there might be a wide-scale dumping and a depressing of prices. So in my opinion, if the foreign countries are interested only in the program now in effect there should be no objection to the amendment.

Mr. AIKEN. Mr. President, I yield myself a couple of minutes.

When we vote on the conference report let us not lose track of the main objective which is to put a floor under the price of wool in this country for the next 18 months, so as to give the sheep farmers a comparable position to that enjoyed by the producers of the other farm commodities.

I regret very much that the House saw fit to put any amendment on the bill after it left the Senate. I do not think the amendment was necessary. It does not give the wool grower any protection which was not afforded him by the Tariff Act of 1930, and it does not give him any additional protection. Moreover, it does not give the President or anyone else a new or additional power in dealing with international commerce unless the President is minded to use it. Any President so minded could use the provisions of this amendment or the provisions of the Tariff Act of 1930 in the international commerce of the world if he saw fit. This amendment does not give the President any power which he does not already possess. But I do not believe the President of the United States has any intention whatsoever of misusing the amendment, and I say again, I think the provision is absolutely unnecessary.

What we have got to consider now is that the bill is undoubtedly the only chance we have during the present Congress to put a floor under the price of wool for the next 18 months. It has been charged that the amendment was placed in the bill by the House so as to put the President on the spot. I do not attempt to interpret or analyze the purposes of the House leadership. But when it comes to a question of letting the President get on the spot or destroying the income of a million farmers of the United States, and that means the economy of 11 of the Western States then I am satisfied that it is better to take the chance with the President, because I do not think he is on any spot anyway, and can certainly find a way off should he be on one.

I want to point out one thing more. It has been said that this is the first step toward a high-protection policy of the United States. Let me say that there is no surer way to international trade barriers or a high-tariff wall than to destroy the economy of 1,000,000 farmers in 11 of the 48 States of the Union, because in 11 States the economy is dependent largely on the price of wool.

So, Mr. President, I say again, I regret the House put the amendment on the bill, but the only thing for us to do now, if we want to protect the 11 States and the 1,000,000 farmers in the United States who produce wool is to accept the conference report; and that is all we can do.

The PRESIDENT pro tempore. All time for debate on the pending report has expired.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. SALTONSTALL. Did I correctly understand the ruling of the Chair yesterday in answer to a parliamentary inquiry by the Senator from Virginia [Mr. ROBERTSON] that if the conference report is defeated a motion will be in order to send Senate bill 814 back to conference, with instructions to the Senate conferees?

The PRESIDENT pro tempore. The Senator is correct.

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

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

The question is on agreeing to the conference report.

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

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the Senator from New York [Mr. WAGNER]. I transfer that pair to the junior Senator from Tennessee [Mr. STEWART] who is absent on public business, and who would vote as I am about to vote. I vote "yea." I am advised that if present the Senator from New York would vote "nay."

The roll call was concluded.

Mr. WHERRY. I announce that the Senator from Vermont [Mr. FLANDERS] is absent because of illness. If present and voting he would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent because of illness in his family. If present and voting he would note "nay."

The Senator from New Hampshire [Mr. BRIDGES] is unavoidably detained on committee business.

Mr. LUCAS. I announce that the Senator from Alabama [Mr. HILL], and the Senator from Connecticut [Mr. MCMAHON], who are absent on public business, would vote "nay," if present.

The Senator from Oklahoma [Mr. THOMAS] 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], who is necessarily absent has a general pair with the Senator from Kansas [Mr. REED]. The transfer of that pair to the Senator from Tennessee [Mr. STEWART], who is absent on public business, has been previously announced by the Senator from Kansas. If present and voting, the Senator from New York would vote "nay," and the Senator from Tennessee would vote "yea."

The result was announced—yeas 48, nays 38, as follows:

YEAS—48

Aiken	Capehart	Ecton
Brewster	Capper	Ellender
Bricker	Chavez	Gurney
Brooks	Connally	Hatch
Buck	Cordon	Hawkes
Bushfield	Donnell	Hickenlooper
Butler	Downey	Jenner
Cain	Dworshak	Johnson, Colo.

Kem	Martin	Robertson, Wyo.
Knowland	Millikin	Taft
Langer	Morse	Thye
McCarran	Murray	Watkins
McCarthy	O'Daniel	Wherry
McFarland	O'Mahoney	White
Magnuson	Reed	Wiley
Malone	Revercomb	Young

NAYS—38

Baldwin	Ives	Pepper
Ball	Johnston, S. C.	Robertson, Va.
Barkley	Kilgore	Russell
Byrd	Lodge	Saltonstall
Cooper	Lucas	Smith
Eastland	McClellan	Sparkman
Ferguson	McGrath	Taylor
Fulbright	McKellar	Tydings
George	Maybank	Umstead
Green	Moore	Vandenberg
Hayden	Myers	Williams
Hoey	O'Conor	Wilson
Holland	Overton	

NOT VOTING—9

Bridges	McMahon	Thomas, Utah
Flanders	Stewart	Tobey
Hill	Thomas, Okla.	Wagner

So the report was agreed to.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

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

TRANSFER BY NAVY DEPARTMENT OF MOTORBOATS TO JUNIOR MIDSHIPMEN OF AMERICA, INC.

A letter from the Acting Secretary of the Navy, reporting, pursuant to law, that the Junior Midshipmen of America, Inc., New London, Conn., had requested the Navy Department to transfer three motorboats for use of that organization in training boys in seamanship, navigation, and related subjects; to the Committee on Armed Services.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT OF 1938

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes (with an accompanying paper); to the Committee on Agriculture and Forestry.

CONTROL AND ERADICATION OF FOOT-AND-MOUTH DISEASE

A letter from the Under Secretary of Agriculture, transmitting, pursuant to law, a report on cooperation of the United States with Mexico in the control and eradication of foot-and-mouth disease, for the 30-day period ended May 29, 1947 (with accompanying papers); to the Committee on Agriculture and Forestry.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. LANGER and Mr. CHAVEZ members of the committee on the part of the Senate.

ADMINISTRATION OF GUAM, SAMOA, AND THE PACIFIC ISLANDS (H. DOC. NO. 333)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, which, with the accompanying report, was ordered to lie on the table and to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, June 19, 1947.

Hon. ARTHUR H. VANDENBERG,
President of the Senate pro tempore, United States Senate.

MY DEAR MR. PRESIDENT: There is enclosed a copy of a report from the Secretary of State indicating a course of action which the Secretaries of State, War, Navy, and Interior have agreed should be followed with respect to the administration of Guam, Samoa, and the Pacific islands to be placed under United States trusteeship.

On October 20, 1945, I appointed a committee consisting of the Secretaries of these four departments to make recommendations concerning this matter. After preliminary consideration it seemed inadvisable to formulate a final recommendation until a determination had been made of the status of certain islands formerly under Japanese control. In the meantime, the departments represented on the committee continued to give study to the problems involved.

After the United Nations Security Council approved a trusteeship agreement designating the United States as the administering authority for the former Japanese mandated islands, I requested that the members of the committee again give joint consideration to problems relating to the administration of the Pacific islands. The enclosed report has been submitted pursuant to that request.

I am sure that the agreement reached by the four Secretaries will be of interest to the Congress in connection with its consideration of legislation to provide civilian government for these islands, and that the information obtained by the departments in studying this question will also be helpful in the consideration of such legislation.

It has long been my view that the inhabitants of Guam and Samoa should enjoy those fundamental human rights and that democratic form of government which are the rich heritage of the people of the United States. We have already extended those rights and that form of government to other possessions of the United States, such as Puerto Rico and the Virgin Islands, and with respect to the inhabitants of the trust territory have given solemn assurance to the United Nations of our intention to grant these inhabitants a full measure of individual rights and liberties.

I hope that the Congress will approve legislation for the purposes indicated in the enclosed report and that such legislation will provide for the full enjoyment of civil rights and for the greatest practicable measure of self-government.

Very sincerely yours,
HARRY S. TRUMAN.

DEPARTMENT OF STATE,
Washington, D. C., June 18, 1947.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: Pursuant to your request, the Secretaries of State, War, Navy, and Interior have held several meetings and have agreed upon the following course of action:

1. Separate organic legislation for Guam to provide civil government and to grant citizenship, a bill of rights, and legislative powers to Guamanians should be enacted this session. In recent hearings on such organic legislation the Departments have recommended the transfer of administration from the Navy Department to a civilian agency designated by the President at the earliest practicable date, the exact date to be determined by the President.

2. Organic legislation for American Samoa, providing civil government and granting citizenship, a bill of rights, and legislative powers should be prepared by the Navy and Interior Departments and presented to the next session of Congress.

3. Suggestions for organic legislation for those Pacific islands placed under United States trusteeship are in preparation by the Department of State for presentation to Congress, provided favorable congressional action is taken on the trusteeship agreement to be shortly presented for approval.

4. The Navy Department should continue to have administrative responsibility for Guam and American Samoa on an interim basis pending the transfer to a civilian agency of the Government at the earliest practicable date, such date to be determined by the President. With respect to the trust territory, a similar transfer should be effected by the President at the earliest practicable date.

5. Provided Congress acts favorably on the trusteeship agreement, an Executive order should be issued when the agreement enters into force terminating military government in the trust territory and delegating civil administration to the Navy Department on an interim basis, subject to the conditions set forth in paragraph 4.

Faithfully yours,
G. C. MARSHALL.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BRICKER (for Mr. TOBEY), from the Committee on Banking and Currency:

S. 829. A bill to provide for control and regulation of bank holding companies, and for other purposes; with amendments (Rept. No. 300).

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

S. 1070. A bill to provide for the cancellation of the capital stock of the Federal Deposit Insurance Corporation and the refund of moneys received for such stock, and for other purposes; with amendments (Rept. No. 301).

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

S. 305. A bill for the relief of Mrs. Hilda Margaret McGrew; without amendment (Rept. No. 292);

S. 706. A bill for the relief of William D. McCormick; without amendment (Rept. No. 293);

H. R. 381. A bill for the relief of Allen T. Feamster, Jr.; without amendment (Rept. No. 296);

H. R. 407. A bill for the relief of Claude R. Hall and Florence V. Hall; without amendment (Rept. No. 298);

H. R. 617. A bill for the relief of James Harry Martin; without amendment (Rept. No. 294);

H. R. 1067. A bill for the relief of S. C. Spradling and R. T. Morris; without amendment (Rept. No. 312);

H. R. 1144. A bill for the relief of Samuel W. Davis, Jr.; Mrs. Samuel W. Davis, Jr., and Betty Jane Davis; without amendment (Rept. No. 313);

H. R. 1318. A bill for the relief of Mrs. Fuku Kurokawa Thurn; without amendment (Rept. No. 299);

H. R. 2915. A bill for the relief of Mrs. Frederick Faber Wesche (formerly Ann Maureen Bell); without amendment (Rept. No. 297); and

H. R. 3769. A bill to amend the Bankruptcy Act with respect to qualifications of part-time referees in bankruptcy; with amendments (Rept. No. 295).

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

H. R. 2389. A bill to amend the act entitled "An act authorizing the designation of Army mail clerks and assistant Army mail clerks,"

approved August 21, 1941 (55 Stat. 656), and for other purposes; without amendment (Rept. No. 302).

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

H. R. 1807. A bill to authorize the Secretary of the Navy to grant to the county of Pittsburg, Okla., a perpetual easement for the construction, maintenance, and operation of a public highway over a portion of the United States naval ammunition depot, McAlester, Okla.; without amendment (Rept. No. 303).

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

H. R. 1371. A bill to authorize the Secretary of the Navy to appoint, for supply duty only, officers of the line of the Marine Corps, and for other purposes; with amendments (Rept. No. 304); and

H. J. Res. 92. Joint resolution authorizing the presentation of the Distinguished Flying Cross to Rear Adm. Charles E. Rosendahl, United States Navy; without amendment (Rept. No. 305).

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

H. R. 1362. A bill to permit certain naval personnel to count all active service rendered under temporary appointment as warrant or commissioned officers in the United States Navy and the United States Naval Reserve, or in the United States Marine Corps and the United States Marine Corps Reserve, for purposes of promotion to commissioned warrant officer in the United States Navy or the United States Marine Corps, respectively; without amendment (Rept. No. 306).

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

H. R. 1376. A bill to amend the acts of October 14, 1942 (56 Stat. 786), as amended, and November 28, 1943 (57 Stat. 593), as amended, so as to authorize transportation of dependents and household effects of personnel of the Navy, Marine Corps, and Coast Guard to overseas bases; without amendment (Rept. No. 307).

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

H. J. Res. 167. Joint resolution to recognize uncompensated services rendered the Nation under the Selective Training and Service Act of 1940, as amended, and for other purposes; without amendment (Rept. No. 308).

By Mr. ROBERTSON of Wyoming, from the Committee on Armed Services:

S. 229. A bill to authorize the Secretary of the Navy to construct a postgraduate school at Monterey, Calif.; with amendments (Rept. No. 309);

H. R. 1379. A bill to establish the United States Naval Postgraduate School, and for other purposes; without amendment (Rept. No. 310); and

H. J. Res. 96. Joint resolution authorizing the President to issue posthumously to the late Roy Stanley Geiger, lieutenant general, United States Marine Corps, a commission as general, United States Marine Corps, and for other purposes; without amendment (Rept. No. 311).

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

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

Jed Johnson, of Oklahoma, to be judge of the United States Customs Court, vice William J. Keefe, resigned;

Otto Schoen, of Missouri, to be United States marshal for the eastern district of Missouri, vice William B. Fahy, term expired;

Frank B. Potter, of Texas, to be United States attorney for the northern district of Texas, vice Clyde O. Eastus, term expired; and

Henry W. Moursund, of Texas, to be United States attorney for the western district of Texas, vice William R. Smith, Jr., resigned.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. CAPEHART:

S. 1475. A bill for the relief of Emma L. Jackson; to the Committee on the Judiciary.

By Mr. LANGER:

S. 1476. A bill to require the designation by the senior circuit judge of another judge to sit in the place of any judge against whom an affidavit of personal bias and prejudice has been filed; to the Committee on the Judiciary.

By Mr. JENNER:

S. J. Res. 132. Joint resolution providing for the proper observance of the one hundred and sixtieth anniversary of the signing of the Constitution of the United States of America; to the Committee on the Judiciary.

(Mr. VANDENBERG introduced Senate Joint Resolution 133, to provide for return of Italian property in the United States, and for other purposes, which was referred to the Committee on Foreign Relations, and appears under a separate heading.)

RETURN TO ITALY OF CERTAIN PROPERTY

Mr. VANDENBERG. Mr. President, at the time the Italian treaty was on the floor of the Senate for consideration, I suggested, as emphatically as I could, that the democratic government of new Italy would constantly find evidences of American friendship and interest as the days went on. I particularly referred to the purpose of the State Department to facilitate the return of Italian property in the United States to prewar ownership.

At the request of the State Department I now ask unanimous consent to introduce a joint resolution to provide for the return of Italian property in the United States, and requiring that Italy shall not be treated as a nation with which the United States has at any time since December 7, 1941, been at war. I think it will prove to be a matter of great interest and helpfulness to Italy.

I request that the joint resolution be appropriately referred.

There being no objection, the joint resolution (S. J. Res. 133), to provide for return of Italian property in the United States and for other purposes, introduced by Mr. VANDENBERG, was received, read twice by its title, and referred to the Committee on Foreign Relations.

EXPENDITURE OF ADDITIONAL FUNDS BY COMMITTEE ON APPROPRIATIONS

Mr. BRIDGES submitted the following resolution (S. Res. 130), which was referred to the Committee on Appropriations:

Resolved, That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, during the Eightieth Congress, $10,000 in addition to the amount, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946.

INVESTIGATION OF EFFICIENCY, ECONOMY, AND PRACTICES OF CERTAIN CORPORATIONS

Mr. LANGER submitted the following resolution (S. Res. 131), which was referred to the Committee on the Judiciary:

Whereas a recent report of the Federal Trade Commission on mergers showed that—

(a) Since 1940, 1,800 industrial concerns have been absorbed by other concerns;

(b) More than one-third of all mergers since 1940 have been in three industries, in which small concerns have predominated: food, nonelectrical machinery, and textiles;

(c) Big companies are most active in mergers of business units since 1940, almost a third of the absorbed companies being taken over by the largest corporations, with assets of $50,000,000 or more;

(d) At the end of 1945 the 62 largest manufacturing corporations held $8,400,000,000 in net working capital;

(e) About three-fifths of mergers in the past 6 years have been horizontal, of firms producing similar products; and

Whereas the Congress has for several years considered legislation prohibiting the acquisition by corporations engaged in commerce of the stock or other share capital, or assets of another corporation; and

Whereas the continued concentration of corporate wealth in private monopolies constitutes a serious threat to the economic stability of the Nation, and to the prosperity and living standards of all American consumers, but the potential benefits of large-scale production and distribution should be obtained for consumers: Therefore be it

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed to make an investigation into the efficiency, economy, and practices of giant corporations in the United States. The committee shall report to the Senate as soon as practicable the results of its investigation, and shall make a preliminary report during the second session of the Eightieth Congress.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings; to sit and act at such times and places during the sessions and recesses of the Senate in the Eightieth Congress; to employ and to call upon the executive departments for clerical and other assistance; to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents; to administer such oaths; to take such testimony; and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words.

SECOND URGENT DEFICIENCY APPROPRIATION BILL—AMENDMENT

Mr. HOLLAND submitted an amendment intended to be proposed by him to 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, which was referred to the Committee on Appropriations, and ordered to be printed, as follows:

On page 7, after line 11, insert the following:

"DEPARTMENT OF THE INTERIOR

"NATIONAL PARK SERVICE

"National parks: For an additional amount, fiscal year 1948, for 'National parks,' $89,000.

"FISH AND WILDLIFE SERVICE

"Salaries and expenses

"Maintenance of mammal and bird reservations: For an additional amount, fiscal year 1948, for 'Maintenance of mammal and bird reservations,' $50,000."

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H. R. 3492. An act to provide for the expeditious disposition of certain war housing, and for other purposes; to the Committee on Banking and Currency.

H. R. 3818. An act 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 Finance.

H. R. 3839. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1948, and for other purposes; to the Committee on Appropriations.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 51) against adoption of Reorganization Plan No. 3 of May 27, 1947, was referred to the Committee on Banking and Currency.

RENT LEGISLATION—STATEMENT BY SENATOR TAYLOR

[Mr. TAYLOR asked and obtained leave to have printed in the RECORD a press release prepared by him on rent legislation, which appears in the Appendix.]

THE PROPOSED MISSOURI VALLEY AUTHORITY—EDITORIAL FROM THE ST. LOUIS POST-DISPATCH

[Mr. TAYLOR asked and obtained leave to have printed in the RECORD an editorial regarding the proposed Missouri Valley Authority, from the St. Louis Post-Dispatch, which appears in the Appendix.]

PREPARATIONS FOR NATIONAL SECURITY—ADDRESS BY CORD MEYER, JR.

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an address delivered by Cord Meyer, Jr. at a luncheon forum sponsored by United World Federalists and American Federation of Scientists, at Washington, D. C., June 19, 1947, which appears in the Appendix.]

ANALYSIS OF KEY POINTS OF THE LABOR BILL—ARTICLE BY LOUIS STARK

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article entitled "An Analysis of Key Points of the Labor Bill," by Louis Stark, from the New York Times of June 15, 1947, which appears in the Appendix.]

THE NATIONAL ASSOCIATION OF MANUFACTURERS—ARTICLE BY REV. BENJAMIN L. MASSE

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article entitled "NAM's Free Enterprise—Not American, Not Christian, Not Too Free," by Rev. Benjamin L. Masse, from the magazine America for May 31, 1947, which appears in the Appendix.]

THE TAFT-HARTLEY BILL

[Mr. MURRAY asked and obtained leave to have printed in the RECORD a statement regarding the so-called Taft-Hartley bill by 13 practitioners and professors of administrative law, which appears in the Appendix.]

DISPUTE OVER AIR SAFETY EQUIPMENT

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD an article entitled "CAA, Air Lines, Armed Forces Squabble Over Air Safety Equipment," by Albert Douglas, published in the June 19, 1947, issue of the Wall Street Journal, which appears in the Appendix.]

REORGANIZATION PLAN NO. 3—STATEMENT BY VERNON P. SPENCER

[Mr. WHERRY asked and obtained leave to have printed in the RECORD a statement entitled "In Opposition to Reorganization Plan No. 3 of 1947," made by Vernon P. Spencer before the Senate Banking and Currency Committee, June 19, 1947, which appears in the Appendix.]

WHAT IT MEANS TO BE AN AMERICAN—ESSAYS BY SCHOOL CHILDREN OF HAZLETON, PA.

[Mr. MYERS asked and obtained leave to have printed in the RECORD three prize winning essays by school children of Hazleton, Pa., on the subject What It Means To Be an American, which appear in the Appendix.]

COMMITTEE MEETING DURING SENATE SESSION

Mr. WHERRY. Mr. President, I ask unanimous consent that the National Resources Economic Subcommittee of the Committee on Public Lands may be permitted to sit during the session of the Senate today.

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

NOTICE OF MEETING OF SUBCOMMITTEE TO INVESTIGATE WILDLIFE RESOURCES

Mr. FERGUSON. Mr. President, I announce that the Committee To Investigate Wildlife Resources, being a subcommittee of the Committee on Expenditures in the Executive Departments, will hold a hearing on June 24 and 25 in relation to hunting regulations on migratory birds. The hearings will be held at room 357 in the Senate Office Building, and all those who desire to testify should get in touch with the clerk. The hearings will open at 10 o'clock in the morning on each of those 2 days.

REORGANIZATION OF EXECUTIVE BRANCH

Mr. LODGE. Mr. President, it is a matter of deep gratification to me that the Committee on Expenditures in the Executive Departments has today voted to report favorably Senate bill 164, a bill which I introduced in the Senate, and the counterpart of which was introduced in the House by Representative BROWN of Ohio. This bill proposes to create a commission to study and submit recommendations by January 1, 1949, for the complete overhauling and reorganization of the executive branch of the Government. This is a far-reaching and important matter, and I think the committee is to be congratulated for the action it has taken and also for the fact that it acted unanimously. I should like to express my appreciation to the committee, through its distinguished chairman, the Senator from Vermont [Mr. AIKEN], and the chairman of the subcommittee, the able Senator from Ohio [Mr. BRICKER], for the work they did. In the serious times through which our country is now passing, it is more important than ever that our Government be both efficient and economical.

It is my hope and intention that at the next call of the consent calendar, this bill will be favorably acted upon, inasmuch as it has already been explained at great length on the floor of the Senate and in the committee. Of course, if any Senator desires to have a more extensive presentation made, I shall be happy to make what contribution I can to that end.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 3303) to stimulate volunteer enlistments in the Regular Military Establishment of the United States; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ANDREWS of New York, Mr. SHORT, Mr. ARENDS, Mr. VINSON, and Mr. DREWRY, were appointed managers on the part of the House at the conference.

PRESIDENTIAL SUCCESSION

The PRESIDENT pro tempore. Under the unanimous-consent order of yesterday, when the conference report on the wool bill was disposed of, the Presidential succession bill, Senate bill 564, was to be laid before the Senate as the unfinished business and then temporarily laid aside to permit consideration of the conference report on the rent control bill, House bill 3203, relative to maximum rent on housing accommodations; to repeal certain provisions of Public Law 388, Seventy-ninth Congress, and for other purposes. The Chair lays Senate bill 564 before the Senate.

The Senate proceeded to the consideration of the bill (S. 564), to provide for the performance of the duties of the office of President in case removal, resignation, or inability both of the President and Vice President.

EXTENSION OF RENT CONTROL—CONFERENCE REPORT

The PRESIDENT pro tempore. Under the unanimous-consent agreement, the unfinished business will be temporarily laid aside for the consideration of the conference report on House bill 3203.

Mr. BUCK submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3203) relative to maximum rents on housing accommodations; to repeal certain provisions of Public Law 388, Seventy-ninth Congress, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 4.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 6, 7, 8, 9, 10, and 11.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: Strike out the word "and" following the comma at the beginning of said amendment.

And the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(5) the Housing Expediter shall prescribe by regulations: (i) the manner in which such housing accommodations shall be publicly offered in good faith for sale or rental to veterans of World War II or their families in accordance with the provisions of this section, and (ii) exceptions to this section for hardship cases, including appropriate exceptions from the operation of paragraphs (3) and (4): *Provided*, That nothing contained in this Act shall affect or remove any veterans' preference requirements heretofore established under Public Law 388, Seventy-ninth Congress, and outstanding with respect to housing accommodations completed prior to the date of the enactment of this title."

And the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) For purposes of this section (1) the Housing Expediter shall prescribe by regulations the time as of which construction of housing accommodations shall be deemed to be completed, and (2) the term "person" shall have the meaning assigned to such term in section 1 (b) (3) of this Act."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"DECLARATION OF POLICY

"SEC. 201. (a) The Congress hereby reaffirms the declaration in the Price Control Extension Act of 1946 that unnecessary or unduly prolonged controls over rents would be inconsistent with the return to a peacetime economy and would tend to prevent the attainment of the goals therein declared.

"(b) The Congress therefore declares that it is its purpose to terminate at the earliest practicable date all Federal restrictions on rents on housing accommodations. At the same time the Congress recognizes that an emergency exists and that, for the prevention of inflation and for the achievement of a reasonable stability in the general level of rents during the transition period, as well as the attainment of other salutary objectives of the above-named Act, it is necessary for a limited time to impose certain restrictions upon rents charged for rental housing accommodations in defense-rental areas. Such restrictions should be administered with a view to prompt adjustments where owners of rental housing accommodations are suffering hardships because of the inadequacies of the maximum rents applicable to their housing accommodations, and under procedures designed to minimize delay in the granting of necessary adjustments, which, so far as practicable, shall be made by local boards with a minimum of control by any central agency.

"(c) To the end that these policies may be effectively carried out with the least possible impact on the economy pending complete decontrol, the provisions of this title are enacted.

"DEFINITIONS

"SEC. 202. As used in this title—

"(a) The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or a legal successor or representative of any of the foregoing.

"(b) The term 'housing accommodations' means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, rooming- or boarding-house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

"(c) The term 'controlled housing accommodations' means housing accommodations in any defense-rental area, except that it does not include—

"(1) those housing accommodations, in any establishment which is commonly known as a hotel in the community in which it is located, which are occupied by persons who are provided customary hotel services such as maid service, furnishing and laundering of linen, telephone and secretarial or desk service, use and upkeep of furniture and fixtures, and bellboy service; or

"(2) any motor court, or any part thereof; or any tourist home serving transient guests exclusively, or any part thereof; or

"(3) any housing accommodations (A) the construction of which was completed on or after February 1, 1947, or which are additional housing accommodations created by conversion on or after February 1, 1947 except that contracts for the rental of housing accommodations to veterans of World War II and their immediate families, the construction of which was assisted by allocations or priorities under Public Law 388, Seventy-ninth Congress, approved May 22, 1946, shall remain in full force and effect, or (B) which at no time during the period February 1, 1945, to January 31, 1947, both dates inclusive, were rented (other than to members of the immediate family of the occupant) as housing accommodations.

"(d) The term 'defense-rental area' means any part of any area designated under the provisions of the Emergency Price Control Act of 1942, as amended, prior to March 1, 1947, as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of such Act, in which maximum rents were being regulated under such Act on March 1, 1947.

"(e) The term 'rent' means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

"TERMINATION OF RENT CONTROL UNDER EMERGENCY PRICE CONTROL ACT OF 1942

"SEC. 203. (a) After the effective date of this title, no maximum rents shall be established or maintained under the authority of the Emergency Price Control Act of 1942, as amended, with respect to any housing accommodations.

"(b) On the termination of rent control under this title all records and other data used or held in connection with the establishment and maintenance of maximum rents by the Housing Expediter, and all predecessor agencies, shall, on request, be delivered without reimbursement to the proper officials of any State or local subdivision of government that may be charged with the duty of administering a rent control program in any State or local subdivision of government to which such records and data may be applicable: *Provided, however*, That any such records or data shall be so made available subject to recall for use in carrying out the purposes of this title.

"RENT CONTROL UNDER THIS TITLE

"SEC. 204. (a) The Housing Expediter shall administer the powers, functions, and duties under this title; and for the purpose of exercising such powers, functions, and duties, and the powers, functions, and duties granted to or imposed upon the Housing Expediter by title I of this Act, the Office of Housing Expediter is hereby extended until February 29, 1948.

"(b) During the period beginning on the effective date of this title and ending on the date this title ceases to be in effect, no person shall demand, accept, or receive any rent for the use or occupancy of any controlled housing accommodations greater than the maximum rent established under the authority of the Emergency Price Control Act of 1942, as amended, and in effect with respect thereto on June 30, 1947: *Provided, however*, That the Housing Expediter shall, by regulation or order, make such adjustments in such maximum rents as may be necessary to correct inequities or further to carry out the purposes and provisions of this title: *And provided further*, That in any case in which a landlord and tenant, on or before December 31, 1947, voluntarily enter into a valid written lease in good faith with respect to any housing accommodations for which a maximum rent is in effect under this section and such lease takes effect after the effective date of this title and expires on or after December 31, 1948, and if a true and duly executed copy of such lease is filed, within fifteen days after the date of execution of such lease, with the Housing Expediter, the maximum rent for such housing accommodations shall be, as of the date such lease takes effect, that which is mutually agreed between the landlord and tenant in such lease if it does not represent an increase of more than 15 per centum over the maximum rent which would otherwise apply under this section. In any case in which a maximum rent for any housing accommodations is established pursuant to the provisions of the last proviso above, such maximum rent shall not thereafter be subject to modification by any regulation or order issued under the provisions of this title. No housing accommodations for which a maximum rent is established pursuant to the provisions of the last proviso above shall be subject, after December 31, 1947, to any maximum rent established or maintained under the provisions of this title.

"(c) The Housing Expediter is hereby authorized and directed to remove any or all maximum rents before this title ceases to be in effect, in any defense-rental area, if in his judgment the need for continuing maximum rents in such area no longer exists due to sufficient construction of new housing accommodations or when the demand for rental housing accommodations has been otherwise reasonably met.

"(d) The Housing Expediter is authorized to issue such regulations and orders, consistent with the provisions of this title, as he may deem necessary to carry out the provisions of this section and section 202 (c).

"(e) (1) The Housing Expediter is authorized and directed to create in each defense-rental area, or such portion thereof as he may designate, a local advisory board, each such board to consist of not less than five members who are representative citizens of the area, to be appointed by the Housing Expediter, from recommendations made by the respective Governors. Each such board shall have sufficient members to enable it promptly to consider individual adjustment cases coming before it on which the board shall make recommendations to the officials administering this title within its area. The local boards may make such recommendations to the Housing Expediter as they deem advisable with respect to the following matters:

"(A) Decontrol of the defense-rental area or any portion thereof;

"(B) The adequacy of the general rent level in the area; and

"(C) Operations generally of the local rent office, with particular reference to hardship cases.

"(2) The Housing Expediter shall furnish the local boards suitable office space and stenographic assistance and shall make available to such boards any records and other information in the possession of the Housing Expediter with respect to the establishment and maintenance of maximum rents and housing accommodations in the respective defense-rental areas which may be requested by such boards.

"(3) Within thirty days after receipt of any recommendation of a local board such recommendation shall be approved or disapproved or the local board shall be notified in writing of the reasons why final action cannot be taken in thirty days. Any recommendation of a local board appropriately substantiated and in accordance with applicable law and regulations shall be approved and appropriate action shall promptly be taken to carry such recommendation into effect.

"(4) Immediately upon the enactment of this Act the Housing Expediter shall communicate with the governors of the several States advising them of the provisions of this subsection and of the number and location of defense-rental areas in their respective States, and requesting their cooperation in carrying out such provisions.

"(f) The provisions of this title shall cease to be in effect on February 29, 1948.

"RECOVERY OF DAMAGES BY TENANTS

"SEC. 205. Any person who demands, accepts, or receives any payment of rent in excess of the maximum rent prescribed under section 204 shall be liable to the person from whom he demands, accepts, or receives such payment, for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amount of (1) $50, or (2) three times the amount by which the payment or payments demanded, accepted, or received exceed the maximum rent which could lawfully be demanded, accepted, or received, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. Suit to recover such amount may be brought in any Federal, State, or Territorial court of competent jurisdiction within one year after the date of such violation. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under this section, all violations alleged in such action which were committed by the defendant with respect to the plaintiff prior to the bringing of action shall be deemed to constitute one violation, and the amount demanded, accepted, or received in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, or received in connection with all violations. A judgment in an action under this section shall be a bar to a recovery under this section in any other action against the same defendant on account of any violation with respect to the same plaintiff prior to the institution of the action in which such judgment was rendered.

"PROHIBITION AND ENFORCEMENT

"SEC. 206. (a) It shall be unlawful for any person to offer, solicit, demand, accept, or receive any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under section 204.

"(b) Whenever in the judgment of the Housing Expediter any person has engaged or is about to engage in any act or practice which constitutes or will constitute a violation of subsection (a) of this section, he may make application to any Federal, State or Territorial court of competent jurisdiction, for an order enjoining such act or practice, or for an order enforcing compliance with such subsection, and upon a showing by the Housing Expediter that such person has engaged or is about to engage in any such act or practice a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"MAINTENANCE OF ACTIONS FOR CERTAIN ALLEGED PAST VIOLATIONS

"SEC. 207. No action or proceeding, involving any alleged violation of Maximum Price Regulation Numbered 188, issued under the Emergency Price Control Act of 1942, as amended, shall be maintained in any court, or judgment thereon executed or otherwise proceeded on, if a court of competent jurisdiction has found, or by opinion has declared, that the person alleged to have committed such violation acted in good faith and that application to such person of the 'actual delivery' provisions of such regulation would result or has resulted in extreme hardship.

"PROPERTY, PERSONNEL, AND APPROPRIATIONS

"SEC. 208. (a) The records, property, personnel, and funds relating primarily to rent control, transferred to the Housing Expediter by or pursuant to Executive Order Numbered 9841, dated April 23, 1947, may be used for the purpose of carrying out the powers, functions, and duties of the Housing Expediter under this title; except that any personnel so transferred who are found to be in excess of the needs of the Housing Expediter for the exercise of such powers, functions, and duties shall be separated from the service.

"(b) There are authorized to be appropriated to the Housing Expediter such sums as may be necessary to carry out the provisions of this Act.

"EVICTION OF TENANTS

"SEC. 209. (a) No action or proceeding to recover possession of any controlled housing accommodations with respect to which a maximum rent is in effect under this title shall be maintainable by any landlord against any tenant in any court, notwithstanding the fact that the tenant has no lease or that his lease has expired, so long as the tenant continues to pay the rent to which the landlord is entitled unless—

"(1) under the law of the State in which the action or proceeding is brought the tenant is (A) violating the obligation of his tenancy (other than an obligation to pay rent higher than rent permitted under this Act or an obligation to surrender possession of such housing accommodations) or (B) is committing a nuisance in such housing accommodations or using such housing accommodations for an immoral or illegal purpose or for other than living or dwelling purposes;

"(2) the landlord seeks in good faith to recover possession of such housing accommodations for his immediate and personal use and occupancy as housing accommodations;

"(3) the landlord has in good faith contracted in writing to sell the housing accommodations to a purchaser for the immediate and personal use and occupancy as housing accommodations by such purchaser;

"(4) the landlord seeks in good faith to recover possession of such housing accommodations for the immediate purpose of substantially altering, remodeling, or demolishing them and replacing them with new construction, and the altering or remodeling is reasonably necessary to protect and conserve the housing accommodations and cannot practically be done with the tenant in occupancy, and the landlord has obtained such approval as may be required by Federal, State, or local law for the alterations, remodeling, or any construction planned; or

"(5) the housing accommodations are nonhousekeeping, furnished housing accommodations located within a single dwelling unit not used as a rooming or boarding house and the remaining portion of which is occupied by the landlord or his immediate family.

"(b) Notwithstanding any other provision of this Act, the United States or any State or local public agency may maintain an action or proceeding to recover possession of any housing accommodations operated by it where such action or proceeding is authorized by the statute or regulations under which such accommodations are administered: *Provided*, That nothing in this subsection shall be deemed to authorize the maintenance of any such action or proceeding upon the ground that the income of the occupants of the housing accommodations exceeds the allowable maximum unless such income, less any amounts paid to such occupants by the Veterans' Administration on account of service-connected disability or disabilities, exceeds the allowable maximum.

"ADMINISTRATIVE PROCEDURE ACT INAPPLICABLE

"SEC. 210. Section 2 (a) of the Administrative Procedure Act, as amended, is amended by inserting after 'Selective Training and Service Act of 1940;' the following: 'Housing and Rent Act of 1947;'.

"APPLICATION

"SEC. 211. The provisions of this title shall be applicable to the several States and to the Territories and possessions of the United States but shall not be applicable to the District of Columbia.

"EFFECTIVE DATE OF TITLE

"SEC. 212. This title shall become effective on the first day of the first calendar month following the month in which this Act is enacted:

"SHORT TITLE

"SEC. 213. This Act may be cited as the 'Housing and Rent Act of 1947'."

And the Senate agree to the same.

C. D. BUCK,
JOE MCCARTHY,
HARRY P. CAIN,
JOHN SPARKMAN,
Managers on the Part of the Senate.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
JOHN C. KUNKEL,
HENRY O. TALLE,
PAUL BROWN,
MIKE MONRONEY,
Managers on the Part of the House.

Under the unanimous consent agreement, the Senate proceeded to consider the report.

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, a number of Senators have asked relative to the session tomorrow and a possible session on Saturday. I should like to say that if it is agreeable to Members of the Senate it is proposed to consider tomorrow afternoon at approximately 1:30 the labor bill, if it be vetoed. I understand that there will probably be no extended debate and that we can probably conclude it within a few minutes on Friday afternoon. If there be no extended debate, we shall proceed with the Presidential-succession bill, or with some other bill, if the Senate decides that such bill is

urgent. If we dispose of the labor bill, in the event that it is vetoed, there will be no session on Saturday.

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

Mr. WHERRY. I yield to the Senator from Illinois.

Mr. LUCAS. May I inquire of the Senator from Nebraska whether, if we have a session tomorrow afternoon, it is the intention of the majority to continue on Saturday, or will the Senate adjourn until Monday? I make that inquiry because I am scheduled to go to Tennessee tomorrow night to make a speech before a group of lawyers and I do not want to leave if there is to be a session on Saturday.

Mr. WHERRY. I can assure the Senator that the intention is, if it is agreeable to the Senate, that we proceed with the consideration of the labor bill tomorrow afternoon, if it be vetoed. If consideration is concluded tomorrow afternoon, it is not contemplated to have a session on Saturday, but I think it is the sense of the majority that if it takes a longer time than Friday afternoon we will continue with the labor bill until we conclude it tomorrow evening, if that will expedite matters.

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

Mr. WHERRY. I yield.

Mr. BARKLEY. So far as I am personally concerned, I am not anticipating what may happen. All this discussion is based on something that may or may not happen.

Mr. WHERRY. That is correct.

Mr. BARKLEY. But if there is a veto message, I am ready to vote on it at any time. If the debate on it should not be concluded tomorrow—and there is no way to tell at this juncture—and should not be concluded Saturday, if we hold a session on Saturday, it would go over until Monday of next week. On next Monday, Tuesday, and possibly Wednesday a number of Senators will be absent from the Senate, because I understand that the President is scheduled to go to Warm Springs, Ga., to dedicate a memorial for the foundation there, and several Senators have been invited to go along. They do not have to go, but some of them would like to go. If consideration of a possible veto of the labor bill is not concluded on Friday or Saturday, I wonder whether it could go over until the middle of next week, there not being any particular emergency.

Mr. WHERRY. My answer to that question is that we must wait and see how we get along on Friday and Friday night. I think I can announce that if it is agreeable to the Senate, we shall proceed Friday afternoon and Friday night. By that time the Senate can decide how it wants to proceed from that time forward. That is, assuming that the President vetoes the labor bill.

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

Mr. WHERRY. I yield.

Mr. PEPPER. I have noted with interest, if not with curiosity, the optimism expressed by the Senator from Nebraska. It is rather an extraordinary optimism, in view of what the House did in connection with the tax bill. It is said that history sometimes repeats itself.

Mr. WHERRY. Mr. President, I thank the distinguished Senator from Florida for his observation. No one has more optimism in connection with the work of the Senate than I have.

LEGAL GUARDIAN OF GLENN J. HOWREY

The PRESIDING OFFICER (Mr. COOPER in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 254) for the relief of the legal guardian of Glenn J. Howrey, which was, on page 1, line 6, to strike out "$500" and insert "$1,500."

Mr. WILEY. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MOORE, Mr. COOPER, and Mr. MCGRATH conferees on the part of the Senate.

AMENDMENT OF NATIONAL HOUSING ACT

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1230) to amend sections 2 (a) and 603 (a) of the National Housing Act, as amended, which were, on page 1, lines 4 and 5, to strike out "the following: 'and prior to July 1, 1947'" and insert "'1947'" and inserting "'1947'"; and on page 1, to strike out lines 6 to 9, inclusive; and to amend the title so as to read: "An act to amend section 2 (a) of the National Housing Act, as amended."

Mr. SPARKMAN. Mr. President, I move that the Senate concur in the amendments of the House.

The motion was agreed to.

EXTENSION OF RENT CONTROL—CONFERENCE REPORT

The Senate resumed the consideration of the conference report on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3203) relative to maximum rents on housing accommodations; to repeal certain provisions of Public Law 388, Seventh-ninth Congress, and for other purposes.

Mr. BUCK. Mr. President, I shall undertake to point out as briefly but as completely as I can, the provisions which were agreed to and the changes which were made by the conferees in the rent-control bill as it left the Senate.

In the first place, by the action on Senate amendment No. 14, the conference report extends the Office of Housing Expediter, for purposes of this legislation, until February 29, 1948.

In that connection, let me say there was considerable discussion at the conference in regard to the effect which the bill might have upon the Expediter's premium payment program for merchant pig iron. It was the feeling of the conferees that that program could be completed in 1947. I invite attention to the following section of the statement of the managers on the part of the House:

> Under the language of section 1 (a), the Housing Expediter will have the authority to administer and liquidate the existing obligations of the Government with respect to market guaranty agreements and premium payment regulations, including a premium payment regulation for merchant pig iron issued prior to the enactment of this act and extending through the calendar year 1947. Any such premium payment plan shall be within the $65,000,000 estimated by the Housing Expediter as the total amount required of the $400,000,000 authorization under section 11 of Public Law 388, Seventy-ninth Congress.

Mr. President, the so-called Cordon amendment, providing $10,000,000 additional for access roads, to be provided in the same manner as the $15,000,000 made available for these purposes under the Veterans Emergency Housing Act—that is, by advances from the Reconstruction Finance Corporation—was not retained in the conference report. The House conferees, while not objecting to the principle of this provision if need therefor should be demonstrated, took the position that since the Veterans Emergency Housing Act was, in effect, being liquidated, there was no justification for continuing the provision for access roads involving the Reconstruction Finance Corporation and the Housing Expediter, when that matter should properly be taken care of through the agencies of the Government normally dealing with access roads. In fact the House conferees, in their formal statement, note specifically that omitting this amendment is without prejudice to its consideration in other legislation.

The amendment offered by the Senator from California [Mr. KNOWLAND], which added to the buildings or facilities for which a permit could have been required, those to be used for commercial other than housing purposes, was not agreed to. The House conferees refused to yield on their position that permits should be required only for construction of amusement and recreational buildings and facilities. I may say, Mr. President, that this was one of two provisions which the House conferees insisted be stricken from the bill. They said that if controls on building materials were put back in the bill, it would be very questionable whether the conference report would be approved by the House of Representatives. In fact, they believed it would be impossible to have it approved by the House in that case.

Furthermore, we were not clear in regard to exactly what the term "commercial" meant, whether it included construction for industry, or merely what might be termed "commercial buildings."

Mr. President, the Senate amendment which rewrote paragraph (5) of subsection (a) of section 5 of the House bill, dealing with preference or priority to veterans of World War II or their families in connection with the sale or rental of certain housing accommodations, was agreed to with certain modifications. It may be recalled that that amendment

was submitted by the distinguished junior Senator from Washington [Mr. CAIN].

Let me point out here a very important change which was made in the Senate bill: The pattern of discontinuing controls under the Price Control Act and of providing new basic authority was adopted in the conference report. That means that all the rules and regulations that were carried under the OPA law have been done away with, and the Expediter will have to promulgate his own rules and regulations. The authority for that is contained in the conference report in the following words:

(d) The Housing Expediter is authorized to issue such regulations and orders, consistent with the provisions of this title, as he may deem necessary to carry out the provisions of this section and section 202 (c).

Mr. President, the conferees on the part of the House agreed to the Senate provision terminating controls on February 29, 1948.

The Housing Expediter was retained as the official to administer the law, and the provision for utilization of local boards vested with broad administrative authority was also retained in the conference report.

The House provision authorizing decontrol by local governing bodies was eliminated.

The Senate provision relating to the transfer of rent controls to the States was stricken out. It was thought by the conferees that since there was a Federal law to control rents, it should not be made permissive for the States to take over control.

The following changes were made in the Senate provision for decontrol of housing accommodations:

The House language dividing residential hotels and motor courts was adopted. I should like to refer to that further. It is found under title I of section 202, and reads as follows:

Those housing accommodations, in any establishment which is commonly known as a hotel in the community in which it is located, which are occupied by persons who are provided customary hotel services such as maid service, furnishing and laundering of linen, telephone, and secretarial or desk service, use and upkeep of furniture and fixtures, and bellboy service.

From that type of buildings, controls are removed.

The Senate provision for decontrolling accommodations renting for $225 or more a month was stricken out. It was generally felt that this was class legislation, and should not be incorporated in the bill.

Now we come to the so-called Hawkes amendment. That amendment, as adopted by the Senate, was amended in two respects. The 15-percent increase was allowed on maximum rents in effect at the time the act becomes effective. That differs from the Hawkes amendment in that the increase would have applied to rents in effect September 1, 1946, under the Hawkes amendment.

There was a further amendment to the section which provides that a copy of the release is required to be filed with the Housing Expediter within 15 days after the date of execution. That was contained in the language of the House bill, and it seemed desirable to incorporate it in the conference report.

There is only one other matter to which I wish to refer, that is, that the Senate bill contained a provision which terminated rent controls in the District of Columbia on the same date rent controls generally would be terminated, and that provision was stricken out. We were informed, at the time, by the House conferees, that there was now being considered in the House a bill which would refer to the District of Columbia, in which the final date of expiration for control of rents in the District would be provided for.

Mr. REVERCOMB. Mr. President——

The PRESIDING OFFICER (Mr. COOPER in the chair). Does the Senator from Delaware yield to the Senator from West Virginia?

Mr. BUCK. I yield.

Mr. REVERCOMB. I do not wish to interrupt the orderly discussion of the provisions of the report, but I am very much interested in section 209 (a), which is found on page 6 of the report, under the title "Eviction of Tenants." The bill which was passed by the Senate, which went to conference, and is now before us in the conference report, provided in section 209:

No action or proceeding to recover possession of any controlled housing accommodations with respect to which a maximum rent is in effect under this title shall be maintainable by any landlord against any tenant in any court, notwithstanding the fact that the tenant has no lease or that his lease has expired, so long as the tenant continues to pay the rent to which the landlord is entitled, unless—

Then there are set forth five exceptions. Under the present law, as I understand, there is a similar provision, which under certain conditions prevents the recovery of the premises by the landlord. Does the able Senator have in mind how many exceptions to the rule exist under the present law which is about to expire?

Mr. BUCK. No; I do not know.

Mr. REVERCOMB. Under the present law, as I understand, there is either a ruling, or it is a part of the statute, that after notice, or after recovery has been effected in a court, the tenant may continue to hold the premises for some 6 months.

Mr. BUCK. It is either 3 or 6 months.

Mr. REVERCOMB. Is that an administrative ruling, or is it done pursuant to express provision of the statute?

Mr. BUCK. It is a regulation of the OPA.

Mr. REVERCOMB. It is an administrative ruling?

Mr. BUCK. Yes.

Mr. REVERCOMB. Under section 209 (a), can the Administrator, or the Expediter, in this case, still fix a time within which a tenant may continue to hold the premises before he is compelled to vacate?

Mr. BUCK. I am advised that he cannot.

Mr. REVERCOMB. In other words, the exceptions expressly stated in the bill as we have it before us are such exceptions that the landlord is entitled to recover and have immediate possession, according to the judgment of the court, of course. Is that correct?

Mr. BUCK. Apparently that is correct.

Mr. REVERCOMB. I thank the Senator.

Mr. BUCK. Mr. President, I should like to sum up in a few words the main features of the conference report bill.

The bill provides for rent controls to be administered by the Expediter, who at present is Mr. Creedon.

There are certain types of properties which will be excluded from controls after the enactment of the bill.

The rent areas will set up local advisory boards, which will have as complete power as it is possible to give them under the act.

Controls will terminate, if the bill shall be approved, on February 29, 1948.

Mr. President, I move that the Senate agree to the conference report.

INVESTIGATION OF CERTAIN POSTMASTER APPOINTMENTS

Mr. LANGER. Mr. President, yesterday afternoon I gave notice that as soon as I could get the floor I would reply to the remarks of the distinguished Senator from Maryland [Mr. TYDINGS] relative to certain post offices and the appointment of postmasters. This being the first opportunity I have had to take the matter up, I wish to go into it in some detail.

First of all, I wish to invite the Senator from Maryland to go pheasant hunting next fall in the State of North Dakota.

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

Mr. LANGER. I yield.

Mr. TYDINGS. I shall be delighted to go pheasant hunting with the Senator from North Dakota next fall in North Dakota, or any other place. We will load our guns and I hope neither of us will shoot any political postmasters. [Laughter.]

Mr. LANGER. I am delighted the Senator has accepted, and I am sure that if he will come with me he will have a most delightful time in North Dakota, and meet some wonderful people. The people in North Dakota are of all nationalities, all religions, all creeds. The people in our State have a habit of helping each other.

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

Mr. LANGER. I gladly yield to the Senator from Kentucky.

Mr. BARKLEY. If the Senator would guarantee that I could kill as many pheasants as he is trying to kill postmasters, I would accept an invitation from him myself. [Laughter.]

Mr. LANGER. I am sure the Senator from Maryland and I would like to have the Senator from Kentucky come along and carry the birds after we shoot them.

Mr. BARKLEY. I can do that.

Mr. TYDINGS. There is nothing I enjoy more than hunting, and I would

like very much to go hunting with the Senator from North Dakota. I wish to say to him that in spite of our disagreement over certain matters, there is nothing personal in my attitude, as I am sure he appreciates, and this controversy perhaps will go on. My only interest is in presenting the facts as I think they exist. I hope the Senator will understand that.

Mr. LANGER. Certainly; I can readily understand.

As I was about to say, in North Dakota people help each other. It is a common occurrence there, when one farmer becomes ill, for his neighbors to come in and put in his crop for him. It is common there, no matter how bitterly the publishers of two newspapers may be fighting, if a fire occurs in one of the newspaper plants, the publisher of the opposite political faith will come forward and help in getting out the paper of the one who has had the disaster.

Mr. President, coming more specifically to the matter of post offices, I can readily understand that the distinguished Senator from Maryland has been so busy during recent years that he simply has not had the time that I have taken, as chairman of the Committee on Civil Service, to delve into the facts. I have the highest regard for the integrity of my distinguished friend, and I know that this man, upon whom has been bestowed the highest medal that the United States can bestow upon any person for bravery and valor, would never rise on the floor of the Senate and say willingly a thing which was not true. I want to suggest to him that he is mistaken, as I think for example he will concede, in connection with the postmastership at Baltimore. On page 5266 of the RECORD, concerning a Republican appointee by the name of Benjamin Woelper, who was postmaster at Baltimore, Md., the distinguished Senator from Maryland said he was retained in office by himself and former Senator Radcliffe, because he was a good man. It is interesting to note the following facts:

Mr. Woelper was nominated on January 7, 1930, and confirmed by the Senate on January 16, 1930, which gave him a 4-year appointment. This continued him in office until January 16, 1934. The Democrats having taken over in 1933, it would have been impossible for the Democrats to have removed him from office until the end of his term, the following year.

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

Mr. LANGER. Yes; I yield.

Mr. TYDINGS. I think the Senator is not well informed about that. Mr. Woelper came to my office with Mr. Green, his first assistant. Mr. Woelper was getting along in years, and did not live very long after that. He told me that he desired to retire from the post office, and he recommended most strongly for my consideration and that of my colleague, his able first assistant, Mr. Green. It is my opinion that if Mr. Woelper had not made that statement, he could have stayed in the position as long as he wanted, because, ever since Mr. Woelper retired, the career men in the Post Office Department in Baltimore, regardless of political affiliation, have succeeded to the postmastership each time. There have been no political recommendations of any kind, shape, or form, to support any candidate for the post office of Baltimore City. If Mr. Woelper had not come to my office and told me that his health was such that he wanted to withdraw, he would have stayed there much longer, after his term had expired.

Mr. LANGER. Mr. President, I merely want to say to the distinguished Senator from Maryland, he suffers from what perhaps happens to all of us at times, a lapse of memory; the Senator has so many things to do. For example, yesterday, on one occasion, the Senator said:

We let him—

That is, Mr. Woelper—

hold that office until he resigned, many years thereafter.

Mr. TYDINGS. I did not remember the number of years, but the point is substantially true, that Mr. Woelper was not disturbed, no one ever thought of getting a successor to him, until Mr. Woelper came to my office and said, "Senator Tydings, my health is such that I want to get out; here is my assistant, who has spent 30 or 40 years in the office, and I recommend him." I called on my memory for the length of time. The fact is substantially as I related.

Mr. LANGER. Those, no doubt, are the facts as the Senator remembered them.

Mr. TYDINGS. Yes. I do not want to interrupt the Senator, but I hope he will understand, certainly the facts are transparent, that whenever there has been a vacancy in the office of postmaster of Baltimore City, there has never been a political recommendation made to me, or by me, to the Post Office Department; but, on each occasion, the next ranking career man has been promoted to the office. The Baltimore Sun, one of our great newspapers, has carried on a campaign, and a proper campaign, to give these offices to career men in the Post Office Department. I subscribed to that campaign and went along with it, as the proper way to conduct the postal service. At no time has any party politician of any consequence, an active worker in the party, ever received, directly or indirectly, any support of mine for the office of postmaster of Baltimore City.

Mr. LANGER. I merely wish to call to the attention of the distinguished Senator the fact, nevertheless, that Mr. Woelper's term expired on the 16th day of January 1934, and that he did not remain in office a great many years after that, as the Senator said, I am sure inadvertently, the other day, because the nomination of his successor, Mr. Green, was submitted to the Senate on February 22, 5 weeks after Mr. Woelper's term expired, and it was confirmed a week later, on the 28th day of February.

Mr. TYDINGS. The Senator has refreshed my memory. Here is exactly what happened: I think this is a very accurate recollection. Mr. Woelper did not come to my office, until almost the end of his term. I had nominated nobody to succeed him when his term would expire. He came, and he said, in substance, this: "Senator, my health is such that I do not feel that I can go on with the office, whether or not you gentlemen are for me." My recollection is that Senator Goldsborough, who was my colleague then, was present at the meeting, and that, when Mr. Woelper told me that, I asked him when he intended to retire. He told me whatever the date was, it was proximate, very close; and, immediately upon his retiring, I sent in the name of his first assistant, on his own recommendation. Mr. Woelper wrote a letter in commendation of the nomination. It took about 5 weeks to process the nomination before it reached the Senate.

But what I want to make sure that the Senator understands is, that I never sent in any recommendation to supplant Mr. Woelper, until Mr. Woelper came at the end of his term and told me he did not desire to be postmaster any longer. I then took the man from the post office whom Mr. Woelper recommended. To this day, on my word of honor, I do not know whether Mr. Green was a Democrat or a Republican. I have heard that he was a Republican. He certainly took no part in politics, as he should not have taken, being the postmaster and a civil service and a career man. I was happy to be for him, because he had a long and distinguished service, which should have been crowned by his appointment to the postmastership as it was.

Mr. LANGER. I merely wanted to make the RECORD plain that after his term expired, Mr. Woelper held office only 5 or 6 weeks and not many years.

Mr. TYDINGS. Allow me to say at that point that the Senator stated he held office only 5 or 6 weeks after his term expired. That proves my point, because had I wanted to get rid of him I would have had his successor ready the moment his commission expired, but I did not know anything about it until Mr. Woelper came to me and said he did not want the office any longer.

Mr. LANGER. But the Senator said inadvertently that Mr. Woelper held his office for many years after his term expired. As a matter of fact, he held it for only 5 or 6 weeks after his term expired.

Mr. TYDINGS. I may have been in error on that point.

Mr. LANGER. In connection with the Ocean City, Md., postmastership which the distinguished Senator discussed yesterday, I took the trouble to obtain the official records, and I have them here. The Senator from Maryland said he had seen them.

Before I refer to that point, I want to say that I resent very much the attempt which was made to charge the Senate Civil Service Committee with holding up the appointments of veterans. That was a matter which was stressed time and time again on the floor. I want to make it very plain that not one minority member of the Senate Civil Service Committee ever made a motion to report a single Democratic postmaster nomination. That is the record. I want to make it plain also that neither the distinguished Senator from Maryland nor the distinguished Senator from Illinois ever came to me and talked to me about the postmasters. I want to make it very plain that when our committee organized we

provided that the Democratic members should be given an official who would receive $10,000 a year salary, and we said, "We want this man to have charge of the post offices and the postmasterships, and report back to the committee." Neither the Senator from New Mexico [Mr. CHAVEZ] nor the Senator from Tennessee [Mr. MCKELLAR] could agree on a man. Both Senators are members of the committee. It was not our fault that they have not agreed on anyone.

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

Mr. LANGER. I yield.

Mr. LUCAS. The Senator said that I have never conferred with him or apparently with any other majority member of the committee. I have talked with Democratic members of the committee several times about the postmasterships.

Let me state what happens. The distinguished Senator from North Dakota, when his committee receives a nomination sent up by the President, follows the precedent established in the past by sending a white slip with the name of the nominee to the Senators from the particular State asking whether they approve or disapprove the nominee. I have been receiving such white slips right along, and I presumed that when the Senators asked for my approval my notation on the slip would be sufficient, without having a conversation with him, because he told us on the floor the other day how very busy he is, and I know that to be true. I presumed when he received my approval of a nomination that would be sufficient. Notwithstanding what the Senator says, no nomination has been reported by the committee.

Mr. LANGER. Mr. President, I may say that we follow the custom which was initiated, or at least followed, by the distinguished Senator from Tennessee [Mr. MCKELLAR] and later by the distinguished Senator from New Mexico [Mr. CHAVEZ]. We send out the white slips the Senator referred to. If some Senator objects to a nomination, obviously we would not bring up that nomination in committee. Both Democratic members and Republican members of the committee are interested in seeing that veterans are protected. They want to protect the veterans. That is why I want to come to the post office in the State of my distinguished friend from Maryland, Ocean City.

Mr. BARKLEY. Mr. President, before the Senator goes to that city, will he yield to me?

Mr. LANGER. I yield.

Mr. BARKLEY. The Senator said no Democrat spoke to him about any of these appointees. I should like to remind the Senator from North Dakota that in February or March I approached the Senator, as chairman of the Committee on Civil Service, with respect to some appointments in my State, including a veteran who had been appointed postmaster at Louisville, a former mayor, who was the top man on the list, and who was appointed by reason of his priority. There were some others in the Kentucky list. The Senator told me that he would let me know within a couple of weeks from that time what the policy of the committee would be with respect to these appointments. I waited during that period, and then went to the Senator again, and yet up to now I have not found what the policy of the committee is. I even went to see the Senator from Ohio [Mr. TAFT] and the Senator from Maine [Mr. WHITE] to ascertain, if I could, what the policy of the majority was to be with regard to these appointments, and I was told that it was not the policy of the committee to defeat or hold up the appointments, but that the committee had gotten into a wrangle over the Senator's desire to have some money with which to investigate the appointments, and that the whole matter was held up for that reason.

Mr. LANGER. That is exactly right.

Mr. BARKLEY. Notwithstanding all that, however, the appointments, now nearly 1,000 in number, and nearly half of whom are veterans, are still pigeonholed in the committee. It has been announced that we are to adjourn on the 26th of July, and I am wondering whether this matter is to drag along until the end of the session, and no appointments be confirmed. Congress will meet in January, and with a Presidential election approaching, there may be the possible hope that the Republicans might indulge the vanity of believing that the people will elect them next year, and having that hope they might hold off still longer in order that they may garner in those offices if the election should result favorably to the Republicans. I wonder if anything like that is in the back of the head of my genial friend the Senator from North Dakota.

Mr. LANGER. The conversations the Senator from Kentucky has mentioned took place, in exactly the manner the Senator has stated.

Mr. BARKLEY. I thank the Senator.

Mr. LANGER. I call his attention to the fact, however, that we could not determine the policy, and if Senators will permit me to take up the Ocean City situation I will show why it could not be determined.

Mr. BARKLEY. Of course I am interested in a general way in Ocean City.

Mr. LANGER. I think the Senator will be particularly interested in Ocean City after I shall have described the situation existing there.

Mr. BARKLEY. I am more particularly interested in Louisville and other cities in Kentucky.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. JOHNSTON of South Carolina. Not only is the Senator from North Dakota very anxious to do what is right and fair, but he wants his investigation to go forward. I believe that on next Tuesday, if I can make a motion to report favorably all the nominations of postmasters that are in the committee, against whom no complaints are lodged, the Senator from North Dakota will probably vote with me to report them favorably. So on Tuesday I shall make the motion, as I want to have it made known who is for such action and who is against such action in the committee at that time. The Senator himself knows that we have not made such a motion because we love him so much that we did not want to embarrass him. The Senator has succeeded in having adopted his resolution providing for an investigation, but I am sure the Senator does not wish to investigate nominees against whom there are no complaints lodged. So I am confident he will vote with us to report all nominations against which no complaints have been filed. I shall make that motion next Tuesday.

Mr. LANGER. I suggest to the distinguished Senator from South Carolina that he is 2 days late with his suggestion. The moment the resolution was adopted we promptly called a meeting of the subcommittee consisting of the Senator from Delaware [Mr. WILLIAMS], and the Senator from New Mexico [Mr. CHAVEZ], and we promptly retained counsel, who is here today, and we said we thought we could report two or three hundred nominations by next Tuesday.

Mr. JOHNSTON of South Carolina. Next Tuesday?

Mr. LANGER. Yes; at our next regular meeting. It has been our position right along that we would take action as soon as we could secure someone who could make an investigation of the nominations. If Senators will permit me to take up the Ocean City, Md., situation they will understand the necessity for such action, and they will find how veterans are being discriminated against.

In Ocean City—and I have the official record here—a man by the name of E. Raymond Bounds is acting postmaster.

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

Mr. LANGER. I will yield when I finish with Ocean City.

Mr. JOHNSTON of South Carolina. Let me ask the Senator from North Dakota——

Mr. LANGER. I will yield after I have finished with Ocean City. Until I do I will yield to no one.

Mr. JOHNSTON of South Carolina. The committee has received no letters from South Carolina protesting against any of the nominees for postmaster in South Carolina, has it?

Mr. LANGER. We will take up South Carolina when we get into the committee meeting. I want to take up Ocean City. In Ocean City, Md., one of the towns with respect to which the Senator from Maryland has submitted a resolution, Mr. Bounds is acting postmaster. He took the examination the first time on April 9, 1945. On the written test he received 53.75 percent, and on education 82 percent. I want Senators to remember those figures. His average was 67.88 percent, which was not sufficient. So he took the examination over again in January 1946, and received a mark of 62.50 in the written test, and an educational mark of 84.40, which gave him an over-all mark of 73.

At the same time two veterans applied. I am sure that the distinguished Senator from Maryland has never investigated this case. One veteran was named Winfield S. Wallace, Jr. When he was 21 years old he enlisted in the Marine Corps. He served 4 years in that branch of the service. He saw foreign service. He was a college graduate, with an A. B. degree. I think he also had some pre-law schooling. He came home and

took the examination. What happened? I want to show the distinguished Senator what happened. He received a mark of 67.50. Below that is the word "ineligible." He did not receive a single point for business experience.

Now let us take the case of the other veteran. His name is Harold Jackson Rayne, Jr. He is also a college graduate. This man had charge of 240 men in business while he was in the Army for 4 years. He came back after 4 years of foreign service and took the examination. Both these college men received higher marks than did the acting postmaster. This particular veteran received a mark of 78.75. Below that mark is written the word "ineligible."

Mr. TYDINGS. He also had no business experience.

Mr. LANGER. The word "ineligible" was written in because it was said that he had no business experience.

Mr. President, I ask each Senator to place himself, in imagination, on the Senate Civil Service Committee. We find in Illinois a man who is a bartender. He is advanced. He has business experience. We find another man operating a pool hall. The report in the office of the Postmaster General says that it was so dirty that they had to go in with a shovel and shovel out the dirt. That man was said to have had business experience.

Here we have two soldiers who served their country in the armed forces. They were described ably and eloquently the other day by the Senator from Maryland. I could not begin to do as good a job as he did. All of us agree that the soldier boys, if they have the ability to be postmasters, are entitled to be appointed. I agree with what the Senator from Maryland has said in that connection. The two men to whom I refer have a college education. One of them has prelegal training. One of them had charge of 240 men. Yet the Post Office Department would not give either one of them a single point for experience. The Department held them to be ineligible. I submit that if the Post Office Department can say to a boy who went into the Army when he was 21 that even though he is now 25, he cannot be a postmaster, it can bar every veteran in America who went into the Army at 21 years of age and stayed there and fought for his country.

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

Mr. LANGER. I yield.

Mr. TYDINGS. The Senator has recited the very thing which occurred to me. The Senator will recall that prior to the last election the Eastern Shore of Maryland, or the First Congressional District, had a Democratic Representative, and that after the last election that Representative was succeeded by a Republican. Under the rules in existence I had no knowledge of the Ocean City case while there was a Democratic Representative from that district, because the policy is to refer such nominations to Senators only when there is no Representative of the administration party in the district in which there is a vacancy in the post office. That has been the custom under both Democrats and Republicans. So my connection with this case started, as I recall, some time during this year.

When I found that there was a vacancy in Ocean City I wrote to the Post Office Department and asked if there was an eligible list. As I recall, one or both of these veterans had written to me, or someone had written in their behalf, calling my attention to the fact that certain veterans had taken the examination.

When the list was received, it had only one man's name on it. The other men had not been given a passing grade. Therefore there was only one eligible. But I did not appoint that eligible, although he was the only one. I went to the telephone and called up the Post Office Department. I asked, "What has become of the veterans who took this examination?" I was told that the Department would look up the case; and in due time I received a letter from the Civil Service Commission. As I understand, this examination was not given by the Post Office Department. It was given by the Civil Service Commission. I thought surely that if it was given by the Civil Service Commission under the rules and the law, it was given fairly. I mention this only to show the Senator that I was just as anxious as he is to have the veterans rewarded, assuming that they had passed the examination. I was astounded when I received the following letter:

They—

That is, the two veterans—

did not meet the minimum requirements for business experience and general qualifications, and were insufficient to comply with minimum requirements of eligibility, and were not assigned a grade.

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

Mr. TYDINGS. If I may be permitted to do so, I should like to finish this statement.

Naturally, when I saw this letter from the Civil Service Commission I assumed that the veterans had not been given an opportunity to take the examination. Having taken it, and not having reached a passing mark, and there being only one man on the eligible list, I then said, "Fill the office from the No. 1 place on the list." Having explored the fact that the veterans had not qualified, there was nothing else I could do under the circumstances, because the Civil Service Commission said that under the rules for holding examinations for postmasters all over the United States, as applied to these two veterans, they were found to be ineligible.

I may say to the Senator that the veterans in that section of the country are very dear to me, because probably the fathers of those boys were in the same outfit in which I served in World War I. I certainly have an exceedingly wide acquaintance among veterans in that district. The veterans' post had written to me, and that occasioned my writing to the Post Office Department.

The point of this recital is that I want the Senator to know that if there was any slip anywhere along the line, it was not in the office of the Senator from Maryland, who was anxious to give the veterans every consideration which the result of the examination warranted. When it was shown that neither of the veterans had an eligible rating, the Senator from Maryland could do nothing more than take the name at the top of the list and appoint that man to the position.

Furthermore, the Senator from Maryland had nothing to do with this particular post office until January 1, 1947, when the new Congress came into being.

Mr. BALDWIN. Mr. President——

Mr. LANGER. Mr. President, before I yield to my distinguished friend from Connecticut, let me say that the Senator from Maryland was not present on the day when I took up this resolution. I want the distinguished Senator to know that, at the request of the entire committee, a part of the investigation will involve the Civil Service Commission. We want to determine why the Commission says that two veterans who had served 4 years, and who had had previous experience, one of them having handled 240 men, should be held to be ineligible. We think that that is absolutely wrong.

Mr. TYDINGS. Will the Senator allow me to make a comment?

Mr. LANGER. Yes, indeed.

Mr. TYDINGS. The Senator knows, as I am sure all of us know, that when veterans come back from war they frequently take civil-service examinations for all manner of positions, both in and out of the Post Office Department. Of course they get preference because of their service and double preference in case of disability. However, it sometimes happens—I do not know what the facts were in the instant case—that a veteran taking an examination—quite often he is a man with a good education—though given the benefit of his preference of 5 points, or 10 points if he be disabled, does not make as high a grade as someone who has not been in the service, who may have kept fresh his mathematics, or whatever the subject of the examination might be. As the Senator from Connecticut [Mr. BALDWIN] will concede, both of us having had similar experiences, there is nothing that makes one forget what he has learned so rapidly as does service in the Army or the Navy. It tends to crowd out and make dull one's knowledge of law or some other profession, because the absorption is so heavy and so intense while in the service. It looks, on the face of things, as if these men who went to two universities ought to have gone far enough in their studies to pass the examination.

All I want to say is that the Post Office Department did not conduct the examination; it was conducted by the Civil Service Commission. It seems to me that if the Senator from North Dakota—he might not have had the idea when all this was more or less new, and this is now hindsight—had asked the Civil Service Commission to submit the examination or to submit the law or the rules, he would have gotten to the root of the evil.

I want the Senator to know that, so far as I am concerned, I have supported the No. 1 person on the list in all these places, right straight down the line, and

as I stated yesterday, one of those mentioned was a life-long Republican who is registered to this day as a Republican and who stood No. 1 on the list. Notwithstanding the fact that he is a Republican he received the appointment in the little town of Bishopville in the same county in which Ocean City is located.

Mr. LANGER. I may say to the distinguished Senator that the Senator from North Dakota could not go to Maryland, to West Virginia, and to all the other States. There was no way in which the committee could possibly do that. All we were asking for was sufficient money to enable us to find out how many cases like this there were and to prevent a repetition of the situation. I think the Senator will agree that the Civil Service Commission ought never to have declared these veterans ineligible.

Mr. TYDINGS. While a prima facie case is made out, I should like completely to know the facts. Three committee meetings are going on at this time, and I am anxious to go to at least one of them, but I wanted to be here while the Senator was discussing the Maryland situation.

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

Mr. LANGER. I yield to the Senator from Connecticut.

Mr. BALDWIN. I think the distinguished Senator from North Dakota may have already covered what I am about to mention. I am certain that the Senator from Maryland knew nothing about this situation, and I am certain he is in the same situation with reference to those appointees as is practically every other Member of the Senate.

Mr. TYDINGS. That statement is not quite accurate.

Mr. BALDWIN. The Senator went through the ordinary procedure that we would all go through to find out what happened. He accepted, as I would accept, the word of the Civil Service Commission. He did just what I have done. I have said to my people, "Here is the report from the Civil Service Commission. There is not anything more that I can do about it."

Mr. TYDINGS. That is correct.

Mr. BALDWIN. At the same time, from the cases which have been presented here and others which have come before the committee, we knew that we must go behind the report of the Civil Service Commission and find out from their own records what they had done and why they had done it, and if there is a sufficient number of typical cases to warrant the Senate's going into a thorough study of the matter to find out whether or not there has been discrimination in those cases.

That, Mr. President, is why I believed the Senate should adopt the resolution. There ought to be times when we can check up on various Federal agencies, and now is the time, it seems to me, when the Civil Service Commission should be called in to question.

Mr. TYDINGS. The resolution has already been adopted and the Senator has the tools with which to carry on the work. The only thing which brought on this colloquy was an implication, which perhaps the Senator from North Dakota never intended. The facts are, so far as all recommendations made by the Senator from Maryland are concerned, that in each and every case appointees were taken from the top of the list; that in each and every case the veteran's rights were explored and looked after with the Civil Service Commission; and that in each and every place, notwithstanding the fact that perhaps he was a Republican, the top man had gotten the appointment. In Baltimore City—the largest post office in the whole State of Maryland—there had been absolutely not a single tinge of politics. Every man involved, from the beginning to the end, has had 30 or 40 years' service. I am advised that the first one recommended was a Republican, but that did not make any difference.

Mr. BALDWIN. The Senator has had the same experience I have had. I have been trying to get a man appointed—I do not know what his politics may be—who has been in the postal service 25 years, and everyone says that while he was in the Post Office Department he did the postmaster's work, and we would like to get for him the job of postmaster.

Mr. TYDINGS. I have always found with Republicans, as the Senator has probably found with Democrats, that if I appoint a Republican to office he is likely to be at least as grateful as one of my own party.

Mr. BALDWIN. I had experience in public life in another position before I came here. I had the experience of having a Democratic Senate turn down names of Democrats whom I reappointed and who had been previously appointed by a Democratic governor. I say to my distinguished friend from Maryland that some of these things are thoroughly incomprehensible to me.

Mr. TYDINGS. Mr. President, I am going to leave the floor——

Mr. LANGER. I do not want the Senator to leave.

Mr. TYDINGS. I shall stay, then.

Mr. BARKLEY. Has the Senator finished with Ocean City?

Mr. LANGER. Yes.

Mr. TYDINGS. I should like to say to the Senator that my main concern is that on next Tuesday the Senator is going to report these nominations so that they may be considered on the floor——

Mr. LANGER. Two or three hundred of them.

Mr. TYDINGS. And I am sure we will want to consider them as rapidly as possible.

Mr. LANGER. I will take up, next, the Brandywine case. First of all, I want to call the attention of the Senate to what was said by the distinguished Senator from Wyoming [Mr. O'MAHONEY]——

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. JOHNSTON of South Carolina. Are we going to have an investigation?

Mr. LANGER. The man retained by the subcommittee will make a report to the full committee on Tuesday. I understand that there are several hundred nominations to be reported favorably to the full committee.

Mr. JOHNSTON of South Carolina. Is the Senator now making a report to the Senate of what has taken place all over the United States?

Mr. LANGER. No. All I said was that the man retained by the subcommittee has informed me that he thinks between 200 and 300 nominations can be reported to the full Senate Civil Service Committee for action, and then it is up to the Civil Service Committee to do what it wants to. I have no authority to speak for the full committee but I think it will report the nominations. I think there will be a unanimous vote to report them. I cannot see any objection to reporting them.

I come back to the Brandywine post office. I call the attention of the Senate to the remarks of the Senator from Wyoming [Mr. O'MAHONEY] at the time the Civil Service Act was passed. He said:

> This measure has three positive virtues: First, it substitutes the merit system for the spoils system in the selection of postmasters. In other words, it does away with favoritism and establishes principles of open competition.

I maintain that that has not been done.

> Second, it authorizes the selection of postmasters by promotion within the service. In other words, it extends to all the vast army of postal employees, clerks, and carriers, village carriers and rural mail carriers, the opportunity to rise to the highest position in the postal service.

That has not been done, as witness Oakmont, Ill., the case I brought up the other day, involving a man who served 17 years in that office, commencing in 1931. A man named Murphy moved there in 1942. He did not have a single recommendation that amounted to anything, except one from an alderman in Chicago. Although every commercial club and civic group and the leading businessmen and doctors and lawyers—over 100 of them—sent in letters of recommendation for the first man, who had been in the office for 17 years, nevertheless the man second on the list was appointed.

The third point, according to the Senator from Wyoming, is that the law prevents the evasion of the spirit of the merit system and the rule of Senate confirmation by requiring that acting postmasters shall not serve for more than 6 months without the permission of the Civil Service Commission.

Mr. President, on the floor of the Senate the distinguished Senator from Arizona [Mr. HAYDEN] raised the point, which also was raised yesterday, that if these places were not filled within 6 months, there would be a vacancy.

Now I come to the case at Brandywine, Md. In that case, the examination for postmaster of that third-class post office was held on May 26, 1945. There were three eligibles: Paul L. Peacock, 81.50; Milton P. Holt, 79; and Mrs. Carrie E. Outen, 72.75. I refer to this post office for the reason that Mrs. Carrie E. Outen has been acting postmaster at Brandywine, Md., since July 1943. That information is given to the Senate to refute the argument made on the floor of the Senate a few days ago that haste has

been necessary in the confirmation of present acting postmasters because they could serve for only 6 months. The argument was made that such nominations must be confirmed at once; and that inasmuch as they have not been confirmed immediately, the committee should be discharged from their further consideration. But here we find the case of a lady who has been serving since 1943, even though she serves as acting postmaster. The certification of that list was made on October 8, 1945, but we find that on January 8, 1947, 15 months after the certification was made, the acting postmaster tendered her resignation, but it has not yet been acted upon. On January 14, 1947, 1 year and 3 months after certification had been made, the veteran applicant resigned from the eligible list, to accept other employment. Now we find out how that veteran was kept out of the position. He took the examination and, as a result, he was at the top of the list. Although the law said that the acting postmaster could serve not more than 6 months, nevertheless 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 months went by; and, finally, the veteran gave up.

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

Mr. LANGER. I yield.

Mr. TYDINGS. Of course, this particular post office is in a district that is represented by a Member of the House of Representatives who is in the Democratic fold. So I know nothing about the facts in that case, except what I adduced from him after the Senator from North Dakota made his remarks the other day on the floor of the Senate. However, the Representative from the district tells me that the man who stood first on the list had a job in Washington that was paying more than the postmastership, for which he had taken the examination, would have paid; and he wanted some time to consider whether he would give up his Washington job and take the post-office job or whether he would not, and it took him quite a long time to make up his mind.

Of course, the Senator from North Dakota knows that had that veteran wanted the job, all he would have had to do would have been to tell the Representative, "I want that job," and then his name would have been sent in. But he did not do that. Instead, he said, "I don't know whether to give up the job I have or not. It is a good job; it pays me more than the post-office job will pay. It is true that I am No. 1 on the list for the postmaster job, but I should like to have some time to think it over."

So, after thinking it over for a long time, he finally decided that he did not want the post-office job, but wanted to withdraw his name from consideration for that job. The next person on the list, No. 2 on the list, was appointed, in his place.

Mr. LANGER. No; the third person was appointed.

Mr. TYDINGS. Mrs. Outen was third on the list. She did not want the place; she wanted to get out a long time before that, but the eligible who was No. 1 on the list would not take the position, although he took a long time to make up his mind what he would do. So the Senator from North Dakota should not say that the No. 1 man wanted the position, when, as a matter of fact—although, of course, the Senator from North Dakota did not know this—the Representative was in touch with the No. 1 man, but that man could not make up his mind whether he wanted the post-office position or whether he did not want it.

Mr. LANGER. I assume that he wanted it or else he would not have taken the examination.

Mr. TYDINGS. No; he took the examination just as a chance thing; and after he got the chance to have the job, he took some time to decide whether he wanted it. Finally, realizing that he was making more money in Washington, he decided to continue with the Washington job, which he already had; and so he declined the post-office job. That is all there is to that matter.

Mr. LANGER. Mr. President, it is quite important if a temporary appointee, who, under the law, could serve for not more than 6 months, was kept in the job for 17 months, and if, as a result, some veteran who wished to be appointed to that position and who was first or second on the list could not get it.

Mr. TYDINGS. But in that case the veteran did not want the place.

Mr. LANGER. I do not know about that.

Mr. TYDINGS. That is what the Representative tells me. He said the veteran could have had it; but the veteran said, "Look here, do you think I would be better off by taking this post-office job or not? I have a job in Washington which pays me more." The Representative said, "Well, think it over, and decide what you want to do."

But the veteran could not make up his mind for a long time. Finally he did make up his mind, and withdrew; and the No. 2 man, who then became the No. 1 man, was appointed.

Mr. LANGER. I think the Senator from Maryland will agree that when a temporary appointee holds over for more than 6 months, contrary to the law, that is an important matter which should be investigated.

Mr. TYDINGS. Yes; I agree that it looks bad. But actually there was nothing wrong with it. All that time was taken simply in order to let the veteran decide whether he wanted the job or did not want it.

Mr. LANGER. I wish to call attention now to the Bishopville, Md., case. I mention it for the same reason. In that case, a temporary appointee continued to serve, after the 6-month period was over, for 7, 8, 9, 10 months. As the Senator from Wyoming has said, the law provides that temporary appointees shall serve not more than 6 months. Certainly it should not be possible to keep veterans out of such positions simply by continuing acting postmasters in office for many months after the 6-month period has terminated. That is why I have mentioned these cases.

Mr. TYDINGS. Mr. President, I am informed that a conference committee of which I am a member is meeting and is unable to get a quorum, and I have been called twice to go to that meeting. But let me say before I leave, for I know the Senator from North Dakota wishes to be fair about this matter, that Mr. Ringler, who at the present time is the postmaster at Bishopville, is, as the Senator has been informed, I think, a lifelong and affiliated Republican. He was so popular that the patrons of that post office asked the Democratic State Central Committee to recommend him, a Republican, to continue to hold that post-office position. Yesterday I held in my hand—and I have it here now—a letter signed by six members of the Democratic State Central Committee for Worcester County, recommending Mr. Ringler, a lifelong and affiliated Republican, for appointment as postmaster at Bishopville. Let me read one part of the letter:

> Mr. Ringler, now the acting postmaster at Bishopville, affiliated as a Republican, has served as postmaster at Bishopville, Md., for 34 years—

So, Mr. President, we find that he was appointed away back under President Taft, I believe—

> under both Democratic and Republican administrations. He is popular, and is the choice of over 90 percent of the patrons of the Bishopville post office, a majority of whom are active Democratic voters.

Nothwithstanding that he is a Republican, the Democratic State Central Committee recommended him. Certainly the Senator from North Dakota does not think anything evil was done in that case.

Mr. LANGER. The Senator missed the point entirely.

Mr. TYDINGS. What the Senator is saying is that it should have been done more quickly?

Mr. LANGER. Yes. The law says within 6 months.

Mr. TYDINGS. But the Senator does not hold the Senator from Maryland responsible for the situation?

Mr. LANGER. No, but the resolution goes to the whole civil service. This is the case of a veteran who wants the job, and the authorities let the incumbent remain in office 7 months, 8 months, 9 months, 10 months, after the 6 months began to run. That is what I objected to. Veterans cannot be kept out in that way. Now, there is only one more case.

Mr. TYDINGS. Will the Senator yield?

Mr. LANGER. I yield.

Mr. TYDINGS. I have been sent for by the Senator from South Dakota [Mr. GURNEY] two or three times, who begs me to attend the meeting of the conference committee. They are stymied for lack of a quorum. I should like to stay and debate this matter with the Senator, but I think I am doing an injustice to the conference committee.

Mr. LANGER. The case involving Oakland, Md., is the last one.

Mr. TYDINGS. I have held the conference committee up an hour already.

Mr. LANGER. The Senator used a very unfortunate word yesterday. In the comparison between a veteran and a civilian, the Senator said that the veteran took advantage of his five-point preference. I am satisfied the Senator did not mean that. He knows every veteran has a right

to have that five-point preference. The veteran is not taking any advantage. On the list, the Senator will remember, the first man had a rating of 80.33, and the second a rating of 78.93. It is brought to the Senator's attention again that the committee is interested in the veterans. We do not want the veterans held out because someone is holding over 6 months.

Mr. TYDINGS. I concede that to the Senator.

Mr. LANGER. I thank the Senator from Maryland.

Mr. TYDINGS. I thank the Senator from North Dakota, and I am delighted to know that a great bulk of these appointments are coming out of the committee, because some of the veterans really need the jobs, and I know the Senator will be serving the cause of patriotism and merit at the same time.

I am glad to assure the Senator that I shall go pheasant hunting with him.

Mr. LANGER. We will go pheasant hunting together. [Laughter.]

EXTENSION OF RENT CONTROL—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3203) relative to maximum rents on housing accommodations; to repeal certain provisions of Public Law 388, Seventy-ninth Congress, and for other purposes.

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

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

The question is on agreeing to the conference report.

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

Mr. SPARKMAN. Mr. President, I served as a member of the conference committee appointed to resolve the differences between the House and the Senate on the measure to extend rent control. I signed the conference report, not because I agreed with the bill, or because I felt that it was a good measure. As a matter of fact, I feel that it is not a good measure. However, I have tried to be realistic. In my opinion, it is the only measure that we can hope to obtain as a result of the conference. It is only eleven more days until rent control expires. I believe that we were given sufficient notice during the conference that it was a matter either of obtaining this bill or none at all. So far as that is concerned, the bill we brought back from conference is no worse than the bill that we carried into conference from the Senate. In fact, I am of the opinion that we perhaps strengthened it somewhat in the conference, by taking a few of the provisions from the House bill, that made it better than it was when it left the Senate.

When the bill was being considered on the floor of the Senate, I made a few remarks, in which I criticized our action in including title I, as passed by the House of Representatives. I still think that we made a mistake in including title I as a part of the rent-control measure. It is not rent control. Title I is a measure that decontrols housing. Nevertheless, title I was agreed to by the Senate and by the House, with few changes. Therefore, it was not within the power of the conference to omit title I, or to make any great change in it.

Title I was improved on the floor of the Senate by certain amendments which were adopted. One amendment in particular was that offered by the Senator from California [Mr. KNOWLAND] and adopted by the Senate. Unfortunately, however, the House conferees were insistent upon excluding that amendment, and the conferees dropped it from the bill.

Mr. Creedon, the Housing Expediter, on June 2, 1947, issued a press release, in which he stated, in part, as follows:

> Right now there is a backlog of more than $2,000,000,000 in deferrable nonresidential projects being held up because of material shortages. If this pent-up demand were suddenly turned loose on the building materials market, the resulting scramble for materials would leave the little fellow trying to build a home out in the cold both literally and figuratively. It would be the lifting of L-41 all over again—only worse, because without price control, the sky would be the limit on the scarce building items.

In leaving out the Knowland amendment, that is exactly what we have done. We have acted contrary to the advice and against the warning Mr. Creedon has given us in his statement. Mr. Creedon stated to our committee very frankly that he did not believe it necessary to retain building controls for a very long time. He said that, in any event, it was his intention to remove all controls not later than October 31, and perhaps by October 1; and that all he needed was a few months to surmount the present building surge. However, when the bill becomes law, assuming that it does, those restrictions will be removed, and all nonhousing structures will be eligible to proceed without the necessity of permits, except for the one class of recreational buildings. Under the bill, that type of building will still require a permit.

Most of the shortages in the building materials, according to Mr. Creedon, have disappeared. There remains only one that is really critical, and that is pig iron and soil pipe. Under a provision in the bill and under the agreement of the conferees, Mr. Creedon is given the right to continue to make commitments on premium payments within the $65,000,000 that remains in his hands for premium payment purposes, to encourage the production of pig iron and pig-iron products.

Furthermore it was agreed among the conferees that the meaning of the language in the bill not only would give him the right to make the commitments for incentive payments which will be made even up until the end of the year—that is such commitments as are made prior to the signing of the bill into law—but coupled with those commitments there may be certain conditions requiring the allocation of the pig iron and soil pipe to housing purposes. I believe it is important that we have that thorough understanding in order that we might not later criticize Mr. Creedon for acting in the space of a few days and making long-time commitments which will run over the period of the next 6 months.

Mr. President, with the exception of removing the requirement of permits from noncommercial buildings, as was done when the Knowland amendment was stricken out, and with the understanding we have as to the meaning of the language on premium payments and allocation of pig iron and soil pipe, title I is not in such bad condition. I believe that under it Mr. Creedon can proceed with a fair building program, though not what he could have done had we not tinkered with the law by inclusion of title I.

When it comes to the rent-control provision I want to say that I am of the same opinion now regarding the so-called Hawkes' amendment that I was when it was offered on the floor of the Senate. While by its language and according to the intent of its sponsor it relates only to agreements that are entered into voluntarily, there is no doubt in my mind that it can be used in such a way as to intimidate tenants to agree to a 15-percent rent increase. We were against a general rent increase. Our committee voted it down. Yet on the floor of the Senate we in effect wrote into the bill virtually a 15-percent increase in rent. However, that matter was not in conference, because both the House and the Senate had agreed to it, and there was nothing we could do about that.

In our bill in the Senate committee we included local advisory committees to help in reaching decisions as to when areas might be recontrolled and when agencies were needed, and what those agencies should be. That gave flexibility to the measure.

We did something that we all felt ought to be done, that is to provide for a gradual thawing out of the rent freeze that we have on a Nation-wide basis. The Hawkes' amendment flies directly in the face of that philosophy. However, it

is a part of the bill, and there was nothing that the conferees could do about it.

I am of the opinion that this measure is better than no law at all, and if we do not agree to it, that when June 30 comes there will be no rent control whatsoever.

Mr. President, on June 13, 1947, an editorial appeared in the Christian Science Monitor somewhat critical of this legislation, and yet rather thought-provoking. I ask unanimous consent that the editorial may be placed in the RECORD at this point.

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

DECONTROL BY SUBTERFUGE

Congressional conferees have reported out a bill which would continue a thin shadow of rent control until March 1, 1948.

There is some defense for lifting controls on transient accommodations—they are already decontrolled, in fact—and on new housing built at today's costs. As to the remainder of the bill, Congress seems intent on taking the country with it into trouble, without established justification, and by a slippery route.

Its approach is neither honest nor courageous. Rent controls in general are extended; yes. But if tenants "agree," landlords may boost rents, in return for a lease, by 15 percent. And the landlord is granted sufficient leverages—changed legal grounds for eviction, for instance—that most tenants will find no other alternative.

The House recoiled from voting a forthright 10-percent increase last April. But now both Houses push forward what would be in effect a still higher boost behind a screen of tenant "consent."

Congress is maneuvering, furthermore, to put the President, not itself, on the spot: to present Mr. Truman with the alternatives of this legislative sham or no rent control at all—the same choice he faced with OPA.

True, many landlords—often the most considerate—got squeezed under the ceilings. But a great number of the real hardship cases have been granted relief. And as a rule landlords have maintained full occupancy at the cost of some repairs and no improvements. Which leaves the bill resting largely on the plea that since other businesses have been released, landlords should also be free to exploit a sellers' market.

That sounds reasonable and fair from the landlords' view. But here is where the real d[illegible]er lies: At what cost to the whole Nat[illegible] would they profit?

Higher rents are as inflationary as higher wages. They are more psychologically explosive even than costly food. For a family can, when pinched, eat oatmeal and cabbage instead of pork chops and cauliflower, and less of everything, to get by for a time. But the choice, pay more rent or get out, when there is little likelihood of anywhere else to get to, might prove a desperate one for several million Americans.

The prospect is not cheering.

Mr. BUCK. Mr. President, although the Senator from Alabama may not agree with the reasons for the bill, I want to thank him for the great contribution which he made in its preparation. I refer particularly to his suggestion that the rent areas be controlled through the local boards. The Senator from Alabama is the one who made that proposal, and the committee adopted it, and I think it is the keystone of the whole bill.

Mr. SPARKMAN. I thank the Senator from Delaware for those words.

Mr. TAYLOR. Mr. President, I rise to speak in opposition to the enactment of the bill, because I believe it is deceiving the American people into believing that they have something which they will not in fact have. I feel that there will be no rent control, for all practical purposes, if the bill is enacted into law, and that it would be much more honest to defeat it and let the people know that there is no rent control. That would relieve a great many landlords from engaging in nefarious practices to get their rents raised, which they can engage in under the bill.

In the first place, of course, we all know that at one time the subcommittee of the Committee on Banking and Currency agreed to a bill containing a flat 10-percent increase across the board. That bill met with the disapproval of the full committee, however, and was referred back to the subcommittee, because we did not want a 10-percent increase. However, when the bill reached the floor of the Senate we adopted the Hawkes amendment, which is not only a 10-percent-across-the-board increase, but a 15-percent-across-the-board increase.

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

Mr. TAYLOR. I yield.

Mr. HAWKES. I know the Senator from Idaho does not want to leave a false impression when he says that the amendment offered by me provides for a 15-percent, across-the-board increase. It simply gives permission to a landlord and a tenant to agree voluntarily and in good faith on any increase up to 15 percent. It might be 5 percent. It might be nothing. If the tenant says, "No, I am willing to take my chances on what is going to happen to rents and housing," then it is nothing. So I am sure the Senator does not want to leave an erroneous impression about the amendment. It simply says to the American people, "We will not free the renting and housing industry completely at this time, but we propose to inject a little bit of Americanism into the program and give a tenant a chance, if he wants to embrace it, to make sure that for the entire year 1948 he will not have to pay more than 15 percent, or 10 percent, in excess of the rent he pays today, remembering that rent controls will cease under the Federal law on February 29, 1948."

I am certain the Senator does not want to leave the impression that every landlord in the Nation is going to blackjack every tenant in the Nation and say, "Unless you do this you are going to be evicted." That is not good business. That is not good Americanism, and I have sufficient confidence in the American people to believe it will not happen.

Mr. TAYLOR. I thank the Senator from New Jersey for his contribution. I had intended to elaborate on the statement I made. When the Senator says that the provision enabling the landlord voluntarily to agree with his tenant to raise rents 15 percent is just a little touch of Americanism, well, that is the Senator's definition of it. I think the people are becoming awfully tired of Americanism in the form of dollar-a-pound steaks and one thing and another. I think we can hardly call this provision "Americanism." It simply permits the tenant and the landlord voluntarily to agree to raise rents 15 percent if the tenant gets a lease extending through 1948. If a tenant expected to stay in his accommodations for any considerable length of time beyond the expiration of the rent ceiling in the bill—even if he expected to stay 2 months beyond that time—he would indeed be simple-minded if he did not sign a lease guaranteeing an immediate 15-percent increase, because if he did not sign it, then when the rent control measure died he would be subject to any amount of increase. There would be no ceiling. His rent could be increased 100 percent, 200 percent, or even 500 percent, if the landlord felt like charging that much. Those figures may sound fantastic. It may sound as though I am talking merely to hear my teeth rattle; but that is what happened in Idaho when the rent controls were taken off. In a number of instances rents were raised—sometimes on veterans—as much as 250 percent. In fact, their rents went up to such an extent that their rent bill alone was more than they were making.

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

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

Mr. HOLLAND. In view of the situation which the Senator has described, which resulted from the lifting of rent controls, does not the Senator believe that it is much sounder to pass this bill and protect against any greater increase than 15 percent during the time the provisions of the bill are in operation?

Mr. TAYLOR. All we are doing is setting a bomb with a time-fuse on it under the tenant. Personally I think it would be better to get it over with and not make the tenants suffer in this way. Perhaps we should start letting the magic law of supply and demand, about which we have heard so much, get busy.

There is another reason why it might be sounder not to pass the bill, and to get the suffering over with as soon as possible. The bill would kill housing controls and throw the market open to the construction of commercial buildings, of which I understand there is a $2,000,000,000 backlog. Mr. Creedon, the Housing Expediter, has said that if the bill is passed it will cheat us out of 200,000 homes this year. Two hundred thousand homes would help relieve the situation a little, and head us toward that happy day when the law of supply and demand will again work. So the bill would delay us, and would make available for commercial purposes materials that might otherwise go into the building of homes.

What we would gain by the bill would be a modicum of rent control and a 15-percent increase, which would practically amount to an across-the-board increase, so far as I can see. The Senator from New Jersey [Mr. HAWKES] may disagree with me. I grant that there may be some landlords who would not increase rents the full amount, but the number of such landlords would be negligible. I believe that between 97 and 99 percent of them would take advantage of the situation and increase rents to the maximum.

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

Mr. TAYLOR. I am happy to yield to the Senator from New Jersey.

Mr. HAWKES. I am sure the Senator has not forgotten that the Director of the Office of Temporary Controls, General Fleming, stated before the Committee on Banking and Currency that in his opinion there was only one way to solve these inequities at the present time—this was 2 months ago—and that was by a 10-percent-across-the-board increase. I am not referring to the 10-percent-across-the-board increase over which the dispute arose. I am talking about his testimony before the Committee on Banking and Currency 3 weeks after the release at the White House, which was withdrawn. I am talking about his mature, considered judgment.

He also stated to me that the advisory committee of the OPA unanimously recommended to him a 10-percent-across-the-board increase.

That came from the Administration. It did not come from the Senate; it did not come from me; it did not come from the House. It came from the Administration.

I should like to ask the Senator one further question, and then I shall not annoy him further.

Mr. TAYLOR. The Senator is not annoying me. I am happy to have him ask any questions he wishes to ask.

Mr. HAWKES. I appreciate very much the Senator's courtesy in yielding. The Senator has stated that he believes that my amendment is the equivalent of a 15-percent-across-the-board increase. Does he believe that the Senate would have voted for a straight 15-percent-across-the-board increase?

Mr. TAYLOR. I do not believe it would. That is all the more reason why I dislike the amendment, which sneaked up on the blind side of the Senate, so to speak.

Mr. HAWKES. Mr. President, if the Senator will yield for one further observation, then I shall take my seat.

Mr. TAYLOR. I am glad to yield.

Mr. HAWKES. If I thought that my amendment gave anyone a bludgeoning power over the tenant, or if I thought it was not in the interest of the tenant to carry him through to the end of 1948 at not more than a 15-percent increase—and I say that advisedly—over the rent he was paying when he made the lease; if I thought it would not protect him after the bill becomes law—if it does—and say something to him that he would like to have said to him, I would not have sponsored the amendment.

I have talked with hundreds of tenants and have received hundreds of letters on the subject. I think it is a very desirable thing for them to have the privilege of knowing that they can remain where they are at not to exceed 15 percent more than they are paying, when they know that rents were frozen 6 years ago, and that the cost of everything that enters into housing, including plumbing, janitor service, and every other necessary service, has almost doubled. They think it is a fair thing and they are delighted to have this privilege. I want the Senator to know that that has been my experience with the tenants with whom I have talked.

Mr. TAYLOR. I do not doubt that. It is characteristic of service in the Senate that Members of the Senate become known for differing views on various subjects; and people approach us with different points of view. I may say that no one has come to me who has been enthusiastic over the fact that he is faced with a 15-percent rent increase. A number of persons have protested the provision to me. It seems to me that it has been pretty well established that the OPA by virtue of increases in hardship cases has kept rents up to a fair level for landlords. I do not believe that an additional 15-percent rent increase is justified. It may be justified when compared with the profits being made by the great corporations of the country, if we want to bring the landlords up to that level. But if we compare the profits of landlords with the profits which they made in any previous period, I believe that landlords nowadays are faring pretty well. I grant that there may be exceptions.

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

The PRESIDING OFFICER (Mr. THYE in the chair). Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. TAYLOR. I am happy to yield to my friend from Pennsylvania.

Mr. MYERS. It seems rather strange to me—and I surmise that it seems strange to the Senator from Idaho—that the advocates of this amendment indicate that it will give protection to the tenant through 1948. If that is so, it is a backdoor protection. Why not give him such protection by means of a frontal attack, and extend the law through 1948, rather than indicate that this amendment would afford such protection? If that is the philosophy of the advocates of the amendment, I think they must therefore conclude that the tenant needs protection through 1948. If they do, I should much prefer to write such protection into the law, and extend rent control through 1948.

Mr. TAYLOR. When the Senator from Pennsylvania mentions a frontal attack, he doubtless means an open and aboveboard approach to the question. Has he known of such an approach being taken lately by the majority party in the Senate? Was there an open approach to the problem of the continuation of OPA? Does the Senator from Pennsylvania believe that the action of the Senate in that connection was open and aboveboard when it approved a mandatory provision for price increases and called it a price-control measure? Does the Senator believe that that was open and aboveboard?

Mr. MYERS. Of course not. I think this bill means an end of rent control, just as the OPA bill passed last year meant the end of price control. By the middle of March or the first of April we will see just as much legalized black-marketing in the landlord-and-tenant field as we now find in every other field in America.

Mr. TAYLOR. When the Senator from Pennsylvania says that he wishes the situation had been approached with a frontal attack in the open, does he believe that the recent tax bill which passed the Senate and was ballyhooed as a big help for the poor man and a little help for the rich man, was a frontal attack? Does he not feel that that was misrepresenting the facts? Does he not think that the rich would get far more help than would the poor?

Mr. MYERS. I think that tax bill was one of the greatest pieces of hokum that ever came out of the Congress of the United States.

Mr. TAYLOR. It was chicanery, pure and simple. When the Senator says he would like to have the subject attacked in an open and forthright manner, does he think that the wool bill was open and above-board and forthright?

Mr. MYERS. I had something to say about that on the floor today, and I definitely believe that the wool measure will have a serious effect upon our entire foreign policy and may disrupt and interfere with the entire international situation.

Mr. TAYLOR. If we are looking for a forthright approach to any of these problems, we should repeal the law right out and tell the people it is repealed and gone. But in that respect those of us on this side of the aisle will be sadly disappointed. That is not the way it is being done nowadays. They just withhold appropriations, or pass a law and call it a rent-control law or a price-control law, when in reality it is a decontrol law. Frankly, Mr. President, the measure which we are considering could very appropriately be called the rent-decontrol and dehousing bill of 1947, inasmuch as it is going to cheat us out of 200,000 homes, according to the Expediter. I might point out that Mr. Creedon himself has urged that this bill be not enacted into law.

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

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

Mr. BUCK. I think the Senator is mistaken about that. That statement by Mr. Creedon was not made in my presence.

Mr. TAYLOR. I mean what he had to say in the newspapers.

Mr. BUCK. It was not said in committee when he was present before us.

Mr. TAYLOR. He said he would like to have these controls continued, and he suggested the control over pig iron as the absolute minimum that would prevent chaos in this program. That was not written into the bill. We told him, off the record, to go ahead and we would not look to see what he was doing. That is the way legislation is handled around here nowadays.

In support of my contention that this is a rent-decontrol bill, let me point to the provision that "any housing accommodations the construction of which was completed on or after February 1, 1947, or which are additional housing accommodations created by conversion on or after February 1, 1947," are exempt from rent control. If we create additional accommodations by conversion—it does not say how much conversion; just by conversion—then we are out from under

rent control. In other words, Mr. President, if we had a five-room house we could nail up a door between two rooms and the other three rooms and put a hot plate in and call it additional accommodations. It would then have been converted and the owner would be out from under rent control and probably receive twice as much for one apartment as he received for the whole house previously.

So, as I say, it will lead to landlords taking devious methods to get out from under rent control.

The eviction provisions have been changed so that a tenant can be gotten rid of for any number of reasons, five or six of them. For example, if he is a nuisance; if he is using the place for immoral purposes; or if the owner decides he wants to move into the house, he can kick out the tenant. But there is nothing in the bill which provides that the owner must move in; all he has to do is to want to move in. If he does not move in, there is no penalty attached to it. He can get the tenant out, convert the house by nailing up a door, and be no longer under rent control.

Mr. President, this bill will end rent control for all practical purposes. It will end controls over housing materials. It will lose us a great number of additional housing accommodations which might act to bring down the price of rents.

So, Mr. President, I shall vote against the conference report and be honest with the people and tell them that we have left them to their own devices, and not have the word go forth that we are still protecting them and then having them wake up one of these days to find the landlord nailing up a door and converting the place or accusing them of being a nuisance, or any one of a number of other things, and putting them out on the street.

Another thing to remember is that February, in many parts of the United States, is the middle of winter. People will be put out on the streets or have their rent raised to exorbitant heights. I think it would be better to end it now and let them be put out in the summer so they can sleep in the parks while they are looking for a place to live, rather than to find themselves in the middle of a snowbank next winter.

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

Mr. TAYLOR. Yes; I yield.

Mr. BUCK. The Senator knows as well as I do that that month was selected because it would be 2 months after Congress convened, and there would be time then to consider the situation——

Mr. TAYLOR. Inasmuch as there is no election between now and next winter I have no reason to think that Congress would be any more soft-hearted at that time than it is now. Whether the law expires at that time or not it seems to me to be of little consequence. We might give the landlords another 10-percent increase at that time and let them sign another contract for a number of years and fix it up so they can subdivide the subdivisions they have converted and make more housing accommodations. I do not think that would help much.

Mr. President, I shall vote against the conference report, and I urge my colleagues, if they want to be open and above board and not "pass the buck" to the President as has been done on so many occasions, to vote against it and let it die.

The PRESIDING OFFICER. The question is on agreeing to the conference report on House bill 3203.

Mr. TAYLOR and other Senators called for the yeas and nays.

The yeas and nays were not ordered.

The report was agreed to.

CORRECTION IN ENROLLMENT OF ACT EXTENDING RENT CONTROL

Mr. BUCK. Mr. President, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 53 which the House passed immediately following the adoption of the conference report on House bill 3203.

The PRESIDING OFFICER. The clerk will state the resolution for the information of the Senate.

The Chief Clerk read the concurrent resolution (H. Con. Res. 53) as follows:

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives, in the enrollment of the bill (H. R. 3203) relative to maximum rents on housing accommodations; to repeal certain provisions of Public Law 388, Seventy-ninth Congress, and for other purposes, is authorized and directed, in section 4 (a) to strike out "March 31, 1948" wherever such date occurs and insert in lieu thereof "March 1, 1948."

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

PRESIDENTIAL SUCCESSION

Mr. CAIN. Mr. President——

The PRESIDING OFFICER. The Senator from Washington.

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

Mr. CAIN. I yield.

Mr. WHERRY. Mr. President, a parliamentary inquiry. What is the pending business before the Senate?

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

Mr. WHERRY. What is the unfinished business?

The PRESIDING OFFICER. Senate bill 564, to provide for the performance of the duties of the office of President in case of the removal, resignation, or inability both of the President and Vice President.

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

The PRESIDING OFFICER. The Senator from Washington was recognized, and he has the floor.

SALARIES OF DISTRICT OF COLUMBIA TEACHERS

Mr. CAIN. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of House bill 3611, fixing and regulating the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia.

The PRESIDING OFFICER. Is there objection?

Mr. WHERRY. Reserving the right to object, let me say that I understand that the Senator from Washington is requesting that the unfinished business be temporarily laid aside in order that the Senate may consider a bill which he says is not controversial and can be disposed of without undue delay. With that understanding, it is perfectly agreeable to me to have the unanimous-consent request agreed to.

Mr. CAIN. Mr. President, let me say that I would be deeply hopeful that there would be no unnecessary or undue delay in regard to the bill, although it may take some little time to dispose of it. It really is an important matter.

Mr. JOHNSTON of South Carolina. Mr. President, reserving the right to object to the request to have the bill taken up at this particular time, let me say that there are certain amendments to which a majority of the members of the committee have agreed. It will take quite some time to dispose of them. I think it is now a little too late in the day to take up the bill, unless Senators wish to have the Senate remain in session until a late hour.

Mr. CAIN. Mr. President, I am sure that all other Senators are as fully aware as I am that the remaining days of this month are rapidly running out. Unless this bill is promptly disposed of, the result will be to place in jeopardy the rights of the school teachers of the District of Columbia. For that reason, I ask that Senators remain on the floor of the Senate until this bill is disposed of.

Mr. BARKLEY. Mr. President, reserving the right to object, I suggest that the unfinished business is not an urgent matter that has to be disposed of today or tomorrow. We could very well spend some time tomorrow in considering the teachers' bill, in my judgment.

It is not a matter of life or death whether the Presidential succession bill be passed tomorrow or Monday or Christmas, as compared with the teachers' bill.

Mr. WHERRY. Mr. President, if the Senator from Kentucky will strike out the word "Christmas", I shall appreciate his doing so.

Mr. BARKLEY. Mr. President, I always try to accommodate the Senator from Nebraska. If he wants me to take his Christmas away from him, I shall agree to do so. [Laughter.]

But, Mr. President, seriously speaking, I mean that we need not stay in session tonight in order to consider this bill. We can continue its consideration tomorrow, if necessary.

Mr. WHERRY. Mr. President, there is no objection on the part of the Senator from Nebraska. I have already agreed to the request. Of course, the Senator from South Carolina has reserved the right to object. But I have agreed to the request, and I agree with the suggestion of the distinguished minority leader.

Mr. JOHNSTON of South Carolina. Mr. President, I agree that I wish to have the bill taken up and disposed of as soon

as possible. The only matter in disagreement, so far as I know, is the question of the treatment of approximately 196 teachers in the District of Columbia who, I believe, have entered into binding agreements with the Board of Education of the District of Columbia whereby they are considered by the Board of Education as having the equivalent of a master's degree. I wish to point out that seven members of the committee, out of the 12 members eligible at the present time, have endorsed these amendments.

If the Senator from Washington will agree to my amendments, I shall agree to his request to have the bill taken up at this time. But I want those teachers properly cared for. So if the Senator from Washington will agree to my amendments—amendments which a majority of the committee have endorsed—I shall be glad to have the bill taken up and disposed of at once.

Mr. CAIN. Mr. President, let me say that consideration of the amendments is obviously the purpose of the debate. But I take it that the Senator from South Carolina is not now asking me to agree to the amendments.

Mr. BARKLEY. Mr. President, I suggest to the Senator from South Carolina that it is going a little far to ask, without knowing what the amendments are, that Senators agree to them as a condition upon which the Senator will agree to the request to have the bill taken up. I think the temper of the Senate would be to consider the amendments on their merits when they are offered.

Mr. JOHNSTON of South Carolina. That is true.

Mr. BARKLEY. In order to do that, I think it fair to say that this bill should not be considered tonight, but should be considered tomorrow. If it is made the unfinished business, with the understanding that we shall not precipitate a lengthy session tonight on account of it, or undertake to dispose of the amendments tonight, I am sure the Senator from South Carolina will have no objection.

Mr. CAIN. My only anxiety is to have the matter fully and completely handled and disposed of; and I shall certainly concur in any suggestion the Senator makes in reference to how that can best be done.

Mr. JOHNSTON of South Carolina. Mr. President, I object to having the bill taken up at the present time. I shall be ready to have it taken up tomorrow or at any time thereafter; and that is the position of the other members of the committee who share my views. We wish to have some information on this matter presented to the Senate; and I believe that the Senate will agree with the majority of the committee after the amendments are discussed.

Mr. WHERRY. Mr. President, I suggest that we follow the suggestion of the minority leader and make this bill the temporary unfinished business, with the understanding that it will not result in having the succession bill laid aside, for I assert with all the force that is in me that the succession bill is a matter of life and death.

Mr. BARKLEY. It is mainly a matter of death. [Laughter.]

Mr. WHERRY. So I suggest that a recess be taken at this time, and that this proposed legislation be taken up tomorrow, and that the amendments be presented and discussed at that time.

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

Mr. CAIN. I yield.

Mr. KNOWLAND. I should like to ask the able Senator from South Carolina whether the amendment he has referred to has been printed. If not, I would suggest that it be presented, and lie on the table, and be printed.

Mr. JOHNSTON of South Carolina. The amendment is now printed and is on the desks of all Senators.

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

Mr. CAIN. Mr. President, I wish to ask the Senator from South Carolina whether I correctly understand that he is not prepared to present today his side of the controversy concerning the teachers' pay bill.

Mr. JOHNSTON of South Carolina. So far as I am concerned, the bill can be taken up at this time; but I do not want the discussion on it closed this evening. I shall be prepared to take up the amendments tomorrow.

However, Mr. President, in order to clarify the situation, I object.

The PRESIDING OFFICER. Objection is made.

Mr. CAIN. Mr. President, I should like to ask the Senator from South Carolina if he would withhold his objection for a moment, until I can make a comment. It would be perfectly agreeable to me, and I trust to other Members of the Senate, to defer consideration, providing we can begin the discussion at the earliest possible moment tomorrow. It is perfectly agreeable to me, if it is acceptable to those who are interested in the amendments.

Mr. JOHNSTON of South Carolina. Mr. President, I am as anxious as is the Senator from Washington that this measure be disposed of. The only difference is over the 196 teachers, I think.

Mr. CAIN. Do I therefore understand the situation to be that House bill 3611 will be considered during the course of tomorrow's session?

The PRESIDING OFFICER. The Chair so understands.

Mr. JOHNSTON of South Carolina. Mr. President, to clarify the situation, I shall not object when the request is made to consider the bill tomorrow.

AGRICULTURAL APPROPRIATIONS—ADDRESS BY SENATOR BUSHFIELD

Mr. WHERRY. Mr. President, I was deeply impressed by an address delivered by the Senator from South Dakota [Mr. BUSHFIELD] before the Senate Committee on Appropriations. The address had reference to his observations and feelings in relation to the agricultural appropriation bill, which is now under consideration by the Senate Committee on Appropriations.

When I picked up the address and started to read through its pages I was impressed particularly by the fourth paragraph:

> Conservation of our productive farm land is, in my opinion, one of the most essential of these services that must be performed. My own State—

He was speaking, of course, of South Dakota—

> My own State is a great farm State, and I know how erosion can damage the land. I have seen it. It isn't pretty. Erosion damage to farm land is not temporary. It leaves its mark on the land for years and generations. It means reduced production. It means nothing good. Everything about erosion is bad. People cannot live and prosper on eroded land. Eroded land provides little food for anyone—either on the farm or in the city.

Mr. President, this is one of the choicest argument, I have seen regarding erosion of land and conservation of the soil. I think it is so important that I ask unanimous consent that at this point in my remarks the address be printed, for the information of Senators, especially those now considering the agricultural appropriation bill.

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

ADDRESS BY SENATOR HARLAN J. BUSHFIELD ON AGRICULTURAL APPROPRIATION BILL

As passed by the House of Representatives, the appropriation bill for the Department of Agriculture would reduce the budget request by about 29 percent, or from $1,188,571,318 to $847,601,976 for the fiscal year.

I know that a great majority of our people want greater economy in Government. I agree with them wholeheartedly and consistently advocated cutting Government expenditures. Economy is absolutely essential to the future welfare and economic stability of our Nation. That is why I am interested in cutting down the cost of Government in every way that is possible without hurting or stopping any of the essential services that must be performed.

I have no doubt that many services offered by the Department of Agriculture are no longer necessary, and I believe that there may be considerable duplication and overlapping in administration of these services. I feel it is the duty of Congress to insist on efficient service, and we should demand sound businesslike methods in this Department.

But I am not in favor of curtailing useful services to the American farmer and rancher. I am not in favor of economy which, in the long run, will cost us more money. I feel strongly that some of the reductions effected by the House should not be sustained by the Senate, and I shall urge that appropriations for certain items be restored to the full amount needed for essential operations.

Conservation of our productive farm lands is, in my opinion, one of the most essential of these services that mut be performed. My own State is a great farm State, and I know how erosion can damage the land. I have seen it. It isn't pretty. Erosion damage to farm land is not temporary. It leaves its mark on the land for years and generations. It means reduced production. It means nothing good. Everything about erosion is bad. People cannot live and prosper on eroded land. Eroded land provides little food for anyone—either on the farm or in the city.

Twelve years ago Congress called soil erosion a national menace, and nothing has happened since then to alter that fact. Erosion today is still a national menace, perhaps more so now than then, because now our lands are suffering from the hard use we

made of them during the war. Yes; it was hard use. We put more land under cultivation and kept it under cultivation to produce the food and fiber we needed to help win the war. We had to do it.

The record-breaking production from our farm and range land was not obtained without a price. The price was further exploitation—further damage—to our irreplaceable soil resources. We couldn't keep up such production very long under our present system of farming and maintain our land at the same time.

Half of all the productive farm land of the United States has already been damaged by erosion. The war has served to speed up the rate of that damage. In such a situation, it is only good business sense—good common sense—to take whatever steps are necessary now to slow down the damage and reverse the process. We need to speed up the rate of soil conservation—the kind of conservation work that will be permanent and pay dividends year after year in high production per acre, at low cost, while protecting the land at the same time. We need our farm land; we must have it to continue as a great nation. In the kind of world we live in nowadays, we must have it—and have enough of it, in good, productive condition—to keep the United States strong and prepared for any emergency.

There is only one way to do this job and do it right. That is by scientific analysis of the land and scientific application of the right combination of conservation measures. We've seen this demonstrated in South Dakota, just as it has been demonstrated in every other State in the country. Halfway measures simply don't work. We've seen that demonstrated, too. Only farm-by-farm and acre-by-acre treatment of the land is ever going to get his big and vital job done.

The appropriation which was cut most severely by the economy ax of the House of Representatives was the one for the agricultural conservation program. Under the bill, payments to farmers for 1947 would be reduced by about half. No appropriation is indicated for next year.

Now, right here is where I think Congress should do some soul searching. This Nation has embarked upon a program under which we are sending millions of dollars abroad in loans to bring some measure of relief to foreign nations. In this connection, I insist that our first responsibility is to look after the needs of our own people.

Why take money away from American farmers and at the same time give lavishly to others? To my mind, we can best serve world interests by first looking after our own national interests.

Yes; we are sending millions of American dollars abroad, and there is serious doubt whether we will ever get our money back. So I submit to you that it is far more important to look to the conservation of our own national resources.

All during the war, and since the war, farmers have broken one production record after another. Part of the reason why farmers could do this was the conservation practices encouraged by the Government, which in some measure helped hold the line against what could have amounted to absolute soil destruction. The enormous crop production turned out by our farmers, however, could not fail to levy its cost in loss of soil fertility. So it is imperative that action be taken to protect our national economy adequately by bolstering—not weakening—programs which contribute markedly to the welfare and strength of the whole Nation.

Farmers were convinced of the need for soil and water conservation, and so they planned to increase the program practices carried out on their farms this year. Many farmers have gone ahead in carrying out their plans. They did this in good faith, for written large in the Agricultural Appropriation Act of last year was the congressional authorization for the development of a 1947 program amounting to $300,000,000. The Department of Agriculture based its plans on this amount, and farmers were told that they could count on funds this year for conservation assistance from the Government.

Farmers feel—and rightly, I believe—that they have been working under a definite commitment. Many of the program practices are well under way, some of them completed under contracts with earth-moving concerns. In some parts of the country farmers have in effect received full payment for carrying out practices, through grants of lime and fertilizer materials and services.

If the appropriation for these payments were reduced in half, there would be a very serious problem in planning any sort of equitable distribution of the funds. It might mean attempting to recapture some of the payments already extended to farmers for 1947 practices, which in many instances would simply amount to putting them on the Federal Debt Register. Or else farmers who have not yet received program payments would get much less than 50 cents on the dollar for the practices they have planned to carry out. More than 56 percent of the farmland in my own State is operated by renters and tenants, and these people must farm for a living. Without help they cannot always afford to farm the conservation way in the long-time interests of the Nation.

Nor would farmers be the only ones affected by this cut in appropriations. I understand that in South Dakota alone there are 600 contractors who have planned their year's operations on the assumption that the Government conservation program would be carried out as announced. Many of these contractors are veterans, who have assumed debts and taken out GI loans to buy earth-moving equipment, in the assurance that the program would provide business. What of these?

I feel that Congress should restore the full amount to the appropriation for the agricultural conservation program. I urge you to allow the full $301,720,000 for this phase of work in the Department of Agriculture.

Now I'd like to talk about the Soil Conservation Service, the agency which is charged with providing technical services for this work. As a word of explanation, the entire farm program ties in one with another. The Agricultural Conservation Program provides payments for service. The Extension Service is doing good work for education of the farmers, but the Soil Conservation Service, which also suffered a drastic cut in appropriation—some $6,000,000—by the House of Representatives, is the agency which provides the technical men and the know-how to carry on the conservation practices.

The Soil Conservation Service is the agency that goes out on the land with the farmer, into the fields and pastures, and helps the farmer work out the best kind of land use and actually apply the right conservation measures on the land to get the job done.

This is not pampering the farmer. It is not providing a kind of luxury service he doesn't need. The farmer can rarely do this job alone, and in saying that I am not detracting in any way from the ability of our farmers. They are the best on earth. But effective soil conservation is a complex business. To do the job right, the farmer needs expert assistance, right on the ground. Every man in every business needs such expert assistance of one kind or another from time to time. That is what the Soil Conservation Service is providing—scientific assistance in soil conservation, farm by farm and acre by acre.

Once the job is done on a farm, it is done. It does not have to be done over and over again, year after year. If we had had this kind of service 50 or 100 years ago, we wouldn't be faced with a conservation problem today. So, if we are going to protect our farm lands against erosion, we do have to get the technicians out there working with the farmers on the land. The sooner we get this job over with, the less it is going to cost—in dollars and in ruined farm land.

The time to do this conservation job is now. We gain nothing by delay, because it must be done sooner or later. The House reduction in funds for the Soil Conservation Service slows down the soil-conservation program. It doesn't kill it; it doesn't change its character, or the nature of the work done. It just slows it down. That doesn't seem to make any sense. Why slow down the only conservation program that is giving us permanent results in protecting our farm lands against erosion?

We have only to glance at the news of the day to realize that more of such conservation practices such as terracing and building dams for erosion and flood control are most urgently needed. The farms of the Nation are the first line of defense in erecting barriers to control the flood waters now on a rampage throughout the Nation. Surely it is short-sighted economy not to take every step possible to prevent such destruction.

These programs have a solid record of accomplishment to their credit. And, as the conservation movement has gathered force, the amounts of practices completed have also increased. For instance, in my own State, nearly 10,000,000 cubic yards of earth were moved in constructing dams and reservoirs during 1945, whereas 8,500,000 cubic yards were moved back in 1941; 66,000 linear feet of earth were moved in constructing wells during 1945; and 55,000 feet in 1941; 193,000 acres were seeded on the contour under the 1945 program, compared with 37,000 acres in 1941; 103,000 acres went into contouring intertilled crops in 1945, compared with almost nothing in 1941; 714,000 pounds of seed were used in reseeding pastures, and 84,000 pounds back in 1941.

All of these practices, dams, grass seeding, proper range management, and other types of conservation, do much to prevent excessive run-off of water. With enough of the right kinds of conservation practices, people who have made a study of this thing tell me that these destructive floods can be stopped.

The farmers are ready to go ahead. They have organized more than 1,800 soil-conservation districts throughout all the States of the country. In my own State they have organized 39 districts, covering nearly 18,000,000 acres. They are asking for this technical service. They like it. It does the job. They have learned that they can't make much conservation progress without it.

Only the Soil Conservation Service is in a position to provide the farmer with the expert help he needs. Only the Congress can put the Soil Conservation Service in a position to meet this demand and do the job all of us really want done.

The House wants to cut the appropriation of the Service by more than $6,000,000. The net effect of such a cut would be to reduce the service to soil-conservation districts to an average 22 percent below what they are getting this year. And it would cut soil-conservation research in half. This is particularly serious as conservation research is relatively new, and there is still much to learn about conserving our soil and water resources.

For example, we are going to need a lot of information on soil and water conservation as it relates to irrigation in my own and the other Plains States. Most of the good irrigation projects in the Mountain States have been built, and the expansion of irrigated lands must come in the Plains States where very little irrigation research has been done. The Soil Conservation Service's Division of Irrigation and Water Conservation Research needs to develop and adapt irrigation-conservation practices and measures to Plains soil, climatic and cropping conditions. We need to know much more about

the control of wind erosion. Drainage problems will come with the new irrigated lands. Research needs in my own State are great—the State is assisting and will continue to assist in getting conservation research done. So far as I know, not a single experiment station director in this country has ever claimed that Soil Conservation Service research duplicated or overlapped that done by his station. On the contrary, experiment station directors have consistently supported Soil Conservation Service research with lands, equipment, facilities, office help, and the like, and have publicly stated that Soil Conservation Service research, as cooperatively carried on with their stations, supplements and complements State station research.

I said that the average soil conservation district would have 22 percent less assistance in 1948 than the average district had in 1947. This needs some explanation since the cut in soil conservation "operations" item is only 12½ percent. The difference is accounted for by the increased number of soil conservation districts. In other words, there is less money to serve more districts. The soil conservation district governing bodies tell me that they need more assistance rather than less assistance. This is particularly true in my home State of South Dakota where the policy has been to organize relatively small districts and to add to the districts as nearby farmers and ranchers become convinced of their need for soil conservation assistance and apply for inclusion of their lands within the district boundaries. In the 9-month period, June 15, 1946, to March 15, 1947, South Dakota farmers have added 2,300,000 acres to the district total in nine districts. Since the beginning of the district program, 36 of the South Dakota districts have added nearly 10,000,000 acres to the district acreage as a result of 70 different additions or a little more than half of the total acres in soil conservation districts in South Dakota. In addition to explaining why district supervisors say that they need more rather than less funds, I believe that the action of these South Dakota farmers rather effectively answers one of the points made by the House Subcommittee in its report on this particular appropriations item. The report states, in discussing this item, "The committee believes that many of the soil conservation districts which have been in existence a number of years will be able to get along with materially reduced technical assistance and advice. The advice and assistance given in the initial years of these districts ought not to require repetition year after year, certainly not to the degree such advice was needed in the beginning."

The conservation job cannot be done on the basis of "advice." It requires careful farm by farm, field by field, acre by acre analysis of the conservation problems and technical assistance on the land in laying out and applying the needed combination of conservation practices and measures to meet the various problems revealed by the analysis. It was to get this specific kind of direct technical assistance that these South Dakota farmers and ranchers asked that their lands be added to existing soil conservation districts. They had not been sure as the original districts were organized. They had not wanted their lands included in many cases, but after watching the progress within the boundaries of soil conservation districts and observing the kind of results obtained from a careful field by field job being done, they decided they wanted to be included and, therefore, asked to be made a part of the soil conservation districts in their neighborhood. They were not seeking "advice" but direct, on the land, assistance in meeting their problems after being on the outside looking in and deciding that they liked what they saw.

The House cut implies that there is nothing to be gained by speed in doing the conservation job right. In my opinion, the House is wrong in this matter. I believe there is need for speed—not only to protect our farm lands before a great deal more damage is done, but to avoid paying an even higher price for the conservation work in 5, 10, or 20 years from now.

I believe the full amount of the budget estimate for the Soil Conservation Service should be allowed—$43,437,000 for soil conservation operations, and $1,423,000 for soil conservation research. This is little enough to spend in a year for the protection of our greatest natural resource and the foundation of our agriculture, considering that we are spending many, many more millions for purposes that promise much less return.

As I have demonstrated many times here in Congress, I am vitally interested in the Rural Electrification program, and I would like to take a few moments to ask that REA appropriations be returned to a sufficient amount to sustain this program.

House action resulted in a 10 percent reduction in REA loan funds from $250,000,000 to $225,000,000 and a 28.5 percent reduction in the administrative expense item from $5,600,000 to $4,000,000.

The need for rural electrification in the Nation is very great. As of June 30 last year, only 14.8 percent of the farms in my State had central electrical service. Only one State, North Dakota, has a smaller percentage of its farms electrified. The farm people in my State are most anxious for electricity. I am most anxious that this service be made available to them.

But I have not forgotten the farmers of other States, and I feel that the continuation of REA is essential to the welfare and well-being of our entire agricultural population.

At the present time REA is striving to place its resources at the disposal of farmers in all sections of the country. With the reduction in the REA staff resulting from the House cut, it will become necessary to make essential departures from the present pattern of loan operations. The reduction in force will tend to divert the bulk of the loan fund to areas where feasibility can be more readily established with a minimum of REA staff assistance. As you know, the extension of rural electrical service in the Dakotas has lagged far behind the rest of the Nation. Lack of rural population density and high construction costs due to natural factors have hindered progress.

The enactment of the 1944 amendments to the Rural Electrification Act liberalizing REA loan terms made possible the tremendous advance in the last 2 years. But these gains were achieved only by concentrated effort in the field and here in Washington in assisting farmers to develop their projects. I have witnessed this development in South Dakota.

If the $250,000,000 in loan funds as requested by the President were made available, $9,000,000 would probably be made available for electrification in South Dakota in the 1948 fiscal year. This amount would fall short by $2,000,000 of meeting requests on hand and in process in the field. The 28.5 percent cut in administrative funds as specified in the House appropriation bill would make it especially difficult to make loans in the State of South Dakota. Construction progress all over the Nation would be slowed down by about 25 percent if the Senate sustains the House reduction.

It is difficult for me to see at this time how proper assistance can be made available with the few people that would be left for work on power generation and transmission problems. This is a field of great importance in South Dakota and all over the Nation, and the need for assistance will increase as rural lines are extended and the demand for power grows.

There can be no doubt of the merit of the REA program. Since REA began, the percentage of electrified farms has increased from less than 11 percent to about 57 percent, but 2,500,000 farms still lack electric service. Most of those still without electric service are in more sparsely settled and inaccessible areas making the problem ahead bigger and far more difficult than it has been. Applications for loans have far exceeded the available funds. This reflects the strong demand for electric power by millions of our rural population.

I regard the request for $250,000,000 as the minimum amount necessary to enable borrowers to enter into the contractual obligations and continue their progress in extending this essential service to rural people in the most orderly and economical manner.

Most REA borrowers are independent, taxpaying, locally owned cooperatives organized by farmers for the purpose of bringing electric service to themselves. The sound financial condition of these cooperatives is testimony that their operations are managed on a businesslike basis in every sense of the word.

But the REA program is more than a money lending operation. It brings into the hands of the rural people the power to improve through their own efforts their own welfare as they make their homes more livable and their farms more prosperous.

Can we, as Members of Congress, vote to hinder individual effort on the part of the farmer to provide for his own welfare? Can we, through shortsighted planning, stand in the way of the farmer who is trying to get for himself some of the comforts which we are so proud to speak of as being typical of America?

The farmer's life is not easy. We have continually made demands on him, and he has assumed these obligations with head high and conviction in his heart. He produced more food during the war, with less help than ever before dreamed possible. Did he complain? Did he strike? No, you bet he didn't.

Is it too much now to ask for a small amount of federal assistance to improve the lot of this sturdy fellow and his family?

The worth-while REA program demands the support of Congress. I beseech you, gentlemen, to restore sufficient funds to this appropriation so that this program can go forward and so that our farmers can take advantage of the great industrial progress which has been made available to the city dweller through his having electric power at his fingertips.

If we can contribute billions to the people of foreign nations, we certainly cannot forget the farmer and turn down this request for this relatively small increase in appropriation.

Another item in the appropiration bill about which I feel strongly is the one for crop insurance. As passed by the House, $1,000,000 is recommended for liquidating this program.

Now, this sum is entirely inadequate. About 450,000 crop-insurance contracts are now in force, and potential liabilities run into hundreds of millions of dollars. I ask you, how can an operation of this size be supervised with a one-million-dollar fund, and at the same time protect the interests of the Government in any way? This amount would not provide enough even for liquidation, much less for building a sound foundation for any future crop-insurance program Congress may authorize. Experts say that about four times that much would be needed to do any kind of a satisfactory job.

In my opinion, crop insurance can be a vital means of cushioning the blows of bad weather and other blights which farmers cannot avoid. That any such program must be operated according to businesslike, efficient methods goes without saying. But you don't cure a headache by cutting off the patient's head; you find out what's wrong and try to correct it. Let's find out what's wrong with crop insurance and correct it. Given a sound foundation, I think crop insurance will work.

And this is no pious hope. In South Dakota the program has worked just the way

it was intended to by Congress. Ever since 1940 the wheat-insurance program in my State has operated in the black, with premiums exceeding losses. And these good years have served to offset the very bad crop years of 1939 and 1940, the first 2 years of the Federal crop-insurance program. After 8 years under the program South Dakota is, for all practical purposes, even with the board.

But each year some counties, some individual farmers, have lost heavily as a result of drought, excessive moisture, hail, or other unavoidable hazards. No one can say when disastrous years like 1939 and 1940 will happen again. Farmers have thought they were building up protection against such catastrophes. Surely the Federal Government would not deny to farmers a measure of protection which is available to all business undertakings. But so much for crop insurance.

Another program in which I am interested is the Farmers' Home Administration. The House took a sizable chunk from the funds requested for the appropriation of this agency. As the bill now stands, direct loans for farm purchases for which 41,000 veterans have applications on file with the Farmers' Home Administration would be eliminated. There is also a cut of a third in the funds for farm-operating loans.

Nation-wide demand for farm-purchase loans has developed among veterans who became eligible to participate in the program under section 505–b of Public Law 346, the GI bill of rights. Farms purchased under this program must be bought on the basis of their long-time earning capacity.

Veterans across the Nation also have heavily increased the demand for farm-operating loans made to farmers who cannot get credit from private sources. During the first 10 months of the present fiscal year, more than 144,000 applications for new loans were received by Farmers' Home Administration, 48,000 of them from veterans. With loan funds exhausted in most States, 11,600 of the veteran applications were still on file, although preference was given to them wherever possible. Not more than 6,500 new operating loans can be made under the reduction in operating loan funds prescribed by House action.

To meet the cut, the Farmers' Home Administration is preparing to close 575 county offices and has given dismissal notices to more than 3,400 employees. In South Dakota, 18 county offices will be closed. Nationally, the reduced staff will service more than 1,200,000 borrowers whose obligations to the Government total $700,000,000. Part of the Government's security for these loans has come from the assistance in farm and home planning and in on-the-farm guidance toward improved farm practices given borrowers by Farmers' Home Administration personnel.

In South Dakota, the Farmers' Home Administration made 2,137 loans, totaling $3,081,152, during the first 10 months of the present fiscal year. Seventy-two percent of the funds went to veterans. As of April 30, 1,162 applications for loans were on file, 484 of them from veterans.

Direct loans totaling $4,336,538 for the purchase of 539 farms have been made in South Dakota under the program which has been eliminated by House action. Applications on file from veterans alone total 260.

Operating loans totaling $78,489,951 have been made in South Dakota, and 473 applications are on file. The bill passed by the House reduces funds for this type of loan to the point that an average of only two new loans per county can be made during the next fiscal year. Almost all of the proposed funds will be needed to meet the credit requirements of present borrowers.

From the figures I have given, it is obvious that farm tenants and the veteran are taking advantage of the funds made available to them. I should like to look to the day when every farm would be home-owned; that is, owned and operated by the same farmer. This would make for a more stable farm economy for very apparent reasons. The Farmers Home Administration is certainly a way to promote this condition.

As I have shown, the veteran, whom we were all worried about getting back on the farm, is using these funds to establish or reestablish himself in agriculture. I think it is the obligation of the Federal Government to continue this program so that our veterans will be given every opportunity to take their places on the farms and ranches of this Nation.

The Farmers Home Administration should be continued, and I ask your support in adding sufficient funds to sustain an adequate program in this activity.

Now last but not least, tucked away in the House committee report, is an item headed "Bureau of Plant Industry, Soils, and Agricultural Engineering." There is a reduction of $100,000—a relatively small sum when we are used to dealing with millions and billions here in Congress—for soil improvement, management, and irrigation projects.

I have talked with officials in the Department of Agriculture, and they tell me that six dry-land experiment stations will be closed unless this appropriation is allowed. One of them is located in my own State of South Dakota. I'm speaking of the Belle Fourche irrigation and dry-land field station at Newell.

As a citizen of South Dakota, I have watched the work of this station. It was established in 1906 in an effort to study crop rotation, soil moisture, conduct maximum production tests, meteorological investigations, and also provide facilities for lamb-feeding experiments.

This has been a worth-while project and one which has been entirely beneficial to the rancher of western South Dakota. New techniques have been developed. These have been made available to the rancher and dry-land farmer, and they have continually worked to his satisfaction.

I am sure that this is true at the other stations which are to be closed if this appropriation is not allowed.

The sudden closing of the Newell station would result in the loss of much valuable research material, and it would disrupt cooperative arrangements with the State experiment station.

I hardly see how we can justify closing this important project, and I ask that you restore the $100,000 appropriation for soil improvement, management, and irrigation projects.

I have consistently argued for economy, and I have not changed my views. That is the reason I have spoken today. I feel that it would be false economy to abandon the worth-while farm practices which I have mentioned. Our most valuable natural resource is our soil. Soil fertility is essential to the prosperity of our Nation. It is especially important now that the American farmer has been called upon to feed the nations of the world. If we are going to meet these commitments, we must maintain our farm land at its highest level of production.

We must contribute to the welfare of the farmer. Agriculture is our basic industry and upon it depends the prosperity of the Nation.

It is the obligation of us Members of Congress who are charged with the responsibility of determining the course of events for our Nation to look to this important industry. We must do everything in our power to assure the prosperity of the farmer, for when he prospers, so does the Nation.

We cannot break faith with the farmer by discontinuing the programs upon which he has come to depend.

As was reflected in the election last fall, the farmer placed his faith in this Congress. We cannot betray him. I urge your support in restoring funds for the activities of the Department of Agriculture which I have mentioned today.

THE IMPORTANCE OF GROUND WATER WORK OF THE GEOLOGICAL SURVEY TO PENNSYLVANIA

Mr. MYERS. Mr. President, it is a source of great satisfaction to me, as I said last Friday when the Interior Department appropriation bill was reported out of the Senate Appropriations Committee, that the Senate bill provided a minimum of $740,000 for cooperative and noncooperative ground water activities of the Geological Survey. The bill as passed by the House provided no funds for this activity. Unfortunately, in reversing the House on this item, the Senate committee did so not by increasing funds materially for the gaging streams appropriation of the Interior Department, of which Ground Water is a part, but merely by providing that on the limited appropriation set up by the House for gaging streams, the Geological Survey is to do not only its regular surface water work, but is to spend at least $740,000 for ground water work.

I am informed that this resultant cut in the surface water activities and for quality of water studies will be most serious. Since the House provided substantial sums for this surface water work and none for ground water, I am hopeful the conferees will see fit to allow the full amount of the House item for surface-water activities plus the full amount of the Senate item for ground-water activities, thus saving both programs, because they are equally important. Of course, this means allowing practically the entire budget amount for gaging streams. I realize the desire of the majority in Congress to cut the budget, but it is evident that a House cut on ground water is unacceptable to the Senate, and it seems to me that the Senate cut on surface water should be unacceptable to the House which had previously voted a much higher amount.

When I testified before the Senate appropriations subcommittee on the Interior Department bill urging the restoration of the ground-water work, I was asked whether, in the absence of Federal funds, the State of Pennsylvania could carry on this work by itself. Not having been informed one way or another by the State administration at that time, I was unable to give a categorical reply, but it was my impression the State would not be able to do the work by itself except at a tremendously disproportionate cost. I decided to find out definitely, and wrote to the Governor of the Commonwealth, the Honorable James H. Duff, for this information.

Last night, I received a reply which bears out my original impression. I ask unanimous consent to insert at this point in the RECORD, following my remarks, a copy of my letter to Governor Duff and of his reply received yesterday, and of the statement he enclosed. This statement, prepared, as the Governor said in his letter, by the geological bureau of the

department of internal affairs of Pennsylvania, starts off with a very definite statement:

Elimination or curtailment of cooperation by the United States Geological Survey in Pennsylvania's ground-water studies would be disastrous to the continuity of our ground-water investigation and to the timeliness of results which are vitally important.

It goes on to tell about the very modest cost to both the State and Federal Governments of this very vital work, describing it in some detail, and concludes with this paragraph, which I think is a sufficiently categorical reply to the question asked me by the chairman of the Appropriations Subcommittee, the Senator from Nebraska [Mr. WHERRY], whether the State could handle this work by itself. This is the State's reply:

The geologic field program now in effect demands the supplementary service of highly specialized personnel. It is a service that is available only through cooperation with the United States Geological Survey. If the existing staff of specialists now in the employ of the Federal Survey is disbanded, the service they afford could be reclaimed by the individual States only at greatly increased cost and, no doubt, only after a considerable lapse of time. Our ground-water program like that of many other States is geared to and is dependent upon the scientific facilities that have long been made available by the United States Geological Survey. That the Federal Government would permanently abandon this service is very improbable; from the standpoint of economy, that the service should be interrupted and the highly specialized personnel scattered is unthinkable.

I ask that the entire correspondence be printed in the RECORD.

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

MAY 26, 1947.

Hon. JAMES H. DUFF,
Governor, Commonwealth of Pennsylvania, Harrisburg, Pa.

DEAR GOVERNOR: On last Friday I appeared before the Senate Appropriations Subcommittee considering the Interior Department Appropriation Bill for the 1948 fiscal year to oppose on behalf of the people of Pennsylvania certain cuts in the Interior Department budget made by the House which I considered detrimental to industry, particularly, and to the people of Pennsylvania. I am enclosing a copy of that statement, and I respectfully call your attention to the last page of it which discusses the Ground Water work of the Geological Survey in Pennsylvania.

It is my understanding that if this Federal function is eliminated, the States, generally speaking, will be unable to duplicate the work inside their own borders except at a cost far exceeding the modest expense entailed by the Federal Government under a nation-wide program. I was asked by members of the subcommittee whether Pennsylvania would be able to continue this work by itself and was not able to give a categorical reply.

I should appreciate receiving some expression from you or from your aides engaged in cooperative work with the Federal Government on the Ground Water Survey as to the effect on the State's program if the Geological Survey's work in Pennsylvania on ground water is eliminated.

In several previous instances involving appropriation bills, I would have found it helpful if I had known the States position on some of the reductions as they affect Pennsylvania, particularly in regard to the reductions in the Labor Departments funds for the United States Employment Service. As you may know, the House bill allowed the States the full amount the Labor Department had asked for them in operating their individual employment services, but cut the USES by a very substantial amount so that it would no longer be able to supervise the various State programs. The Senate bill restored some of the funds for the USES but proceeded to make a substantial cut in the funds available to the individual States. That bill is now in conference and I don't know what the final result will be.

In other Federal-State programs there will be, I am sure, instances where it would be helpful to me to know how the State Administration feels about budget cuts substantially affecting long-established Federal-State programs.

Sincerely and respectfully yours,
FRANCIS J. MYERS.

COMMONWEALTH OF PENNSYLVANIA,
GOVERNOR'S OFFICE,
Harrisburg, June 16, 1947.

Hon. FRANCIS J. MYERS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MYERS: I apologize very profusely to you for not sooner answering your letter of May 26, but it was mislaid in the business of the closing days of the general assembly.

You asked to have an expression of opinion on the attitude of the State with respect to the Ground Water Survey, if the Federal Government's geological survey in Pennsylvania is eliminated.

The Geological Bureau of the Department of Internal Affairs has complied with my request to them for information on this subject and the same is herewith enclosed.

With best regards,
Sincerely yours,
JAMES H. DUFF.

WHAT ELIMINATION OF THE GROUND-WATER DIVISION OF THE UNITED STATES GEOLOGICAL SURVEY MEANS TO PENNSYLVANIA

Elimination or curtailment of cooperation by the United States Geological Survey in Pennsylvania's ground-water studies would be disastrous to the continuity of our ground-water investigation and to the timeliness of results which are vitally important.

Water is one mineral resource in which every citizen has a personal interest. Demands upon our ground-water supply are increasing. Because of modernization of our way of living and modernization of our industrial practice, the rate of increase in demand is disproportionately larger than the rate of increase in population and industrial growth. Due to this accelerated demand, we definitely need to know more about the physical character and capacity of our ground-water aquifers so that the ground-water supply can be fully utilized yet adequately protected.

As a conservation measure, investigation and protection of our ground-water resources is, when compared with some other conservation measures, such as forestry, surface water, etc., relatively complex, because we are here dealing with the unseen. It is a study involving both geology and hydraulic engineering. To cope with this specialized type of investigation, the United States Geological Survey has developed methods and has trained personnel that are not duplicated elsewhere.

This Commonwealth is in the midst of a cooperative program with the United States Geological Survey that was begun in 1931. Thus far the program has cost each entity a modest amount which has ranged between $400 to $10,000 a year, and has averaged about $1,500 a year. Wartime emergencies demonstrated that our studies in this field should be intensified. Consequently, for the biennium just beginning, it has been recommended that $15,000 per year be allotted by each entity for this purpose with the expectation that during several succeeding biennium the work will be further expanded. During the period 1931–41, the work consisted of a comprehensive reconnaissance of the ground-water situation throughout the entire State, the results of which have been published in seven volumes. Since 1943, the work has been more localized and much more intensive. Our present program calls for a detailed inventory of ground-water conditions. Work has begun in the Philadelphia and Pittsburgh districts and should be expanded to cover all other populous and highly industrialized areas in the State. Concurrently, there has been carried on a well-observation program that contributes basic data relative to fluctuation of ground-water reservoirs and the significance of said fluctuation. These observations should be continued.

The geologic field program now in effect demands the supplementary service of highly specialized personnel. It is a service that is available only through cooperation with the United States Geological Survey. If the existing staff of specialists now in the employ of the Federal survey is disbanded, the service they afford could be reclaimed by the individual States only at greatly increased cost and, no doubt, only after a considerable lapse of time. Our ground-water program, like that of many other States, is geared to and is dependent upon the scientific facilities that have long been made available by the United States Geological Survey. That the Federal Government would permanently abandon this service is very improbable; from the standpoint of economy, that the service should be interrupted and the highly specialized personnel scattered, is unthinkable.

RECESS

Mr. WHITE. Mr. President, I move that the Senate now take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess until tomorrow, Friday, June 20, 1947, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 19 (legislative day of April 21), 1947:

DEPARTMENT OF STATE

Charles E. Saltzman, of New York, to be an Assistant Secretary of State.

AMERICAN MISSION FOR AID TO TURKEY

Edwin C. Wilson, of Florida, to be Chief of the American Mission for Aid to Turkey.

FARM CREDIT ADMINISTRATION

James Earl Wells, Jr., of South Dakota, to be Cooperative Bank Commissioner of the Farm Credit Administration.

APPOINTMENTS IN THE REGULAR ARMY IN THE ARMY NURSE CORPS

To be lieutenant colonels

Florence A. Blanchfield, N700065.
Jessie M. Braden, N701002.
Ida W. Danielson, N700407.
Mary F. Galli, N700648.
Alida J. Garrison, N700329.
Ida L. Langenheder, N700206.
Elizabeth V. Messner, N700017.
Joanna Peters, N700301.
Agnes A. Resch, N700472.
Elsie E. Schneider, N700682.

Burdette B. Sherer, N700669.
Lillian G. Thompson, N701135.
Maidie E. Tilley, N700303.
Edna D. Umbach, N700342.
Rozene Wentz, N700215.

To be majors

Lucile B. Bacchieri, N701701.
Bernice W. Chambers, N700403.
Rosalie D. Colhoun, N702183.
Helen A. Dugan, N700305.
Pearl T. Ellis, N700355.
Elizabeth Fitch, N702129.
Anna M. Grassmyer, N700594.
Abigail B. Graves, N700255.
Frances C. Henchey, N700443.
Helen V. Johnson, N701800.
Pauline Kirby, N701952.
Dorothy M. Kurtz, N701884.
Mary Miller, N700260.
Mary J. Miller, N701895.
Dora A. Noble, N700773.
Amy R. Pendergraft, N702158.
Mary C. Scherer, N700530.
Sara M. Schoenberger, N700722.
Augusta L. Short, N701837.
Alice C. Wickward, N701883.

To be captains

Helen Adams, N702002.
Vivian L. Allmendinger, N702210.
Eleanor R. Asleson, N702583.
Mary S. Barry, N702357.
Estella Baylor, N702187.
Jaynie E. Belcher, N702279.
Monta R. Boswell, N702447.
Althea V. Buckins, N702574.
Burnett C. Drumm, N702479.
Blanche H. Eager, N700173.
Martha Fulwood, N702185.
Mabel E. Hause, N702159.
Myrtle C. Huhner, N701321.
Cecelia F. Kehoe, N701448.
Virginia K. Kilroy, N701155.
Ethel A. Lamansky, N701948.
Blenda M. Laverick, N702644.
Margaret M. Moss, N702488.
Julia I. Mullen, N700906.
Clemmie L. Reynolds, N702106.
Alvine L. Schmidt, N700782.
Catherine M. Underdown, N700292.
Lena Vanderwood, N702465.

To be first lieutenants

Irene C. Blochberger, N702966.
Aller M. Crowell, N703093.
Thelma Crowell, N703092.
Anna M. Hackett, N703076.
Emilie K. Jensen, N703013.
Marguerite M. Klein, N703004.
Blanche M. McAndrews, N703063.
Avis O. Meeks, N703034.
Mollie A. Petersen, N703086.
Helen A. Stack, N703024.
Mary M. Steppan, N703082.
Ruth M. Stoltz, N702916.
Frances P. Thorp, N703047.
Madeline M. Ullom, N703031.
Marguerite A. Yerger, N703035.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 19, 1947

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, whose life is within us and whose mercy is about us, help us, with self-possession, without haste or confusion, to mark the path that we should follow. For our mistakes, for our insincerities and our tendencies, we ask Thy forgiveness. From the deep silences out of which voices are born, recalling regrets, grant that a divine emotion may be created by which are engendered joy and peace. Dear Lord, in the things which are divinely strong, we are humanly weak. Grant us, we pray, a newborn gladness in finding something new in old tasks, and thus welcome each day as a new beginning.

"Speak to Him thou, for He hears, and Spirit with Spirit can meet;
Closer is He than breathing, and nearer than hands and feet."

In our Lord's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 3792. An act to provide for emergency flood-control work made necessary by recent floods, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 110. An act to amend the Interstate Commerce Act with respect to certain agreements between carriers.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3303. An act to stimulate volunteer enlistments in the Regular Military Establishment of the United States.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GURNEY, Mr. BRIDGES, Mr. ROBERTSON of Wyoming, Mr. TYDINGS, and Mr. RUSSELL to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. JACKSON of California asked and was given permission to extend his remarks in the RECORD and include an editorial and a letter.

PERMISSION TO ADDRESS THE HOUSE

Mr. GAVIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GAVIN. Mr. Speaker, some of those who were shouting oil shortage a few days ago are now trying to retrace their steps to a safer position. I hope that no lasting damage has been done by the assertions of some who are high in the administration.

The fact is that there is not a shortage of oil. There has always been somebody around to predict one—usually someone with no chips in the game at all—ever since Colonel Drake's day. I do not recall that the gloom ever before became as deep as it has been recently when the oil shortage became the concern of just about every Washington bureau. It sounded like the return of gasoline rationing and A coupons all over again.

There is, right now, some trouble over distribution of supplies of petroleum products. Some "spot" or local deficiencies have occurred. There are a few strikes still going on that have curtailed refinery operation, and the explosion and fire at Texas City several weeks ago affected seriously the refineries in that locality. There is also a deficiency in transportation. Steel is needed for building tank cars and pipe lines which would go into fields where there is now a developed production of crude in excess of transportation facilities.

I am told by those who are in close daily touch with the situation that the supply could be increased in areas where it is most greatly needed—the supply of crude oil for use in refineries of those areas—with more drilling. Here again it is a question of steel. Producers and drilling contractors from California to Pennsylvania tell the same story. They cannot get casing and tubing, and the pipe-line people—both in oil and natural gas—cannot get their requirements. Many hundreds of wells will not be drilled this year because of lack of tubular goods.

The trouble is not wholly a shortage of steel. The vast quantity that is going to foreign countries would enable producers here at home to drill many thousand wells and to put in secondary recovery projects in the old fields, further safeguarding our national supply of oil.

It has been a deliberate policy of the executive branch of the Government to stimulate the export of oil country tubular goods, and they have been highly successful. At the rate exports of these goods were moving in the first quarter of this year, it was indicated that the 1946 shipments might be nearly doubled.

When I said that there is no shortage of oil, I meant that the reserves now developed and those which can be found and developed in the United States will take care of us for a long time to come. But we should not forget that a shortage could be created. If the oil producers cannot get materials and equipment with which to drill and produce, the supply will naturally decline. There is some suspicion that certain bureaucrats would like to see that happen. It would add to the prospects for Government control of the oil industry if it could be made to appear that the industry was not doing a proper job, and it would satisfy the one-world crew in Washington who have already talked about internationalizing the world's oil under the United Nations control, giving Siam the same voice in policies over our oil as the United States would have.

I think the principal danger to our future supply is the continued presence in Washington of a group of oil experts who would not know a working barrel from a fractionating column. Some of them are left-overs from the OPA. They have jobs and few duties and lots of time to dream up controls.

The best I can find out from the oilmen themselves is that we will have enough petroleum products this year for ordinary needs, perhaps a little pinch in a few localities where transportation most seriously affects supply. Basically, as to raw material—crude oil—we are in good shape and with more attention to home affairs and less to the needs of Russia and some other parts of the world, the oil industry can take care of the job as it has always done.

THE STEEL SHORTAGE

[From the Oil City (Pa.) Derrick, of June 18, 1947]

United States Senator EDWARD MARTIN, of Pennsylvania, chairman of the subcommittee which is investigating the steel shortage, says his organization will go ahead until it finds out what is wrong and how to correct it.

The subcommittee proposes to take the testimony of an impressive number of small businessmen who have purchased large quantities of gray-market steel at exorbitant prices and who could keep their businesses operating in no other way. Old customers, according to the testimony, are unable to obtain steel even with a historical quota. Some newcomers are without sources of supply, while other newcomers are receiving consideration from supplying sources. Further testimony is needed to determine the extent and effect of integrated purchases and operations in the steel industry.

Evidence has been given the Martin subcommittee that certain steel products in export are causing unfavorable results to the domestic economy, especially in sheet steel and in steel pipe, casings, and tubings. The subcommittee needs further statistics on the export of steel products and further testimony by responsible Government officials on quota determinations, licensing controls and special Government projects requiring steel.

Senator MARTIN is taking a strong personal interest in the recovery of steel scrap. Figures at the end of last February showed that the scrap supply was less than half the prewar levels. He says the Government has it in its power to cure much of this shortage. The Government has the scrap, but it is not making it available. There are damaged Liberty ships fit for nothing but junking. There are surplus machine tools made for war production and now having no current use. There is an immense amount of war material left to rust on foreign beaches. He points out that not only is this steel being wasted but we are paying people to watch it.

"I understand," says Senator MARTIN, "that some time ago an order went out that our ships returning in ballast from foreign voyages should carry surplus war goods as ballast instead. I understand this was done for some time and some machinery brought back. Then the whole thing was dropped. Perhaps somebody wouldn't be bothered."

American consumers are clamoring for steel. This is especially true of the automotive industry. Yet American steel is going abroad. Its scarcity is creating fancy prices paid by American manufacturers. Scrap is not being gathered by the Government. Here we have a situation which should be corrected but nothing was being done about it until the Senate undertook the present investigation.

It is strange that a Government which has upward of 2,500,000 people on its pay roll cannot look after matters which mean so much to the people of the country.

EXTENSION OF REMARKS

Mr. SIMPSON of Pennsylvania asked and was given permission to extend his remarks in the RECORD.

ARMY ENLISTMENT BILL

Mr. CLASON. Mr. Speaker, on behalf of the chairman of the Committee on Armed Services I ask unanimous consent to take from the Speaker's desk the bill H. R. 3303, to stimulate volunteer enlistments in the Regular Military Establishment of the United States, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. ANDREWS of New York; SHORT, of Missouri; ARENDS, of Illinois; VINSON, of Georgia; and DREWRY, of Virginia.

EXTENSION OF REMARKS

Mr. POTTS asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. ELLIS asked and was given permission to extend his remarks in the RECORD in three instances, in each to include a newspaper article.

Mr. JARMAN asked and was given permission to extend his remarks in the RECORD and include an address to the Greek Parliament by Deputy Bacopoulos thereof.

PRIVILEGE OF THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks, and include therein a letter by Hon. Lloyd Binford, head of the moving-picture censorship of Memphis, Tenn.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I rise to a question of privilege of the House and offer a resolution (H. Res. 250), which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Whereas there is being shown at the Palace Theater, in the District of Columbia, a moving picture entitled "Duel in the Sun," that is filthy, debasing, and insulting to the moral instincts of decent humanity; and

Whereas the District of Columbia is under the protection of the Congress of the United States; and

Whereas we are charged with the responsibility of protecting the youth of the District of Columbia from such filth: Therefore be it

Resolved, That the House of Representatives call upon the police of the District of Columbia to either close the Palace Theater or prevent the further showing of this vicious film in the Palace Theater or in any other theater in the District of Columbia.

Mr. RANKIN. Mr. Speaker, the District of Columbia is under the jurisdiction of the Congress of the United States. It is our duty to protect the decent people of the District from the impositions to which they are subjected.

Mr. CELLER. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state the point of order.

Mr. CELLER. Mr. Speaker, is it not the practice of the House, under the rules of the House, that a bill can come before the House only after being first reported from a committee?

The SPEAKER. The House can consider any resolution or bill properly brought before it.

Mr. RANKIN. Mr. Speaker, I am going to read you a letter from Lloyd T. Binford, head of the moving-picture censorship in Memphis, Tenn. I read this to one of the best Members of Congress this morning. He said, "I took my daughter to see that picture last night. It was horrible, and even my little child was shocked."

Mr. Binford wrote to David O. Selznick, producer of this picture, in Los Angeles, Calif., as follows:

Mr. DAVID O. SELZNICK,
Los Angeles, Calif.

DEAR SIR: It is with a feeling of regret that I must inform you that your production, Duel in the Sun, violates the city ordinance of Memphis pertaining to the showing of "obscene or salacious" public performances, either upon the stage or the screen. I say "with regret," because it is, indeed, regrettable that there are producers of stage and screen plays so disinterested in the welfare of the physical and spiritual health of the American people—especially of their boys and girls of impressionable age—that they make boards of censorship necessary.

In its Estimate of Current Pictures, the official organ of the Motion Picture Association of America says: "Duel in the Sun is a reflection upon the good taste of the motion-picture industry; the film is detrimental to the moral and cultural standards of the American screen." Archbishop Cantwell said: "Catholics may not, with a free conscience, attend the motion picture, Duel in the Sun; it is morally offensive and spiritually depressing." Dr. Fosdick, a great Protestant minister, said: "There is bound to be a reaction against this flaunting of promiscuous sensuality, this glorifying of adultery, this flippant deriding of love, which contributes to the demoralization of the social life."

The Memphis Board of Censors, after previewing Duel in the Sun, finds that it would not be in the public interest or welfare to approve the picture. It is a sexy, salacious story of illicit love, cold-blooded murder, adultery, and outlawry, the witnessing of which would have the effect of degradation, even upon the mind of a calloused adult.

This production contains all the impurities of the foulest human dross. It is sadism at its deepest level. It is the fleshpots of Pharaoh, modernized and filled to overflowing. It is a barbaric symphony of passion and hatred, spilling from a blood-tinted screen. It is mental and physical putrefaction.

Duel in the Sun begins with a double murder which takes place in a bedroom of a saloon and dive theater, and which is spawned and instigated by infidelity. The picture ends with a double murder brought to pass by a series of seductions and the destruction of a young woman's virtue. It is a tale of two lust-driven delinquents who rush through reams of sadistic love-making toward a final catastrophe of minds filled with murderous mania to the exclusion of even the tiniest spark of human decency. It is a story of jungle savagery which might have amused the people of Sodom and Gomorrah in the final moments of the destruction of those ancient, evil cities.

The scenes of rape of the half-breed Indian girl should not even be shown to the inmates of a "red-light district," much less

to decent adults. To permit innocent, unsuspecting children to see this lecherous depiction of sexual abnormality and brutality would be contributing to the delinquency of minors. For, in the finale of the picture, the two victims of the lowest form of depraved animal passion slaughter each other, and, with blood streaming from their wounds and sweat pouring from their bodies, press their mouths together in a last spasm of sadism and die in each other's arms.

To add flavor to this film of filth, an unordained minister of the gospel, known as the Sin Killer, offers prayers to God that are worse than blasphemous, irreverent, impious and profane. Christians unfortunate enough to enter a theater where Duel in the Sun might be shown, will cringe and shudder as they witness the scenes in which Walter Huston appears, and hear his sacrilegious outbursts.

Hollywood commentators and critics refer to Duel in the Sun as stark realism—it is stark murder! It is stark horror! It is stark depravity! It is stark filth! If Duel in the Sun is a sample of the manner in which a prominent and influential director is going to help preserve American ideals of honor and fidelity and decency—God help America!

LLOYD T. BINFORD,
Chairman.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. HALLECK. I asked the gentleman to yield to inquire of him whether or not he would consent to his motion's being referred to the Committee on the District of Columbia.

Mr. RANKIN. I was going to ask for its immediate consideration if I could get unanimous consent for that purpose.

Mr. HALLECK. I am sure the gentleman cannot get unanimous consent at this time. It strikes me the proper way to proceed would be to refer it to the Committee on the District of Columbia and let them investigate.

Mr. RANKIN. I may say to the gentleman from Indiana that these appeals have come to me from all over the country protesting against this film. Mr. Binford, of Memphis, sent me this copy of this letter which he wrote the producer of this picture, a letter which cannot be answered.

As I said, a Member of the House told me this morning that he took his little girl to see this picture and he said it was shocking and revolting.

Congress is the governing body of the District of Columbia. The people here look to the Congress to protect them.

I do not want this thing to die in the committee and let this salacious film continue to be spread before the eyes of children in this District.

Mr. HALLECK. Mr. Speaker, will the gentleman yield further?

Mr. RANKIN. I yield.

Mr. HALLECK. The gentleman, of course, did not say anything to me about his proposal. I have not seen the picture, I know nothing about it. Certainly the gentleman would not want the House of Representatives to act upon his resolution with nothing more before it than the gentleman's statement. In other words, in the interest of orderly procedure it would seem to me that the gentleman would be in sympathy with a suggestion that the matter be referred to the Committee on the District of Columbia for investigation by them.

Mr. O'TOOLE. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. O'TOOLE. In my city, New York City, the picture, Duel in the Sun, is losing hundreds of thousands of dollars because of the fact that the decent, churchgoing element have quietly boycotted the picture. I think, however, that the gentleman from Mississippi is giving the picture a hundred thousands dollars' worth of free advertising this morning that will cause a terrific interest in it and will cause the producer to owe him a debt that he can never repay.

Mr. RANKIN. Do Members of the American Congress propose to sit here and let this kind of filth and debasement be shown before the eyes of children who have to look to us for protection?

Mr. O'TOOLE. We are handling it rather well in our own way in New York City. They can do it in the District of Columbia. They did it in Memphis, too.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. DIRKSEN. I may say to the gentleman from Mississippi that I have not seen the picture nor have any formal complaints come to me with reference to it. But I assure the gentleman that if his resolution were referred to the District of Columbia Committee it would receive immediate attention.

Mr. RANKIN. Mr. Speaker, since the Committee on the District of Columbia is going to investigate this proposition, I want to read to you from another letter by Mr. Binford relative to the moving picture called Monsieur Verdoux in which Charlie Chaplin plays an unenviable part. I hope while the Committee on the District of Columbia is investigating this loathsome picture called Duel in the Sun they will also investigate this monstrosity known as Monsieur Verdoux and join me in calling upon the Attorney General to institute proceedings to deport Charlie Chaplin at once.

Mr. Binford's letter, to which I refer, reads in part as follows:

UNITED ARTISTS CORP.,
St. Louis, Mo.

GENTLEMEN: * * * Monsieur Verdoux made a business of using and disposing of women, characteristic of the author, in a different way, who is not an American citizen and whose reputation, personal conduct, and communistic leanings deserve the contempt of all decent people.

Charlie Chaplin is a traitor to the Christian American way of life, an enemy of decency, virtue, holy matrimony and godliness in all of its forms; and his reputation as a perverter of home life and of childhood, if true, should have justified his deportation for moral turpitude long ago.

America has been kind to this former London guttersnipe, in permitting him to reside here for more than a generation without becoming a citizen, although he has been raised from the status of a steerage refugee to wealth; and what has he done with his millions of American dollars? Used it for un-American propaganda purposes? To pay off young girls and women whose virtue he has destroyed, and whose lives he has disgraced and wrecked? Is it true that he was engaged in the infamous act of mercilessly persecuting a girl, less than half his age, who claimed that he had betrayed her, and whose illegitimate child he fathered?

Westbrook Pegler, in referring to Chaplin's trial said: "It was a trial which revealed him as a vicious old man still as nasty at 56 as he had been throughout his earlier years."

Is it true that Chaplin assisted Joe Stalin's friend, Lion Feuchtwanger, to gain admission into the United States? In Feuchtwanger's book, Moscow 1937, he eulogized Stalin and the Bolshevik regime. He said on pages 149-50, when referring to the United States: "The air which one breathes in the West is stale and foul—one breathes again when one comes from the oppressive atmosphere of a counterfeit democracy and hypocritical humanism, into the invigorating atmosphere of the Soviet Union." Chaplin's conclusive moral thesis and savage note of bitterness is distinctive communism.

Now comes this insolent reprobate asking the people of America to drop more millions of their dollars into the box office of theaters, which might insult its patrons with Monsieur Verdoux, in order that he may use such dollars to disgrace other trusting girls, and destroy the land whose atmosphere is stale and foul? If there is any staleness or foulness about the atmosphere of America, it is because too many men of the Chaplin stripe are permitted to live and to prosper in it.

The Independent Theater Owners of Ohio, comprising over 300 exhibitors, has adopted a resolution calling on theater owners throughout the United States to give serious thought on the matter of withholding time from Monsieur Verdoux saying: "Screen time should not be dissipated upon a screen personality such as Chaplin." The ITO advocates a Nation-wide theater owners' boycott of Chaplin films.

LLOYD T. BINFORD,
Chairman.

Mr. Speaker, again I say that it is the duty of the Congress to protect the children, as well as the adults, of the District of Columbia from these filthy, salacious, and immoral films.

Mr. Speaker, I withdraw my request and ask unanimous consent that the resolution be referred to the Committee on the District of Columbia.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to withdraw his request and asks that the resolution be referred to the Committee on the District of Columbia.

Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. PICKETT asked and was given permission to extend his remarks in the Appendix of the RECORD and include a resolution.

Mr. COURTNEY asked and was given permission to extend his remarks in the Appendix of the RECORD and include a short newspaper article.

PHONY BUDGET CUTS

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include therein certain correspondence.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, yesterday the distinguished gentleman from Tennessee [Mr. GORE] very ably

clarified for the Members of Congress and the American public the phony nature of the Republican claims of reductions in the President's budget. Members of the Committee on Ways and Means are given the responsibility of supplying the revenues to run the Government. The Appropriations Committee is primarily responsible for determining the amount of money spent. Nevertheless, when the justification for tax reduction is an extravagant claim of a budgetary surplus members of the Committee on Ways and Means must take into account the appropriations picture.

In the debate on the conference report on H. R. 1, I pointed out that the majority had already abandoned their promise of a cut of four and one-half to six billion dollars in the President's budget, and that at least half of the reduction of two and eight-tenths billions then claimed were phony. The two items which appeared illusory paper transactions to me were the first and fourth items on Mr. GORE's list of false budget-cut claims; namely, postponement of tax refunds totaling $800,000,000 and Treasury cancellation of CCC notes amounting to six hundred and forty-two millions. In the case of tax refunds, Mr. Speaker, there can be no question. On the second item I was not so certain, since it presented an involved matter of Government budgeting and accounting. As I indicated in the House on June 2, I wrote to the Director of the Bureau of the Budget requesting written verification of my impression that the shift of the $642,000,000 CCC item from 1948 to 1947 failed to decrease appropriations for 1948 or to increase appropriations for 1947. On June 12, Mr. F. J. Lawton, Acting Director of the Bureau of the Budget, replied that—

Your impression that total estimated receipts and expenditures in the budget for 1948 is not affected by cancellation of the notes is correct; nor are the estimated budget receipts and expenditures for the fiscal year 1947 affected by the inclusion of the authority for the cancellation of such notes in one of the deficiency appropriation bills for 1947.

Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point my correspondence with the Bureau of the Budget:

JUNE 4, 1947.

Mr. JAMES E. WEBB,
Director, Bureau of the Budget,
State Department Building,
Washington, D. C.

DEAR MR. WEBB: I understand that an item in the President's 1940 budget for cancellation of notes of the Commodity Credit Corporation has been included in one of the deficiency appropriation bills for the fiscal year 1947.

It has been suggested to me, inasmuch as this item appeared as both a debit and credit item in the President's estimates of expenditures for 1948, that no reduction in the budget totals for 1948 results from the transfer of this appropriation item to fiscal year 1947 appropriations.

Will you please advise me whether my impression about this matter is correct?

Sincerely yours,

HERMAN P. EBERHARTER,
Member of Congress.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., June 12, 1947.

Hon. HERMAN P. EBERHARTER,
House of Representatives,
Washington, D. C.

MY DEAR MR. EBERHARTER: I have your letter of June 4 addressed to Mr. Webb, concerning the effect which the cancellation of notes of the Commodity Credit Corporation has upon the estimated budget expenditures.

Your impression that total estimated receipts and expenditures in the budget for 1948 is not affected by cancellation of the notes is correct. Nor are the estimated budget receipts and expenditures for the fiscal year 1947 affected by the inclusion of the authority for the cancellation of such notes in one of the deficiency appropriation bills for 1947. The original estimate of the notes of Commodity Credit Corporation to be canceled by the Secretary of the Treasury, $830,380,311, will be found in the budget document in table 10, page A107, included as an expenditure of general and special accounts. The same amount, $830,380,311, is also included as a credit to the expenditures in the checking account of the Commodity Credit Corporation in arriving at the credit figure of $500,000,000 in table 14, page A112, of the budget document. The totals of the estimates in tables 10 and 14 make up the "total budget expenditures" as summarized in table 3, page A6, of the budget document.

When the estimated amount to be canceled was reduced by $188,548,730 to $641,832,081 in House Document No. 186, the budget estimate totals were not affected. The reduction in the estimated expenditures in the general and special accounts of $188,548,730 was offset by a reduction of an identical amount in the credits in the corporation checking accounts with the Treasurer of the United States; thereby making the estimated expenditures in the checking accounts that much higher. Likewise the change in the effective date from fiscal year 1948 to fiscal year 1947 did not change the budget totals for either year.

The reason for this is that the funds, making up the total of the notes to be canceled, were expended in years prior to the fiscal year 1947 and in Treasury reports they were included in the expenditures of such prior years in the checking account of the Commodity Credit Corporation. The write-off of the notes by the Secretary of the Treasury is actually accomplished by a bookkeeping transaction showing the amount of the notes canceled as an expenditure in the general and special accounts of the Treasury and as a credit to (i. e., a deduction from) the expenditures in the Commodity Credit Corporation's checking account with the Treasurer of the United States, in the same amount and in the fiscal year in which the authority is granted to cancel such notes.

The effects of the cancellation of notes are (1) to eliminate the liability of the Commodity Credit Corporation to the United States Treasury in the amount canceled, (2) to charge off the assets of the Treasury represented by the notes canceled, (3) to relieve the Corporation from further interest charges on the amount canceled, and (4) to restore the borrowing authority of the Corporation by the amount canceled.

Sincerely yours,

F. J. LAWTON,
Acting Director.

EXTENSION OF REMARKS

Mr KLEIN asked and was given permission to extend his remarks in the Appendix of the RECORD and include a statement by the National Clergymen's Committee on the Taft-Hartley bill.

Mr. HUBER asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. DURHAM asked and was given permission to extend his remarks in the RECORD and include a couple of editorials.

Mr. CELLER asked and was given permission to extend his remarks in the RECORD on two subjects.

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the RECORD and include an address.

PRESIDENT'S VETO OF THE TAX BILL

Mr. BOGGS of Louisiana. 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 Louisiana?

There was no objection.

Mr. BOGGS of Louisiana. Mr. Speaker, because of an engagement of long standing to address a forum at Tulane and Loyola Universities in New Orleans, I was unable to be present Tuesday when the vote came on the President's message in reference to the tax bill. I take this opportunity to state that had I been here I would have voted most emphatically to sustain the President's veto, which I consider an act of statesmanship and an act putting national solvency and sound national credit above political expediency. I have been amused at the cries about spending and spending when the Nation knows that every nickel spent by this administration must be appropriated by this Congress, which is dominated by the Republican Party.

The SPEAKER. The time of the gentleman from Louisana has expired.

REVISION OF COURT-MARTIAL PROCEDURE

Mr. BURLESON. 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. BURLESON. Mr. Speaker, someone to the right or left, or in between Shakespeare and Alexander Woollcott, said that when they felt the urge to exercise coming on they would lie down until the feeling passed. I have tried the practice in this House. When I have felt like saying some things, I have sometimes walked out of the Chamber or to the cloakroom to eat a banana. But the time has come now in the matter of a revision of court-martial procedure for the Army and Navy that I feel I must speak out. I do not know whether it is going to do any good or not. But the sands are running out and I see no evidence that this question is going to receive consideration during this session of the Congress.

The majority party has not indicated that it expects to put this needed legislation on the must list. I say to you that all atrocities perhaps were not committed by our enemies in the last war. There is a crying need for revision of our procedure in military law that will give

the boy in service who may be charged with an offense the same right to defend himself properly as is accorded the common criminal in most of the jurisdictions of State courts of this country.

The SPEAKER. The time of the gentleman from Texas has expired.

THE PICTURE, DUEL IN THE SUN

Mr. CELLER. 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. CELLER. Mr. Speaker, we have witnessed the rather unusual spectacle this morning of the gentleman from Mississippi under the guise of the privileges of the House seeking to ask immediate consideration of a bill that would call upon the police to stop the showing of a picture in the District of Columbia. Ordinarily a bill must go to a committee. It is threshed out in that committee, where witnesses are heard. The gentleman from Mississippi would overrule all the procedure of the House and have us consider a bill in the fashion he sought this morning.

I have not seen that picture and I do not think the gentleman from Mississippi has seen the picture. He speaks from knowledge that he obtained from other sources rather than from an actual view of the picture itself. The picture, as a matter of fact, is no longer being shown in Washington. The passage of the gentleman's resolution would be abortive. He would be the keeper of the Nation's morals.

Mr. Speaker, I presume the gentleman from Mississippi is going to act as censor over Shakespeare, Congreve, and Pryor who are probably no worse or no better, as to bawdy or immoral connotations, than Duel in the Sun.

Without commenting upon the merits or demerits of the picture, we deplore the gentleman's self-constituted role of censor.

The SPEAKER. The time of the gentlemen from New York has expired.

MOTION PICTURES

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, I take no part in this controversy about these motion pictures, because I have seen neither one of them, but every Texan who has seen Duel in the Sun thinks it is a slander on the fair name of the State of Texas.

COMMUNITY-PROPERTY STATUS FOR ALL MARRIED TAXPAYERS

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, under the present application of income-tax laws, marriage is considered to be a full partnership in 10 States, but not so in the remaining 38.

This inconsistency means that the married taxpayers of 38 States are paying heavier taxes, couple for couple, than those living in the 10 States which have community-property laws on their statute books.

In the 10 preferred States the United States Department of Internal Revenue allows married couples to divide the annual income for taxation purposes even though the husband may have earned all of the income. This results in a saving of one-quarter to one-third for couples living in the 10 community-property States.

To bring the point home, let us compare the income-tax liabilities of two taxpayers, both of whom are married, have no dependents, and whose official salaries constitute their only family income. Let us assume that taxpayer A lives in a community-property State, and taxpayer B in a non-community-property State, and that the salary of each is $15,000.

Taxpayer A will pay a tax of $2,869.

Taxpayer B will pay a tax of $3,842.

In other words, taxpayer B pays $973 more than his colleague, even though the family status and income of both are identical.

This is a form of economic discrimination which really hurts.

Breaking the comparison down into details we get these contrasting tables:

Taxpayer A

Self:	
Income	$7,500
Standard deduction	−500
Personal exemption	−500
Net taxable income	6,500
Wife:	
Income	7,500
Standard deduction	−500
Personal exemption	−500
Net taxable income	6,500

Total tax for self and wife, $2,869.

Taxpayer B

Self:	
Income	$15,000
Standard deduction	−500
Personal exemptions	−1,000
Net taxable income	13,500

Total tax, $3,842.

Such a disparity leads us to inquire into the meaning of community property.

This legal concept was introduced into the United States by Spanish and French settlers. Community property is that marital property which is not the separate property of either husband or wife. Prior to their marriage, the husband and wife, as individuals, may have accumulated property; and insofar as each is willing, by contract, to perpetuate his or her individual ownership of such accumulations after marriage, the said accumulations of wealth constitute the separate property of the husband or wife. Subject to the exception that a husband or wife may retain as his or her separate possession the property which the husband or wife acquires after marriage from a third party by gift or will, all other property that accrues after marriage is presumed by the community-property States to be the product of the joint endeavors of the husband and wife, even though the wife's contribution in reality may amount to no more than that of a housekeeper; and in the property thus accruing the husband and wife are each said to possess a vested and undivided one-half interest. The latter form of ownership, which attaches only to property acquired during the existence of the marital relationship, terminates upon the death of one of the spouses, or the dissolution of marriage by divorce.

The advantage enjoyed by married taxpayers living in community-property States is derived from the assumption underlying the community-property concept that income accruing after marriage is the product of the joint endeavors of the wife with her husband. By this theory, the salary of the husband, who may be the sole producer of income, becomes the common property of the wife and her husband, each having a vested one-half interest therein. Accordingly, in meeting Federal income-tax requirements, the husband need report only one-half of his total income, which for the purposes of this illustration, represents salary only, and his wife may file a return reporting the other half. Each is entitled to all the privileges granted to income taxpayers; that is, each, as to his or her income reported, is entitled to the same deductions, to the same accounting methods for computing gains and losses, and to the rates applicable to the net income disclosed in the return. The only limitations are the requirements that deductions for dependent children may not be split, but must be taken in full by one of the taxpayers and, secondly, that the community income must be divided evenly between the husband and wife. The latter requirement must be observed even when the husband and wife are wage-earners. Furthermore, sums withheld from salary by employers in current payment of Federal income taxes must be totaled and divided evenly.

If the Federal income tax involved the imposition of a single rate upon net income, of whatever size, the economies enjoyed by married couples in community-property States would be small. It is the levy of progressively higher rates on large incomes which makes the community-property system attractive to the taxpayer; for, by division of income, it is possible to utilize rates applicable to the smaller and equal halves of a large income which will be lower than the rates imposed upon the entire income. It is believed that net income must exceed $3,000 before any savings are affected by splitting the income of the husband into two parts and having one-half credited to the wife.

In Massachusetts, as in other non-community-property States, there is a movement to correct this inequality in taxation. The strategy of seeking relief from this discrimination through the State legislatures, appears to be the wrong approach. A community property bill would necessitate the complete overhauling of property laws and bring chaos to the fields of probate, real estate, domestic relations, and other branches of the law. The greatest losses would

be sustained by third parties, chiefly creditors. They may discover, in transactions with the husband, that the latter was not legally competent to pledge as assets securing his debts the property which appeared to be his own. All evidence of wealth that are employed in business transactions, such as real estate, bank deposits, securities, and insurance, would have to be evaluated by the creditor in terms of the wife's interest therein if the assets appropriated in the event of a default are not to prove inadequate.

How to remove the income tax discrimination without upsetting the whole body of property laws is the question.

A community-property bill, passed by the individual State, is not the answer.

The logical method of equalizing the tax is that suggested by Professor Griswold, of Harvard Law School. He advocates a congressional enactment which would establish the income for all married couples as twice the tax on half the income. A married man, making $10,000 a year, would make a return on $5,000, and his wife would make a similar return. The total would be substantially less than a tax on the $10,000 as a whole.

The President has called for a thoroughgoing revision of the tax system. The community-property concept applied to the income-tax laws is one reform that merits our immediate approval.

EXTENSION OF REMARKS

Mr. JONES of Alabama asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the Alabama legislature.

Mr. KEATING asked and was given permission to extend his remarks in the RECORD in two instances; to include in one editorials appearing in the Rochester Times-Union and the Washington Evening Star, and in the other an editorial appearing in the New York Times.

INVASION MONEY REDEMPTION

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, a great many of the Members probably have heard radio commentator Fulton Lewis, Jr., last night describe one of the worst acts of the New Deal when former Secretary of the Treasury, Henry Morgenthau, by and with the consent of the former President of the United States, the President who appointed him as Secretary of the Treasury. This Secretary of the Treasury gave to Russia American printing presses in order that they might print American invasion dollars to be redeemed by this country with gold at $36 an ounce. All that Russia has to do today is to take a little paper and print the money, and then we pay in gold. We have paid to the extent of some three or four hundred million dollars already. How much more we have to redeem no one knows. No one in the history of the Nation ever heard of anything so ridiculous and asinine as that, and to think that Russia is in the position, if they print more of that paper money, that we have got to pay good American coin to redeem it. It seems to me that the President of the United States and Secretary of the Treasury Snyder should recall those printing presses at once and stop such ridiculous procedure as that. To think that Russia prints our invasion money, at very little cost, if any, to Russia—and that we as a nation must redeem that paper currency at the rate of $36 an ounce for gold for each dollar of worthless paper money, which we redeem, and we are obligated to redeem it all. Stop it—stop it at once, notify Russia at once, Mr. President, to return our printing equipment and put it in the Bureau of Engraving and Printing where it belongs. You can see what happens to our American taxpayers when you elect incompetents to office. Take notice and act accordingly in 1948 when you elect a President and a Congress. Enough said—vote Republican.

REDEMPTION OF OCCUPATION CURRENCY IN EUROPE

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, I cannot allow to pass unchallenged the remarks of the gentleman from Pennsylvania [Mr. RICH], who has spread upon the RECORD extracts from one of the exceptionally misinformed broadcasts of a highly commercialized radio commentator named Fulton Lewis, Jr.

This radio "news" caster who is notorious for the wide gulf between the content of his broadcasts and his unctuous and often-repeated statement, "These are the facts, ladies and gentlemen," rather outdid himself in his loose charges that the Government will lose millions upon millions of dollars through the redemption of occupation currency in Europe.

Listening to Mr. Lewis is not, Mr. Speaker, one of my favorite forms of relaxation. My opinion of the National Association of Manufacturers is a matter of widespread public knowledge, and Mr. Lewis' propagandizing for the NAM and its accomplices, both as a paid employee and as a volunteer laborer in the vineyards of big money, has not endeared him to me.

If, however, his comments were completely factual, and his opinions were labeled as such and not handed out as substantiated fact, I would merely discount him as one of the crosses we must bear in the name of free speech.

FREQUENTLY MAKES RECKLESS CHARGES

The fact is, however, that this is not the first time that Mr. Lewis, in his burning zeal for sensation, has made reckless charges which he was subsequently unable to prove. He has the advantage of 15 minutes of coast-to-coast radio hook-up, plus a repeat broadcast, and the denials and disproofs seldom catch up with the velocity of the original misstatements.

In the present instance, he has made grave and serious charges and has repeated them while the most responsible officers of our Government have been quoted in all newspapers and by all fair and reputable commentators in denial of the charges and in explanation of the true facts.

I feel that the gentleman from Pennsylvania [Mr. RICH], who daily calls our attention to the country's financial state and to our national debt, should have taken Mr. Lewis' no doubt sensational but as yet unproven reports on the transactions in occupation money with several grains of the proverbial salt, except that the gentleman himself is somewhat prone to the same weaknesses as Mr. Lewis.

CHARGES DENIED BY SECRETARY PATTERSON

As it happens, I have here in my hand a story from the Chicago Daily News of Thursday, June 12—just a week ago—which I cut out only this morning myself because this headline caught my eye: "We won't lose dime on marks—Patterson."

Now, I am willing to take the word of the Secretary of War, who is himself, as you may recall, a Republican and a former jurist of the highest probity, and respected by everyone, regardless of party, in preference to any wild statements by Fulton Lewis, Jr.

I do not think that charges like these should be so recklessly bandied about from time to time. America has come of age, and it is time that the bad boys of the press and radio should show the same kind of mature responsibility that the majority of journalists have displayed for many years past. I have long championed free speech, and I do not for a moment suggest that any relevant fact should be kept from the American people. I suggest only that charges be proved before they are made public under such sensational circumstances.

In this case Mr. Lewis continued his charges days after the full facts had been made public by the War Department and other agencies concerned.

Mr. Speaker, I ask unanimous consent to extend as a part of my remarks this article and other articles from outstanding men who have the interest of the country at heart and who believe in the truth.

Mr. RICH. Mr. Speaker, reserving the right to object, the statements that were made by Mr. Lewis, in reference to the article which the gentleman is printing, were to the effect that this money is being redeemed now and that they redeemed over $600,000,000, and you are going to redeem more, and nothing was ever so ridiculous in the history of America as a thing like that.

Mr. SABATH. Sure, it is being redeemed, but not at the expense of the American people; and it will not cost the Government a penny. The gentleman, before quoting so frail an authority as Fulton Lewis, Jr., should inform himself fully on the subject.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PAPERS CARRIED STATEMENT

Mr. SABATH. All the wire services carried the original sensational stories and then covered also the War and Treasury Department statements and explanations. I insert at this point the story to which I have already referred, taken from the Chicago Daily News of Thursday, June 14, 1947, just 1 week ago:

WE WON'T LOSE DIME ON MARKS: PATTERSON

WASHINGTON.—The War Department said today the American taxpayer won't lose "one thin dime" by the occupation currency transactions in Germany.

Senator KNOWLAND (Republican of California) and several other GOP Senators fear American taxpayers will be stuck with a bill for from four hundred to nine hundred million dollars through redemption of Russian-printed occupation notes flowing into the United States zone.

Secretary of War Patterson replied that Army expenditures for German labor and goods will liquidate all the occupation currency "in about 1 year," and hence cost taxpayers nothing.

He said he would welcome the investigation planned by the Senate Appropriations Committee.

Senator BRIDGES (Republican of New Hampshire), chairman of the Appropriations Committee, said the hearings would get under way next week with testimony from "top echelon" officials of the State, War, and Treasury Departments.

BRIDGES said he wanted more details on the transaction whereby the Russians received American engraving plates to run off more than 1,600,000 occupation notes on Soviet printing presses.

The Army said it has no knowledge of the Russians "milking" United States dollars out of the American zone. It explained that when the United States, Britain, France, and Russia completed the conquest of Germany they agreed to a joint issue of currency and use of the same printing plates.

"THESE ARE THE FACTS, LADIES AND GENTLEMEN"

Now, Mr. Speaker, to paraphrase Mr. Fulton Lewis, Jr., but with more factuality, "These are the facts."

The United States Government has not undertaken to redeem occupational German marks or Japanese yen, but instead has exchanged foreign currencies for its United States Armed Forces and American or allied civilian personnel attached to its Armed Forces in the occupied areas. Personnel of our Army and Navy in Japan and Germany were paid in Japanese yen and German marks prior to July and September 1946, respectively. They accordingly were allowed the privilege of exchanging the unneeded portion of their yen or marks, received as pay and allowances, into United States dollars. Facilities were provided whereby funds could be transmitted to any person, bank, or agency in the United States on a moment's notice. Numerous family crises were averted or solved by this administrative provision. Having been paid in these foreign currencies, it became an obligation of the United States Government to convert these foreign currencies, in reasonable amounts, back into dollars.

Part of the marks on hand were received from the legitimate sale by agencies of the United States Government of goods or services to agencies or personnel who had only marks with which to pay for them.

The Army and Navy have not paid their troops in yen or marks, nor have they converted any yen or marks into dollars, since July and September 1946, respectively.

Russia served notice in the Allied Control Council for Germany in Berlin that she had discontinued issuing marks on July 1, 1946.

WILL AMERICAN TAXPAYERS PAY ITALIAN REPARATIONS?

The armed forces do not hold any Italian occupational lire which must be redeemed or converted into United States dollars. All Allied military lire have been redeemed by the Italian Government and have been withdrawn from circulation.

With regard to reparations for Italy, these reparations will not start until 2 years after the ratification of the peace treaty, unless by special agreement by the Italian Government. Reparations are to be scheduled in such a way as to avoid imposition of any additional liabilities on other Allied or Associated Powers.

ONE HUNDRED AND FORTY MILLION DOLLARS SAVED TO TAXPAYERS

In the course of the handling of billions of dollars worth of some 75 different foreign currencies, the armed forces effected considerable savings to the United States Government by obtaining protection against devaluation for these holdings of currency. Although not a profit, the savings thus effected totaled in excess of $140,000,000.

The inference is drawn rather assiduously that all these marks resulted from black market operations, or dealings with the Russians. Such is not the case. Many of the marks were acquired in the normal operation of our military activities overseas, wherein we perforce acted in the same capacity as a bank dealing in exchange. If profits were made in these dealings, they were made by the American soldier. Had they been made by Mr. RICH's business establishment in international trade, that would have been quite all right; but for a soldier, it is all wrong.

ARMY HOLDS ONLY $160,000,000 DEBIT

Furthermore, instead of the vast deficits alleged by Mr. Lewis, we find the War Department has a debit balance of only $160,000,000 in German marks and Japanese yen at this time. It has plans for liquidation of these holdings by the end of 1948. The War Department does not propose to ask Congress for an appropriation to effect this reduction.

I note also that in Mr. Fulton Lewis' statement read to the House by the gentleman from Pennsylvania [Mr. RICH] that Mr. Lewis still persists in saying War Department officials gave the plates to the Russians. The authenticity of this statement is about on a par with many others made by Mr. Lewis by which he misleads that portion of the American public which places any credence in him. Had Mr. Lewis merely stated that the plates were turned over to the Russians by the United States Government, he would have been correct; but in his animosity toward the War Department, he attributes the turning over of the plates to War Department officials.

I have no doubt but that a representative of Fulton Lewis was present at the hearings before the Senate committee investigating foreign currency. There under oath, it was testified that on orders of an official of the Treasury Department the plates were turned over to the Russians at the Washington Airport by the Bureau of Printing and Engraving. It was also testified under oath, that the decision to turn them over was a matter which the State and Treasury Departments made after conferring with their British opposites. I find no fault with the decision; but I do find fault with Mr. Lewis who, to suit his own animosities, presents other than the facts.

FACTS ARE AVAILABLE TO ALL

The fact is, Mr. Speaker, that the true facts are available to all newspapermen and writers. This very week the Committee on Foreign Currency Transactions, a special joint committee composed of subcommittees of Committees of the other House on Armed Services, Banking and Currency and Appropriations, has held hearings on this very question. The Honorable Howard C. Peterson, the Assistant Secretary of War, whom many of us know personally, and in whom we have great faith, spoke Tuesday of this very week, just 2 days ago, on behalf of the Secretary of War. While this will be available in the printed hearing, together with other testimony, I feel that the inclusion of this statement by the Under Secretary is justified at this point by the importance of the subject and the widespread publicity given to misinformation and reckless and unprovable charges.

STATEMENT OF HOWARD C. PETERSEN, THE ASSISTANT SECRETARY OF WAR, BEFORE THE SENATE INVESTIGATING COMMITTEE ON FOREIGN CURRENCY TRANSACTIONS, TUESDAY, JUNE 17, 1947

Mr. Chairman and gentlemen, I will discuss in broad outline the foreign currency problems resulting from our military operations in World War II. My statement will serve, I trust, to introduce the subject to this committee and serve as a background for the testimony of witnesses who will follow me. I will confine myself principally to matters within the purview of the War Department. Both the State and Treasury Departments had a policy-making role in this field. The War Department, however, like the Navy Department, and its field forces had the operating responsibility in foreign exchange matters. Representatives of the State and Treasury Departments are here today.

The War Department is prepared to present in as much detail as the committee deems necessary a full accounting of the discharge of its responsibilities in dealings in foreign currencies. Much of this testimony will be somewhat technical. It will be presented by expert witnesses who will follow me. I did not know anything about this subject, nor did I have any responsibility with respect to it, prior to December 1945 when I took my present office.

THE PROGRAM

The Armed Forces, through the operations of their finance offices overseas, necessarily became engaged in large-scale foreign-exchange operations which involved the handling of over $11,000,000,000. In making these transactions there accumulated substantial holdings of foreign currencies in excess of dollars appropriated by Congress which could properly be used for the conversion into dollars of these holdings. All foreign currency

used by the Armed Forces for pay of troops or for local procurement, except in occupied areas, or other purposes authorized by Congress was dollar backed. However, because currency controls which were feasible under combat and redeployment conditions proved inadequate and because of other factors which I shall relate, foreign currencies in a total amount of $380,000,000 were redeemed for dollars by armed forces finance offices in excess of the dollars appropriated by Congress. Through methods of liquidation which have been decided upon and are now in operation, this $380,000,000 of excess holdings of foreign currency is being reduced to $160,000,000. Plans for the liquidation of this remaining amount have been approved by the executive departments concerned and it is expected that this liquidation will be consummated over the next 18 months. The War Department does not propose to ask Congress for an appropriation to effect this reduction.

When the conversion of foreign currencies was stopped, the Armed Forces held $380,000,000 worth. Of this, $250,000,000 were in marks, $75,000,000 were in yen, and the remainder in various other currencies. Of the $160,000,000 remaining to be liquidated $100,000,000 are in marks and $60,000,000 are in yen.

The conversion of local currency into dollars ceased when the military-payment-certificate plan went into effect in Japan and Korea in July of 1946 and in Europe in September of 1946. Since those dates there have been no further receipts of foreign currencies.

CURRENCY PROBLEMS ARISING FROM THE WAR

Currency problems arising during and after World War II were numerous and exceedingly difficult of solution. The first, and overriding, rule in their solution was, of course, that they must take second place to considerations having a direct bearing on the vigorous prosecution of military operations. At the same time the State, Treasury, Navy, and War Departments were at all times aware of the importance of foreign-currency transactions involving the staggering sum of $11,000,000,000.

The first decision which had to be made was whether the United States would use dollars or foreign currencies in its military operations abroad. Having decided to use foreign currencies, it was necessary to develop methods for their acquisition. Then it was necessary to insure that the American soldier would suffer no loss because of receiving his pay in foreign currencies. And in all cases there were complex preparations to be made with regard to currencies before our invasions. These preparations had to be made with much secrecy and in such a way as to further the prospect of success of military operations.

DECISION TO USE FOREIGN CURRENCIES

The decision to use local currencies in overseas areas was arrived at early in the war after an intensive study of the problem by all United States departments concerned, fullest exploration of the problems with our allies, and after a thorough review of all of the implications resulting in a decision to use either American dollars or the local currencies. That decision was reported to the Congress in a report on House Resolution 150 (79th Cong., 1st Sess.), submitted to the chairman of the House Committee on Military Affairs dated April 28, 1945. That report covered the method of payment of troops in foreign currencies and the provision made for the reconversion into dollars.

POSSIBLE EFFECT OF USE OF DOLLARS ON MILITARY OPERATIONS

The use of dollar currency would have made it more difficult to maintain order behind our lines. The use of dollar currency, causing lack of confidence in the local currency, might well have caused a break-down in the economic life and the general political stability of areas through which supplies for our armies had to pass. The maintenance of a uniform rate of exchange would obviously become difficult. Worst of all, it might well have led to a situation in which in the local economy suppliers would refuse to deliver goods against local currency, thus bringing about a complete break-down in the supply of food and other essentials to the populations of these areas. We did not wish to bankrupt or destroy the currency of friendly countries through which we operated by flooding the areas with dollars.

These considerations made undesirable the use of dollar currency for procurement or for the pay of our troops in liberated or occupied areas.

RECOGNITION OF SOVEREIGNTY

Allied governments consistently insisted upon recognition of their sovereign right to determine not only rates of exchange but what was to be legal tender within their boundaries. For example, before the invasion of France, certain sovereign rights of the provisional French Government in exile were recognized. The United States Government recognized the right of the local government of the liberated area to establish the rate of exchange; and the French Provisional Government did exercise that right. Concurrently with setting the rate of exchange the French decided what was legal tender. In France it was determined that the legal tender should be the metropolitan franc and also the supplemental franc which the Allied forces brought in on D-day. The French Government assumed responsibility even for the supplemental francs brought in on D-day.

KEEPING DOLLARS FROM THE ENEMY

Another major factor in the determination to use foreign currencies rather than dollars was to keep dollars from the enemy. In a military operation as large as the invasion of Europe there was always the risk that large numbers of men and amounts of money might fall into the hands of the enemy. The Allied governments naturally did not welcome any action which would have assisted traitors to the Allied cause. As it filtered through unauthorized channels in liberated areas, dollar currency spent by the American armed forces might well have become a means by which traitors and fifth columnists could finance their operations or by which collaborationists could hide their assets and thus nullify the efforts of the Allies to recapture their illegal profits.

CONSIDERATIONS STEMMING FROM DESIRE TO PROTECT MEMBERS OF ARMED FORCES

The pay and allowances of the personnel of the armed forces of the United States are fixed by acts of Congress. The basic policies underlying all War and Navy Department actions relating to the financial problems of the troops overseas are simply and clearly defined.

First, every soldier, wherever stationed, must receive the full amount to which he is entitled by existing statutes.

Second, no soldier shall suffer financially because of assignment to duty in one overseas area as against another.

While serving abroad, the current and future financial interests of the American soldier were well safeguarded. All calculations affecting the total pay and allowances to which the soldier was entitled were made in United States dollars. The soldier was entirely free to determine for himself those portions of his earnings which he wished to allot, save, or spend. Whenever he desired, the soldier could, at any Army installation, convert such portion of his pay drawn in a foreign currency, which proved excess to his needs, back into dollars at the same rate at which the pay was drawn. This contributed in large measure to his peace of mind and effectiveness as a combat soldier. By far the most important benefit, however, from the soldier's point of view, derived from the War Department policy of foreign currency reconversion to dollars at a protected rate, was the facility of transmitting funds to any person, bank, or agency in the United States on a moment's notice. Numerous family crises were averted or solved by this administration provision.

In war the paramount factor is the morale of troops. An important element in that morale is assuring troops equitable purchasing power for their money. This was recognized by the Congress itself (in consideration of Public Law 554, approved December 23, 1944). The Senate Committee on Banking and Currency stated: "The aim of all agencies considered [it] of paramount importance to provide means whereby the morale of personnel serving abroad will not be disturbed because of fluctuations in foreign exchange," and added that "protection is afforded only when personnel receiving such foreign currencies as pay can exchange them without loss for United States currency or the currency of yet another country to which they may be proceeding under military orders."

PLANNING FOR INVASION OF EUROPE

Our decision to invade Europe was one of the most momentous in the history of our Nation. Every phase of the operation, both military and administrative, presented problems of enormous import and complexity. The currency problems were no exception. For security reasons alone, the problem of obtaining suitable legal tender well ahead of the attack for disbursing and procuring officers and for the individual troops participating in operations shrouded in military secrecy, was tremendous. Even if otherwise possible, it was considered unsafe to approach most "governments in exile," as demands for specific quantities and specified delivery dates would have provided invaluable data to unfriendly persons.

In order to be prepared for any eventuality in Germany, including a situation in which inadequate supplies for reichsmark currency would be available to the combined military forces, due, for example, to a scorched-earth policy on the part of the retreating enemy, a supply of supplemental legal tender currency similar to that known to the local population was imperative.

POLICIES WITH RESPECT TO GERMANY

With respect to Germany, the United States and British Governments desired the Soviet Government to use the same Allied Military German currency as that used by the combined US-UK military authorities, as part of the plan to treat Germany as an economic whole. To agree to the Russians using a different currency would have constituted an agreement in advance to what actually happened, the division of Germany into four airtight compartments. As you know, this result was never intended and its consequences which have so gravely hurt our occupation in Germany were a result assiduously to be avoided.

NEGOTIATIONS WITH THE SOVIETS

My information on this point is as follows: A combined US-UK decision was taken early in 1944 that a German mark currency would be used by the combined military forces for expenditures in Germany. As was done in preparation for invasions of other areas where scarcity of currencies might exist, such as in the case of the military lira used by the combined military forces in Italy, Allied Military marks were printed for use in Germany. Because we had the facilities, the printing was done in the United States.

Negotiations were undertaken with the Soviet authorities in Washington for the purpose of assuring that the Soviet forces would use the same mark currency. The

Soviet authorities agreed to use a German mark currency of the same design as that which would be used by the United States and British forces in Germany. However, the Soviets refused the offer of the US-UK authorities to furnish the Soviets with adequate supplies of Allied Military mark currency, and demanded that facilities be made available to them from which they could prepare their own supplies of Allied Military marks. Negotiations extended over several months. On April 8, 1944, the Russian Government sent a note to the United States stating that if the plates were not delivered to the Russians, the Soviet Government would be compelled to prepare independently military marks for Germany of its own pattern.

The British Government advised this Government that the use of a Russian-produced mark currency distinct from that used by the United States and the British would be prejudicial, and agreed that the Russians should be given the plates from which the currency was printed. After due consideration, the United States Government agreed to make the plates available to the Russians, and this was done. On April 18, 1944, the Soviet Ambassador was furnished with glass negatives and positives of plates for the use of the Soviet Government in the printing of Allied military marks, together with technical information on inks, paper, and other elements of the printing procedure.

The only agreement or understanding reached between the United States Government, the British Government, and the government of the Union of Soviet Socialist Republics was the general understanding that all three powers would use Allied military marks and no other currency as a supplement to the indgenous German mark currency. The Allied military marks were made legal tender in the national economy without distinction from the reichsmark and were interchangeable at the rate of one Allied military mark for one reichsmark. This rule, however, was applicable only to the German economy, and the armed forces did not convert reichsmarks into dollars.

The policy adopted by the United States Armed Forces for converting Allied military marks into dollars for authorized personnel was a policy adopted unilaterally by the United States Government. It was no different from the policy prevailing in all overseas countries where local curency was used.

There was and is no obligation on the part of the United States or other occupying powers to redeem Allied military marks. The first quadripartite agreement with reference to this matter was entered into on September 20, 1945, and provided assurance that the German Government would redeem this currency. Moreover, provision can be made in the Treaty of Peace to provide for the redemption of any of this currency still held by us.

THE BLACK MARKET

United States troops, in the main, were stationed in overseas areas where the local economy was severely damaged by the war. This damage resulted in placing vast quantities of local cash currency in the hands of the local population with virtually no goods and commodities available at wholesale or retail levels. Consequently, the temptation to sell post-exchange articles and items of individual equipment was great; money meant nothing to the native population; cigarettes, candy, soap, and ordinary personal items of comfort claimed high prices. The American soldier stationed abroad quickly found that his personal equipment, many post-exchange items and goods sent to him from the United States were more useful as a medium of exchange than the local currencies themselves. Moreover, many members of the Military Establishment found that this extra-legal trading of goods with local citizens or members of other armed forces and the subsequent conversion of local currencies back into dollars at Army post offices and finance offices provided handsome profits.

I will give two common illustrations of the manner in which these accumulations accrued. An American soldier sold an article from the PX or an item of personal or governmental equipment to members of other Allied Forces for Allied military marks at a considerable profit and converted the marks excess to his personal needs into dollars for purchase of war bonds or deposit in savings account or remittance home. Another typical transaction would be one in which a civilian employee who might be a native of a liberated country and who was authorized to make purchases in the PX or quartermaster commissary, made such purchases within the ration limits imposed, and the PX or the quartermaster converted the foreign currency so received into dollars through the Army finance offices.

ADMINISTRATION OF CONTROLS

The difficulties of imposing effective, individual administrative controls strictly limiting the reconversion of local currency to the amount acquired by each man through authorized channels were very great. There were approximately three and one-half million men in the European and Mediterranean theaters, spread over more than 15 countries and utilizing as many different currencies. There were almost 1,000,000 men in Japan and the Far East. During this period there were over 40 different currencies which were eligible for conversion at armed forces finance offices at specified rates.

At an early date the accumulation of foreign currencies in Army accounts was a problem which received serious attention. The foreign currency controls in effect at the beginning of the war worked very satisfactorily for a period of almost 2 years. Throughout the North African campaign and the subsequent Sicilian and Italian campaigns excess remittances were practically nonexistent. This was no doubt due in part to the fact that there was a greater quantity of goods which could be purchased by the soldier for his use and the prices for such goods were reasonable. The soldier accordingly spent his money and did not engage in extensive barter transactions. With the invasion of northwest Europe a quite different situation was presented. There was a great scarcity of consumer goods, a great abundance of local currency in the hands of the civilian population and a great demand for goods which the soldiers could obtain from Army sources. Even so, it was not until troops had obtained a more or less static position following VE-day that the accumulations of excess holdings of foreign currencies took on serious proportions. When it started, however, it snowballed. Troops with large accumulations of pay earned during periods of heavy fighting for the first time had a real opportunity to spend their money. Then they found in the occupied areas particularly that they were unable to obtain desirable goods for their money. Thus in many cases resort was had to barter transactions with the soldiers obtaining foreign currencies instead of goods which currencies were converted to dollars and remitted home or put in the form of savings or war bonds.

As long as foreign currency was converted into dollars the only truly effective control had to be based on control over the individual's transactions in foreign currencies. With the large numbers of personnel engaged in these operations (over 3,500,000 in European and the Mediterranean theaters) it was not administratively feasible to effect precise administrative controls over individuals. Accordingly, at the outset the controls were of a quantitative nature and they became successfully more refined and more stringent in respect of the individual as rapidly as the military situation and the personnel available to administer such controls permitted.

The controls exercised through the early redeployment period were of this nature: each remittance made by, or conversion made for, military personnel was scrutinized by unit commanders or unit personnel officers. Unusually large amounts were investigated prior to allowing them to be converted into United States dollar instruments. Many such conversions were denied, and in certain cases the individuals were prosecuted where there was evidence that the currency had been obtained in black-market transactions or illegally.

REDEPLOYMENT AND DEMOBILIZATION

During fiscal year 1946 in the European and Mediterranean theaters, and from August 15, 1945, to June 30, 1946, the Pacific theater, the Army and Navy passed through the redeployment and demobilization phase of World War II. At the termination of hostilities in Europe, troop redeployment began from the European and Mediterranean theaters to the Pacific. Some was direct and some was by staging through the United States. Later, troops were returned to the United States from all over the world. Currency wise, this involved redemption of foreign currencies held by our soldiers in one area for dollars or dollar instruments or exchange into foreign currencies of another country or area. Millions of dollars' worth of foreign currencies were so converted, with the result that large quantities of foreign currencies were accumulated by the Army from its personnel as well as other authorized civilians and attached Allied military personnel, and from other sources. There were as many as 300,000 authorized personnel disbursements to whom were not reflected in Army accounts nor under Army control but for whom the Army acted as the banker in the field and for whom the Army provided PX, Quartermaster commissary sales, and other similar services. This factor alone accounted for a very substantial accumulation of foreign currencies.

"Authorized" personnel leaving the theaters presented for reconversion all of the foreign currency held by them at that time. The amounts presented for exchange represented in many instances, accumulations of many months' pay and allowances. On a quantitative basis, large amounts were to be expected, due to the fact that soldiers leaving the theaters were turning in their holdings prior to their return to the United States. No means existed of distinguishing currency properly acquired from that illegally acquired.

When the unusually large accumulations were noted, the European theater commander effected a more stringent control than he had previously placed in effect. The new revised controls applied to all Army and Navy personnel and to all civilian personnel in and under the military establishment. These controls prohibited any individual from transmitting funds to any point outside the theater in a single calendar month in any amount equal to or amounts aggregating a sum in excess of the sender's unencumbered pay plus 10 percent.

Such controls added to the already overburdened administration of units overseas, and were effected only after full deliberation and consideration by the authorities. However, the rapid and full-scale redeployment gave ample opportunity for clerical mistakes, negligence and willful fraud. Inexperienced fiscal replacements from the United States were not equipped readily to search for and detect loopholes in the existing currency exchange controls.

THE CURRENCY EXCHANGE CONTROL BOOK

The European theater commanders continued strenuous study on the problem and in November 1945 placed Currency Exchange Control Books into effect in the European theater. A similar procedure was effected in February 1946 in the Mediterranean areas. The pay and allowances drawn by individuals overseas were recorded in this book.

As foreign currency was used, deductions were made in the book. The principle applied in this type of control limited the amount of foreign currency any one person could convert into dollars to the amount he had originally received as pay and allowances from the Army. Although not perfect, this method served to reduce the accumulation of currencies.

THE MILITARY PAYMENT CERTIFICATE

As a final control measure, the military payment certificate was introduced in Japan in July 1946. It was instituted in September of 1946 in Europe, the delay there being occasioned by the time it took to print the necessary currency. The military payment certificate is a medium, denominated in dollars, for use within the military establishment only. Its introduction was preceded by intensive study on the part of all four departments, since the concept was entirely new. With such adoption, the armed services no longer permit the conversion of foreign currencies by their disbursing officers and no further acquisitions of foreign currencies are made.

OUR POSITION MADE

As a result of these financial operations in some 75 different foreign currencies throughout the world, the Army and Navy found themselves, following the combat and redeployment phases of World War II, with the long positions in foreign currencies which I have mentioned. Through financial settlements already completed, or presently in the process of completion with certain of the liberated countries involved, the United States armed forces have been reimbursed for the full dollar equivalent of their foreign currencies held in our official accounts. In the case of Germany and Japan, where there is no government which can reimburse us for the currencies we hold, we are disposing of the currencies through normal legal expenditures by official and quasi-official American agencies, and through the normal expenditures of American individuals presently in these countries. The present calculation by the War and Navy Departments, although at this stage an estimate, is that we will have disposed of our holdings of German marks and Japanese yen, which show a total debit balance of approximately $160,000,000 by the end of 1948.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that in revising and extending my remarks I may include another letter written by Mr. Binford on the same subject.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

AMENDING VETERANS' PREFERENCE ACT OF 1944

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 231 and ask for its immediate consideration.

The Clerk read the resolution, 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. 1389) to amend the Veterans' Preference Act of 1944. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same 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.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH] and yield myself such time as I may require.

Mr. Speaker, this is a general rule, merely providing consideration of, and 1 hour of general debate on H. R. 1389, a bill to amend the Veterans' Preference Act of 1944. Section 2 of that act provides preference in Government employment for persons who served on active duty in any branch of the armed forces of the United States—for which a campaign badge has been authorized. This wording leaves some question as to whether the Coast Guard reservists are eligible for preference under the law.

There are some 70,000 of these temporary Coast Guard reservists who performed wonderful service to our country during the recent war. As was pointed out by the Post Office and Civil Service Committee when reporting this bill, the country owes a debt of gratitude to these men, but they are not to be classed as ex-servicemen, who were actually uprooted from their civilian occupations and subjected to the rigors of full-time military training and combat. It is to the latter group that Congress intended to provide employment preference in the Government service.

This bill defines the term "active duty" as "meaning active full-time paid duty."

Temporary Coast Guard Reservists were volunteers who served several hours 1 or 2 nights a week. Therefore, they would not be eligible for veterans' preference under the definition of "active duty" in this bill.

Mr. Speaker, I am for this rule. I do not believe there is any question at all that it is in order to give the men who actively served in the armed forces of the United States this preference to which they are so justly entitled.

Mr. SABATH. Mr. Speaker, I feel that this rule makes in order a bill amending the Veterans' Preference Act which is fair and just. It is approved and recommended by the Judge Advocate General of the Navy and the Civil Service Commission. Consequently, I have no opposition to it, nor do I wish to take up any time against the rule. I think the rule should be adopted and the bill passed.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. REES. 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. 1389) to amend the Veterans' Preference Act of 1944.

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. 1389, with Mr. KEEFE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. REES. Mr. Chairman, this bill, H. R. 1389, provides for an amendment to section 2 of the Veterans' Preference Act of 1944 by adding a proviso at the end thereof which the committee believes clarifies congressional intent regarding those ex-servicemen who are entitled to veterans' preference. The objective of the bill is to define the words "active duty in any branch of the armed forces of the United States" by providing that active duty shall mean active full-time duty with military pay and allowances in any branch of the armed forces during any way or in any campaign or in any expedition for which a campaign badge has been authorized.

The bill is recommended by unanimous agreement of the House Committee on Post Office and Civil Service and supported by the Civil Service Commission and by the American Legion, the Veterans of Foreign Wars, Disabled American Veterans, American Veterans of World War II, and American Veterans Committee. It also has the support of a number of other organizations.

The Navy Department and War Department representatives submitted reports favoring the enactment of this bill. Opposition to the bill was expressed by the Coast Guard League, an organization composed largely of former members of the Temporary Coast Guard Reserve. This group pointed out that the bill would exclude temporary Coast Guard reservists from the benefits of veterans' preference.

The committee is fully aware of the courageous and patriotic services rendered by the members of the Temporary Coast Guard Reserve, which worked in addition to the regular civilian duties of such Reservists. The committee did not feel, however, that it was the intention of Congress to include Temporary Coast Guard Reservists under the provisions of the Veterans' Preference Act, because they did not serve in the armed forces on a full-time active-duty basis with military pay and allowances. These men were employed by the Government and did render certain services of importance during their employment in Government service. There is no question about their having performed a very worthwhile service. There are about 70,000 in the group. Some rendered more service than others, but it should be understood that they are all very fine, patriotic men. However, the question is whether or not Congress in the Veterans' Preference Act intended that this preference should go to any other group except those included in the definition above described. I am informed there are a comparatively few of these men who did wear uniforms.

Under a decision rendered by a Federal court, which, I am informed, was not unanimous, the court decided in favor of a group of these men who appealed from a decision of the Civil Service Commission. The court having determined that under the language of the act it was believed that the particular Temporary Reservists who appealed were entitled to such consideration.

As I stated a moment ago, the services rendered by these men is appreciated. If, however, they are to be included, then

additional groups should likewise be entitled to similar consideration. There are many others who did render valiant service during the war, such as ambulance drivers, Red Cross workers, and a good many others, who are really entitled to a lot of credit and consideration.

Mr. HAND. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield.

Mr. HAND. I believe none of us have any objection to this bill. I do not think the majority of the Coast Guard Reservists have any objection, but I want the gentleman's assurance, if I may have it, that this bill would not prevent a proper recognition by the Congress of the fact that these men have served in the armed forces of the United States, which is a recognition they earnestly desire. A bill for that purpose is now pending before our Committee on Merchant Marine and Fisheries.

Mr. REES. I am sure of that. The only thing that we are dealing with here is veterans' preference.

Mr. HAND. That is veterans' preference under the act of 1944.

Mr. REES. That is correct. I agree with the gentleman that they did render valiant service and are entitled to much consideration for so doing.

Mr. HAND. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. REES] has expired.

Mr. REES. Mr. Chairman, I yield myself two additional minutes.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from California.

Mr. McDONOUGH. Did the committee consider the position of the Filipino soldiers who served in the United States Army, who gave valiant service in the Philippine Islands, which have since been declared an independent nation? In what position would that leave them? Would they be denied consideration under the adoption of this legislation?

Mr. REES. This legislation does not affect that group at all.

Mr. Chairman, if there are no further questions, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back 1 minute.

Mr. ANDERSON of California. Mr. Chairman, it is apparent to me that there is considerable confusion and misunderstanding concerning the military status of former temporary members of the Coast Guard Reserve who served on active military duty, protecting our harbors and shores from submarine attack and preventing sabotage of our docks and shore installations. I want to give a brief history of this component of the armed forces, so that the issue on veterans' preference which is before the House today may be voted upon with full knowledge of the facts. In 1941, the Congress enacted the Coast Guard Auxiliary and Reserve Act which authorized the Temporary Coast Guard Reserve as a military component of the armed forces. This act also provided for the Coast Guard Auxiliary, a civilian organization in contrast to the Temporary Reserve which is a military component. Admiral Waesche, Commandant of the Coast Guard, testified before the Merchant Marine and Fisheries Committee on January 28, 1941, that "the members who are brought in as temporary Reservists, who are also military in every respect, will be brought into the military service for duty in a particular locality." This act provided that temporary members of the Reserve could be enrolled for full-time or part-time intermittent duty, with or without pay.

Operating as a part of the Navy during the war, the Temporary Reserve in the Coast Guard was activated by the Commandant of the Coast Guard with the approval of the Secretary of the Navy and the Secretary of the Treasury. These Reservists volunteered to serve a minimum of 12 hours per week, and were subject to full-time active duty at the discretion of the Commandant. Some served 2 and 3 years full time active duty. All volunteered for the duration. They agreed to serve without pay, and consequently were not subject to transfer without their consent. These men were given physical examinations by the United States Public Health Service. They were trained and had to pass qualifying examinations before they were taken into the service.

As authorized by Congress, the Temporary Reserve of the Coast Guard was recognized as a component of the armed forces. On April 4, 1944, in Circular Letter 4145, the Civil Service Commission held such honorably separated Reservists as eligible for veterans' preference. On April 11, 1944, the Judge Advocate General of the Navy, in an opinion approved by Secretary Knox, stated that these Reservists were undoubtedly members of the armed forces. On July 15, 1944, the Secretary of the Navy held that members of the Coast Guard Reserve—temporary—are members of the armed forces of the United States within the meaning of the servicemen's voting law. Under date of February 7, 1944, the Acting Secretary of the Navy ruled that members of this Reserve component are considered to be members of a naval or military organization eligible for expeditious naturalization under the Nationality Act of 1940. What greater gift has this country to offer? In June 1944 the United States District Court of the Eastern District of Pennsylvania in the case of *Brown* v. *Cain* (56 F. Supp. 56) held that a temporary member of the Coast Guard Reserve was amenable only to a naval court martial for an alleged homicide which took place during a tour of duty, on the ground that he was a member of the armed forces of the United States. These Reservists were held to have served on active duty in the armed forces of the United States in the present war and entitled to the World War II Victory Medal authorized by act of Congress July 6, 1945.

Officers in this Reserve component took the identical oath administered to regular members of the Coast Guard. The oath of the enlisted men was likewise a regular military oath. It read as follows:

> I do solemnly swear that I will bear true faith and allegiance to the United States of America and that I will serve them honestly against all their enemies whomsoever; and that I will obey the orders of the President of the United States and the orders of officers appointed over me according to the laws and regulations for the government of the United States Coast Guard.

This oath bound them to serve for the duration of the war.

Those men taking this oath were required to perform the same duty as any other member of the Coast Guard, subject to the full penalties of court martial. They could be, and were, ordered to duty to shoot and be shot at. They performed the same duty, underwent the same hazards and were subject to the same military command as other members of the Coast Guard with whom they served. It is not conceivable that an officer of this Reserve component would not be on military duty when his entire crew under him, as was often the case, was composed of regular members of the Coast Guard who were on active military duty. Many of these men were injured in the course of their military duties, and more than 100 of them lost their lives. These Reservists are distinguishable from civilian groups who performed hazardous duty during the war. They took a full military oath and were subject to full military discipline and could be ordered by military command to undertake any assignment regardless of hazard.

There can be no question that they served in the armed forces on active duty in World War II. Under existing law, any serviceman who served on active duty in the armed forces during any war, and was honorably separated is entitled to veterans' preference. Preference is granted even though that service may have been for so short a time as 1 day. The bill before the House proposes a new definition for the term "active duty." Temporary members of the Coast Guard Reserve served far beyond the minimum time required under the present law. This amendment will take away from one group of servicemen benefits which are granted to other servicemen who may have actually given less service to their country. In addition, the proposed amendment can be interpreted to deny preference rights to numerous other groups of veterans. At the very least, temporary members of the Coast Guard Reserve were limited-service veterans. Where other veterans were in limited service category by reason of physical limitations, temporary members of this Reserve component were limited as to the place of their duty in conformity with act of Congress and prescription of the Commandant of the Coast Guard.

I do not believe that we should adopt language of the nature proposed in this amendment which carries the threat to many thousands of ex-servicemen merely to reach about 2,000 former Coast Guard Reservists out of the 70,000 men and women who were temporary members in the Coast Guard Reserve. Two

thousand is probably the maximum number that will ever be interested in Government employment because a large percentage of the remainder are World War I veterans already entitled to preference, and business and professional men who are established in their own private enterprises.

Mr. ELLSWORTH. Mr. Chairman, this bill is probably without precedent in the history of veterans' legislation. It proposes to take away from one group of veterans of the armed forces of World War II a benefit they are now entitled to under the law, a benefit promised to them prior to their voluntary service in the armed forces, and a benefit which vested in them by reason of their active-duty military service during World War II. It proposes to deprive the widows of those men who died in line of duty of their veterans' preference rights. It discards the equity of a long-established rule for veterans' preference and proposes to substitute for it a new rule or standard which is subject to numerous interpretations which may spell grief to hundreds of thousands of veterans who now feel secure in their veterans' preferance rights.

This bill, H. R. 1389, is directed at those who served as temporary members of the United States Coast Guard Reserve, who guarded our harbors and docks, did antisubmarine patrol off our shores, and protected important military and industrial installations along the shores of our rivers and bays.

In 1941, Congress enacted the Coast Guard Reserve and Auxiliary Act. This act specifically authorized this Reserve component as a part of our armed forces. The members of this Reserve bore arms, were subject to all the laws, regulations, and military discipline of the Coast Guard. They volunteered for duty for the duration of the war, served part-time or full-time duty at the discretion of military command. They performed the same duties, and took the same oath as the other members of the regular Coast Guard with whom they served. Having faithfully performed the active military duty required of them, they were, only after VJ-day, honorably separated from the service the same as any other member of the armed forces of the United States.

The Civil Service Commission issued orders granting veterans' preference to honorably separated members of the Reserve component before the Veterans' Preference Act of 1944 was passed. The Commission issued similar orders after the act was passed. But wholly in error and without foundation in law, the Commission later denied preference to these veterans. The United States District Court and the United States Court of Appeals for the District of Columbia have both so held in decisions handed down.

The Civil Service Commission is now coming to Congress and requesting legislation to perpetuate their error by the enactment of this amendment. This is their bill, H. R. 1389. They plead that it was not the intent of Congress that the members of this Reserve component of the Coast Guard be entitled to preference. The present law states that anyone who served on active duty in any branch of the armed forces in any war or in any campaign and has been honorably separated therefrom is entitled to veterans' preference. Hon. Joe Starnes, author of the bill enacted as the Veterans' Preference Act of 1944, in testifying before the Senate Civil Service Committee stated the purpose and intent of the act clearly. Concerning preference he said:

> It is a reward to a man for patriotic duties well performed; it encourages our young men and women to serve their country in an hour of need; and it makes them feel, when they have given their all or offered to give their all in defense of this country and its institutions, that a grateful country will recognize their sacrifice and service when peace comes by giving them preference for service in various capacities with their Government.

It was the intent of Congress that everyone who took the oath placing himself under military command, regardless of where he served, or what kind of duty performed, be entitled to preference on being honorably separated from the service. This act gives preference to the widows of men who lost their lives directly or indirectly in the performance of their military duties.

It is difficult to see how the Civil Service Commission can question the plain meaning of the law or raise the question of intent of Congress. The law was designed to cover every man in the armed forces. Is the Commission in doubt that Congress meant that all widows should be treated alike? Certainly Congress did not intend to provide veterans' preference to the widows of some men killed on active duty and not provide preference for the widows of other men who gave their lives on active duty. What difference whether the widow be one whose husband served as a temporary member of the Coast Guard Reserve or in any other branch of the armed forces? The husband is just as dead in each case. Each lost his life in carrying out orders of a military command. The widow is faced with the same problems in each case. Where is there any basis for distinction? Does it matter whether the husband lost his life on his first day of active duty or at the end of the fifth year? Does it matter whether he served without pay, received a private's pay, or a colonel's pay? The loss is the same and every widow stands equally in her loss. Yet this amendment proposes that one widow may still have preference but another widow may not. Is the Civil Service Commission trying to suggest to Congress that it intended to enact such an unreasonable and unfair law? That is what this amendment they have brought up here for your approval will do. This is a question of American justice and moral conscience. If you believe that Congress intended that the widows of all veterans are to be treated the same because of their loss and hardship, then there should not be a single vote in this House for this amendment.

That is not all that this amendment will do. It will bring the preference rights of hundreds of thousands of other servicemen into jeopardy. In view of the erroneous interpretation placed by the Commission on the present law, it is difficult to imagine what may happen to veterans' preference rights under the proposed amendment. This new definition requires the performance of active full-time duty with military pay and allowances. Consider for a moment how this can be interpreted. Were those men who were released from service to return to our factories and farms as essential workers on full-time active duty? What of those men who were honorably separated on their own request for hardship reasons? What about those men who were in limited-duty status? They were not physically able to perform full general military duty. Do they qualify under the definition? Then there are those men who were a. w. o. l. for a few hours or days. Were they on full-time duty? They were hardly on full-time active duty when they were in violation of orders. Many servicemen were under disciplinary action and held in the brig or guardhouse but later honorably discharged. It is difficult to see how the Commission could fail to rule these veterans out of their preference rights. When a serviceman is in prison he can hardly be on full-time active duty. And this same man may fail to meet the test in another respect—that of military pay. He may have had his pay denied to him while being disciplined. The Commission can disqualify him on that ground if it chooses. Thus a soldier who may have been in the guardhouse for a minor infraction and later served 5 years, with decorations and citations awarded, could be denied preference while another soldier who served but a single day would be eligible for preference. Does this represent fairness and equity to two honorably separated veterans? Yet that is what the Civil Service Commission is asking Congress to approve.

Look at the amendment again. It requires military pay. Most of the members of this Coast Guard component excluded by this amendment served without military pay. Are we to use the language of this amendment and say to all patriotic Americans, "You must be paid before you can serve your country in time of war"? A majority of these temporary members of the Coast Guard Reserve were businessmen, lawyers, doctors, and professional men prominent in their communities. Many were servicemen of other wars. This amendment says in effect that their service is less honorable and not worthy of the recognition given the man who was paid. These men were all volunteers. They were honorable citizens. Communist veterans who received military pay will still be eligible for preference, but under this amendment, loyal Americans and Reservists would not be eligible. What strange devices and reasoning will we have to resort to under this amendment to determine eligibility? This bill can undermine the whole structure of veterans' preference. The amendment is a quibbling subterfuge for justice. It is not conceived in good conscience. This

amendment is a Pandora's box of confusion which will plague the Congress, the Civil Service Commission and the veteran. I do not believe that it represents any concept of fairness and justice of this Congress or the intent of any previous Congress.

The present law is clear, simple, and equitable. It stands on a basic principle which is tested by time. It is a principle that veterans organizations have supported vigorously for years. This amendment solves no problem but will multiply them. It should be dedefeated.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. LYLE].

Mr. LYLE. Mr. Chairman, I need not take 5 minutes unless there is some controversy or some questions to be asked.

The committee felt it was absolutely necessary to bring in this bill. It is no reflection upon the valuable service of these gentlemen who served in temporary capacities. However, they were never separated from their civilian jobs and consequently were not, in our judgment, entitled to veterans' preference, as the Congress originally intended. We felt it was necessary to bring this bill before you, and it is here for your consideration.

Unless there are some questions, I yield back the remainder of my time, Mr. Chairman.

The CHAIRMAN. The gentleman yields back 4 minutes.

Mr. MURRAY of Tennessee. Mr. Chairman, I have no further requests for time.

Mr. REES. 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 section 2 of the Veterans' Preference Act of 1944, approved June 27, 1944, is hereby amended by striking out the period at the end of such section and inserting a colon and the following language: "*Provided*, That 'active duty in any branch of the armed forces of the United States' shall mean active full time paid duty in any branch of the armed forces during any war or in any campaign or expedition (for which a campaign badge has been authorized) and have been separated therefrom under honorable conditions."

With the following committee amendment:

Strike out all after the enacting clause and insert "That section 2 of the Veterans' Preference Act of 1944, approved June 27, 1944, is hereby amended by striking out the period at the end of such section and inserting a colon and the following language: '*Provided*, That when used in this section the term "active duty in any branch of the armed forces of the United States" shall mean active full-time duty with military pay and allowances in any branch of the armed forces during any war or in any campaign or expedition (for which a campaign badge has been authorized).' "

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KEEFE, 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. 1389) to amend the Veterans' Preference Act of 1944, pursuant to House Resolution 231, he reported the same back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the committee amendment.

The amendment was 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.

EXTENSION OF REMARKS

Mr. ROONEY asked and was given permission to extend his remarks in the RECORD in two instances, in one to include two editorials from the Brooklyn Eagle and in the other an analysis of the Taft-Hartley bill by the minority leader of the New York State Assembly.

Mr. RANKIN asked and was given permission to extend his remarks in the RECORD and include an editorial from the Commercial Appeal of Memphis, Tenn., on the so-called Southern Conference on Human Welfare.

Mr. SABATH asked and was given permission to revise and extend his remarks and include two newspaper articles.

Mr. NORBLAD asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

RULE MAKING IN ORDER CONSIDERATION OF H. R. 966

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 243, providing for the consideration of the bill H. R. 966, and ask for its immediate consideration.

The Clerk read the resolution, 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. 966) to amend section 14 of the Veterans' Preference Act of June 27, 1944 (58 Stat. 387). That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. Speaker, I yield myself such time as I may use.

The SPEAKER. The gentleman from Illinois is recognized.

Mr. ALLEN of Illinois. Mr. Speaker, this rule merely provides for the immediate consideration of H. R. 966, to amend the Veterans' Preference Act of June 27, 1944. In passing this Act, it was the intent of Congress to guarantee certain employment and retention preference for veterans on the Federal pay roll. It has recently been brought to the attention of Congress, however, that certain executive departments have interpreted the law to suit their convenience, and have thereby deprived veterans of some of the employment safeguards provided in the act.

The preference law provides that a veteran who is discharged, furloughed, or reduced in grade or salary, may appeal the action to the Civil Service Commission. After investigation and consideration of the evidence, the Civil Service Commission is required to submit its findings and recommendations to the proper administrative officer in the agency employing the veteran. Now it was the intent of Congress in establishing this procedure, that the agency would abide by the recommendations of the Civil Service Commission. Certain of the executive agencies have, in some cases, chosen to ignore the recommendations of the Civil Service Commission, however. This bill protects veterans from arbitrary administrative decisions by making the recommendations of the Civil Service Commission binding on the executive departments and agencies.

Mr. Speaker, this is an open rule. I do not believe there is any question but that honorably discharged veterans should have this preference in the matter of governmental employment.

Mr. SABATH. Mr. Speaker, again I favor the adoption of a rule. I am in favor of legislation that will aid veterans.

This bill has been approved by the committee and it was recommended by the President, by veterans' organizations, and by the Civil Service Commission.

This is the second bill in aid of veterans. This morning we had before the Committee on Rules two veterans' bills which will cost the Government $50,000,000 to $60,000,000. Action has been temporarily postponed because we felt that some provisions in both these bills should be corrected before the bills come before the House, though I am in favor of giving every aid possible to our deserving veterans.

I am informed that there are pending veterans' bills which would cost a total of fifty to sixty billion dollars. Perhaps some of the bills have merit notwithstanding the tremendous burden upon the Government due to the First and Second World Wars. However, instead of trying to bring about an adjustment of differences to preclude another war, we hear nearly every day reckless statements on the floor and by commentators who are trying to create more trouble and who would force us into another war. The aim of the Members of this House and the aim of the people of the country should be to eliminate all reckless and provocative charges and accusations that might tend to force us into war. We should attempt to bring about a lasting peace that the world needs and the people of this country demand. Consequently, I hope that instead of making these charges here, many of which, of course, are unjustified

and unwarranted and not based on fact, we will desist and try to devote ourselves to bringing about harmony and an adjustment of all differences, so that we may have that just and permanent peace for which the whole world is seeking and praying and looking, to which the people are entitled, and which I hope and have every reason to believe can be brought about by following the wise counsel of Secretary Marshall and General Eisenhower and other national leaders who realize that all differences can be adjusted.

Mr. Speaker, having no opposition to this rule, and in fact favoring its adoption, I shall use no more time.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

AMENDMENT TO SECTION 14 OF THE VETERANS' PREFERENCE ACT OF JUNE 27, 1944 (58 STAT. 387)

Mr. REES. 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. 966) to amend section 14 of the Veterans' Preference Act of June 27, 1944—Fifty-eighth Statutes, page 387.

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. 966, with Mr. BARRETT in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. REES. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this is another measure to amend section 14 of the Veterans' Preference Act of 1944 and it has the unanimous approval of the Committee on the Post Office and Civil Service, the approval of the Civil Service Commission, and the approval of the veterans' organizations, the VFW, the American Legion, and the Disabled War Veterans. The bill was on the Consent Calendar but because of some little objection on the part of someone it was necessary to get a rule to bring it to the floor of the House for consideration and vote.

The bill provides, in substance, that where a veteran employed in Civil Service has been downgraded, dismissed, or otherwise in his judgment has not been treated fairly under the Veterans' Preference Act, and has appealed to the Civil Service Commission, which he has the right to do, and if the Civil Service Commission sustains the employee in his contention and believes he should be returned to his position wherever he was working in the Government, that the employing agency is required to take him back into the service in the position that he held before he was discharged, downgraded, or otherwise unfairly dealt with as provided under the Veterans' Preference Act, and sustained by the Civil Service Commission.

Under this bill it shall be mandatory for administrative officers in executive agencies of the Government to take such corrective action as the Commission finally recommends after an appeal is taken by a preference eligible from a decision of a department or agency, to discharge, suspend for more than 30 days, furlough without pay, or reduce in rank or compensation any such preference eligible.

Mr. BUCK. Will the gentleman yield?

Mr. REES. I yield to the distinguished gentleman from New York.

Mr. BUCK. I am entirely in favor of this bill. I would like to ask the chairman of the committee if the committee has any plans for giving similar rights to nonveterans in the civil service who may be subjected to unjustifiable dismissals or downgrading?

Mr. REES. I will say to the gentleman that the committee presently has under consideration legislation dealing with that particular group. It has the problem under consideration, and it is a serious and an important one. But, it is one that is not dealt with in this particular legislation. This bill has to do with veterans only. I am in sympathy with what the gentleman has to say, and I think that in too many cases there has been, on the part of some agencies, a failure to follow the law and the rules and regulations thereunder with respect to downgrading of those employees in civil service. In far too many cases career employees are not receiving the consideration to which they are entitled. I hope to have something to say on that subject in the near future.

Mr. BUCK. I understand then that the committee has that problem under consideration.

Mr. REES. Yes. And let me say I appreciate the deep interest the gentleman from New York has taken on this problem.

This measure deals only with veterans and amends the Veterans' Preference Act. Let me assure the gentleman from New York the committee is mindful of the problem to which he directs our attention.

Mr. Chairman, I yield to the distinguished gentlewoman from New York [Mrs. ST. GEORGE], a member of our committee, such time as she may desire.

Mrs. ST. GEORGE. Mr. Chairman, this legislation is merely a clarification and a correction. It is doing justice to our ex-servicemen, which is something that we all want to do. It is going to make the task of the administrative officers in the executive departments easier because it clearly sets forth and enacts into law the President's thought in his letter of August 23, 1945, to the heads of the executive departments when he said: "It is my desire that the heads of all departments and agencies arrange to put into effect as promptly as possible the recommendations which the Civil Service Commission makes under section 14 of the Veterans' Preference Act of 1944." This legislation will strengthen the hands of the department heads so that they can make the Veterans' Preference Act work according to the original intention of the act. And it also gives the veteran a chance to appeal and submit evidence to the Civil Service Commission. In other words, it helps to make the Veterans' Preference Act a living and strong reality and not merely some high-sounding words without authority. It will greatly help the agencies and departments, who we know will welcome this amendment to the act of 1944.

Mr. Chairman, I am happy to know that another sound piece of veterans' legislation is going to pass this House unanimously today.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. LYLE].

Mr. LYLE. Mr. Chairman, apparently there is no objection to this bill. It gives the power to the Civil Service Commission to enforce its rulings regarding veterans. I feel that it is very necessary legislation, and I am sure the committee will favor it by its adoption.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. LYLE. I yield to the gentleman from Rhode Island.

Mr. FORAND. This, in other words, is a bill that would make it compulsory for the departments to reinstate an employee if the Civil Service Commission says that his rights have been violated.

Mr. LYLE. That is correct. The House originally gave the Civil Service Commission jurisdiction to review these matters but it failed to give them the power to enforce their rules and regulations. This gives them power.

Mr FORAND. And the result is that many who feel they have been treated unjustifiably, although the Civil Service Commission has said they were entitled to reinstatement, have never been reinstated.

Mr. LYLE. That is correct, in a few cases.

Mr. MURRAY of Tennessee. Mr. Chairman, I have no further requests for time on this side.

Mr. REES. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. TWYMAN].

Mr. TWYMAN. Mr. Chairman, there can be no opposition to this bill. It is perfectly clear that when the Veterans' Preference Act was written there was an imperfection which this bill intends to correct. There is no reflection whatsoever upon any Government agency in proposing this measure. The committee learned of many instances where, through lack of information about the purpose of the act, arbitrary decisions were made which worked to the disadvantage of veterans. This simply provides another step for the veteran to take in order to clarify his right under the Veterans' Preference Act. We expect, of course, that there will be no opposition on the part of the House.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the first proviso of section 14 of the Veterans' Preference Act of 1944 (58 Stat. 387) is hereby amended to read as follows: "*Provided*, That such preference eligibles shall have the right to make a personal appearance, or an appearance through a designated representative, in accordance with such reasonable rules and regulations as may be issued by the Civil Service Commission; after investigation and consideration of the evidence submitted, the Civil Service Commission shall submit its findings and recommendations to the proper

administrative officer and send copies of the same to the appellant or to his designated representative, and it shall be mandatory for such administrative officer to take such corrective action as the Commission finally recommends."

With the following committee amendments:

Page 1, line 5, after "preference", strike out "eligibles" and insert "eligible."

Page 2, line 2, after "and", insert "shall."

The committee amendments were agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BARRETT, 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. 966) to amend section 14 of the Veterans' Preference Act of June 27, 1944 (58 Stat. 387), pursuant to House Resolution 243, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

MODIFICATION OF RAILROAD FINANCIAL STRUCTURES

Mr. BROWN of Ohio. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 246 and ask for its immediate consideration.

The Clerk read the resolution, 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 on the Whole House on the State of the Union for the consideration of the bill (H. R. 2298) to amend the Interstate Commerce Act, as amended, 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 Interstate and Foreign Commerce, 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 it shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BROWN of Ohio. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH], and now yield myself such time as I may use. Mr. Speaker, House Resolution 243 makes in order House Resolution 2298 from the Committee on Interstate and Foreign Commerce. The rule under this resolution as granted by the committee does waive points of order but it permits, of course any amendments to be considered under the 5-minute rule.

The bill concerns itself with railroad financial reorganizations and it permits or sets up a new procedure whereby railroads not in bankruptcy or receivership may under certain conditions with the approval—and I want to explain that—with the approval of the Interstate Commerce Commission, alter or modify their obligations, such as bonds, mortgages, indentures, and similar instruments, with the assent of the holders of 75 percent of such obligations.

However, before such permission can be granted, the Interstate Commerce Commission must make a finding which approves any such alteration or modification; and in that finding, ascertain and decide that the plan of reducing these obligations by it, is within the scope of the new section 20 (b); will be in the public interest; will be to the best interests of the carrier, of each class of its stockholders, and of the holders of each class of its obligations affected by such modification or alteration, and will not be adverse to the interests of any creditor of the carrier not affected by such modification or alteration.

What it does, in simple language, is to permit a railroad which is in financial difficulty to escape the necessity and the heavy expense of going through bankruptcy or receivership proceedings, and, instead, if 75 percent of the security holders affected first vote or agree, the railroad may then go to the Interstate Commerce Commission where a hearing shall be held, where evidence shall be submitted to substantiate the need for this reorganization or this reduction in obligation or whatever you want to call it and then the Interstate Commerce Commission must find that this is for the benefit of that particular class of stockholders, bondholders, or security holders, or indenture holders, or whatever they may be called. The finding must be that it is for the benefit of the whole 100 percent. In addition thereto, will also in no way endanger the rights of other holders of other classes of indentures or stocks or bonds of that railroad.

If I have made myself clear, this legislation is merely to simplify the reorganization of the financial structure of railroads which find themselves in difficulties. The reorganization must be found by the Interstate Commerce Commission to be for the benefit of and for the welfare of the indenture holders who own the particular type of stock or bonds or mortgages of the railroad. Of course, they cannot even come before the Interstate Commerce Commission unless 75 percent of those holding the indentures ask that it be taken before the Commission.

As I understand this legislation, and I am sure a careful study of it will convince you of the same idea, no indenture holder, no bondholder, or no stockholder that may be affected by this legislation will lose anything as a result of following this procedure. Instead, his interests will be protected, because, instead of spending most of the money that may be derived from the reorganization plan, wasting it in bankruptcy proceedings, and in long involved legal action in receiverships, the money will go to the stock and bondholders. This simple way can be followed with the consent of the Interstate Commerce Commission to equally adjust values so as to give a market value to their stock above that which it would have if they were in bankruptcy and receivership.

I believe the Committee on Interstate and Foreign Commerce has done splendid work in bringing this bill before the Congress. They understand it in detail, I am sure, much better than I, but I am hoping that this rule will be adopted promptly and the committee may have an opportunity to give you more complete information on the measure.

Mr. KEATING. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. KEATING. I understand from the gentleman that this bill does not apply to any railroad now in receivership or now undergoing reorganization?

Mr. BROWN of Ohio. That is correct. Mr. Speaker, I reserve the remainder of my time.

The SPEAKER. The gentleman from Illinois [Mr. SABATH] is recognized.

Mr. SABATH. Mr. Speaker, another rule is brought forth that permits legislation which is not in order, and consequently this rule waives points of order on many provisions that would otherwise be subject to a point of order.

If I could believe the gentleman from Ohio [Mr. BROWN] is correct, that it is for the interest of the stockholders and bondholders, who in good faith and upon the approval of the Interstate Commerce Commission have invested their savings, and it would be to their advantage and benefit, I naturally would support and ask that this rule be adopted.

I presume the rule will be adopted but I hope that when the Members are familiar with the provisions of this unfair bill they will at least adopt amendments to safeguard the rights and interests of the minority stock and bondholders. No one would object to eliminating the necessity of railroads going into bankruptcy or receivership. I will be the first to advocate legislation that will stop the outrageous proceedings and practices that have gone on for many, many years in this country on the part of the railroad manipulators. Later I will give you figures as to what some of these manipulators have done in fleecing bond and stockholders. This bill, if adopted, will permit 75 percent of the bond and stockholders, by petition, to ask the elimination of the interest of the other 25 percent of the stock and bondholders notwithstanding the provision in the mortgages which assures and guarantees the investors that the indentures and mortgages would not be changed in any way. This proposal gives these selfish interests the right to go before the Interstate Commerce Commission on the petition of 75 percent of the stock and bondholders and ask that the provision safeguarding the interests of the purchasers and investors be wiped out and that these manipulators have a free hand, and the right and the privilege to say to the 25 percent of the bondholders remaining: "You are out."

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. The gentleman, I believe, should also point out that even though the 75 percent of these bond and mortgage holders pursue this formal proceeding there still must be a hearing before the Interstate Commerce Commission, and that Commission must find that the rights of the 25 percent will in no way be injured but will be protected and enhanced by the action proposed. I am sure the gentleman from Illinois does not believe that the Interstate Commerce Commission will go around trying to gyp any stockholder or mortgage holder.

Mr. SABATH. I wish I could feel that way, but when I think of what the Interstate Commerce Commission did in the Chicago, Milwaukee, St. Paul, & Pacific and the Chicago & Northwestern Railroad cases, where they wiped out thousands of stockholders and even some bondholders, I am doubtful.

Mr. BROWN of Ohio. Is the gentleman sure that that was not the action of the courts rather than the action of the Commission?

Mr. SABATH. No; the Interstate Commerce Commission rules on it.

Mr. BROWN of Ohio. The courts also entered into it.

Mr. SABATH. And they wiped out most of the stock and bondholders in the interest of the insiders, notwithstanding the fact that the railroads just about that time started to make tremendous profits, had great surpluses, and were not justified in forcing that legislation.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. In the cases that the gentleman has mentioned, while the Interstate Commerce Commission may have had some connection with those cases in their inception, is it not a fact that the decisions in these cases to which the gentleman has referred were made by the United States courts?

Mr. SABATH. The only jurisdiction the courts had was to approve or disapprove the findings, that is all.

Mr. BROWN of Ohio. Then the Federal courts did find that the Interstate Commerce Commission acted promptly and I presume by that the gentleman is criticizing both the Interstate Commerce Commission and the Federal courts.

Mr. SABATH. Yes; I do, because I find that our judges in many instances have been unfair to many of the bondholders, stockholders and holders of securities not only of the railroad companies but of other corporations as well, running into the millions of dollars, yes, billions of dollars.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Pennsylvania.

Mr. WALTER. When the gentleman referred to the surpluses that these railroads now have, I am sure he overlooked the fact that the interest on the bonds has been in default in all of these reorganizations for as long as 11 years and that if the defaulted interest was paid there would be no surplus.

Mr. SABATH. There was no reason why most of these railroads should not have paid their interest, because they had the money in the Treasury, as you yourself stated. I admit there might be some of the smaller railroads that did not make so much money, that did not take advantage of the Government, that did not take advantage of the public that are not in this position; however, most of the roads could have and should have been in the position to pay back the interest. They had the money and they were not justified, to my way of thinking, in depriving these thousands upon thousands of stockholders and shareholders who originally were assured by the Interstate Commerce Commission that these bonds and stocks were all right, "We approve them; you go ahead and buy them, part with your money; of course they are all right;" while a few years later it said: "There is too much watered stock, we shall have to eliminate the stock and securities that are held by many American investors."

Mr. Speaker, to my mind this is manifestly unfair and unjustifiable legislation giving an advantage to 75 percent of holders, who are the insiders. Most of the railroad stocks and bonds are controlled by the 75 percent of the holders, by the insiders, the 25 percent being held by outsiders, the general public, the widows, orphans, the estates, the people who in good faith put their money in railroad bonds and railroad securities. They will be told now: "Oh, well, now, the railroads are not making so much money, so you must be wiped out so that we can take care of those boys who are managing and controlling the railroads, who have effected the bankruptcy of many of the railroads heretofore."

Mr. Speaker, I wish the Members had time to study the history of our railroads and the manipulations from the time of Gould, Hill, Huntington, Vanderbilt, Mellen, and Harriman on down, and see how many millions and millions of dollars the people were shamefully relieved of, the people who in good faith invested their money, in many cases their all, in these railroad securities.

From 1879 to 1906, inclusive, James J. Hill and his associates personally profited to the amount of $407,325,000 in manipulation of Great Northern, while that company's treasury received only $181,875,000.

Again, the manipulations of the New York, New Haven & Hartford Railroad by Charles S. Mellen, one of the great destroyers of property, and his cohorts is still fresh in the minds of many here today. Mellen not only monopolized all transport facilities in New England, but stepped out into the newspaper field to get a voice to further his nefarious schemes of plunder. His destruction of that once great railroad and his unconscionable impoverishment of many deserving investors, including widows and orphans, entitles this man to a high place in the Hall of Shame.

The history of nearly all railroad reorganizations has been the taking away of the investments of stockholders and bondholders chiefly by chicanery, bribery and fraud perpetrated by the head officials of the roads with the connivance of investment bankers.

The overissue of railroad securities is still a common practice and a study of the financial set-up of the railroads today will show that they are loaded to the guards with the common stock, preferred stock, debentures, first, second, and consolidated mortgages, notes, and refunding certificates and, when the time is ripe, there is a reorganization.

I wish time would permit me to touch on the reorganizations and activities of those who 50, 60, and 70 years ago manipulated the stocks of the Southern Pacific, the New Haven, and other roads. Before the Pacific Railroad Commission in 1887 it was disclosed that the Southern Pacific expended over a period of years the sum of over $5,000,000 at Washington for imparting information to Congress, to the departments, or for some purpose of that character.

Congress certainly seems to be getting a lot of information on railroads today. I hope it is of the kind that will help to safeguard the investments of those who have invested their all and the little stockholders.

Now, I feel that the bill should be amended and I hope that it will be amended so that the endangered minority may be properly safeguarded. If the minority should be safeguarded, I would be perfectly happy. I am wholeheartedly in favor of any program or policy that will preclude the placing of these railroads in bankruptcy or receivership, because I know that these great judges in whom the gentleman from Ohio has so much confidence have held these bankruptcies and receiverships within their grasps, appointing a lot of their stooges and friends as receivers, with long-term tenures, and they have been mulcting those railroads and public utility companies. I know some jurisdictions wherein some of these cases have been pending for 10 or 12 years without any justification. So, naturally, I would be in favor if we would eliminate the bankruptcy proceedings, and that is the reason I favor the bill that my colleague the gentleman from Illinois [Mr. REED] advocated in the last session and which I hope he will bring up again, that will protect the minority stockholders and bondholders, and not only a few.

Mr. MACKINNON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield for a question.

Mr. MACKINNON. Does the bill make the order of the Interstate Commerce Commission final or is an appeal allowed to the courts?

Mr. RABIN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York.

Mr. RABIN. There is no appeal allowed to the court at all except for technical defects, patent defects. The bill provides in one of the last sections that the power of the Interstate Commerce Commission is plenary and exclusive.

Mr. SABATH. The gentleman from New York is right. No real appeal to the courts is permissible and the action of the Interstate Commerce Commission

is final. Even if an appeal to the courts would be permitted, what chance has a stockholder or a bondholder or a few stockholders or bondholders owning from 5 to 100 shares, should they engage a lawyer in trying to cope with railroad lawyers or the attorneys of the Interstate Commerce Commission.

Mr. WOLVERTON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. WOLVERTON. In answer to the question as to whether the order made by the Interstate Commerce Commission is final in character without any opportunity of court review, I would say this: The order that is made by the Interstate Commerce Commission is subject to the same review in court as every other order that is made by the Interstate Commerce Commission; in other words, this bill being an amendment to the Interstate Commerce Act carries with it all of the review procedures that are provided in that act for all orders and actions by the Interstate Commerce Commission.

Mr. MACKINNON. Mr. Speaker, will the gentleman yield further?

Mr. SABATH. I yield.

Mr. MACKINNON. I wonder if the gentleman would elaborate on what review is allowed on existing orders of the Interstate Commerce Commission?

Mr. RABIN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York.

Mr. RABIN. In direct answer to that question I will read the testimony of one of the Commissioners of the Interstate Commerce Commission, Mr. Mahaffie. He said:

> I should think that the litigation, unless we did something arbitrary, or unless the application were filed in a way that the corporation was not legally authorized to file it, or some defect that is patent—

And so forth. Then he goes on to say:

> It would be subject to litigation under the Urgent Deficiencies Act for a defect in the legal steps we have taken.

That is in the event that the Commission's decision is arbitrary.

But it does not call for court approval as to the fairness of the plan at all.

Mr. SABATH. I agree with the gentleman. He explained it fully.

Mr. MILLER of Connecticut. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Connecticut.

Mr. MILLER of Connecticut. I think it should be emphasized that this bill does not apply to railroad stock but only to the bonds. The stockholders can only be benefited, and certainly cannot be harmed, because it applies only to bonds.

Mr. SABATH. It applies to any indebtedness.

Mr. MILLER of Connecticut. No. That should be made clear. This is not the Reed bill. This does not apply to stock.

Mr. SABATH. I will read the bill, and I leave it to the Chairman whether that does not apply also to stock. It applies not only to bonds, but all certificates of indebtedness.

Mr. WOLVERTON. The bill as drawn does not apply to stocks.

Mr. SABATH. I am glad to hear that it does not apply to stocks.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Pennsylvania.

Mr. WALTER. May I ask the chairman of the committee what the language on page 3, line 9, means, "evidences of indebtedness"? Is not that broad enough to include common stock?

Mr. WOLVERTON. I do not think common stock has ever been considered as evidence of indebtedness, not even preferred stock, for the reason that it is dependent upon the granting of dividends, so that a stock is never considered as an evidence of indebtedness.

Mr. SABATH. I am under the impression that when the final ruling is issued it will apply also to some issues of stock.

I do not want to detain the House much longer. All I wish to say is this: Notwithstanding the opinion of some lawyers of the Interstate and Foreign Commerce Commission and some of the highly paid railroad lawyers, I am of the opinion that this bill is unconstitutional, and I want to bring that home to you again and again. Please remember what I said, namely, that this bill is bound to be held unconstitutional if some few of the unfortunate minority bondholders are able to get together and hire a good lawyer who will be able to cope with the railroad lawyers and the Interstate and Foreign Commerce Commission lawyers and present their cause in a proper way.

I quote, in part, from section 20b (1) of the bill. It says:

> It shall be lawful notwithstanding any mortgage, indenture, and deed of trust * * * for the carrier to alter or modify any provision of any class of bonds, notes, debentures, or other evidences of indebtedness.

In other words, regardless of the provisions of the original mortgage or trust, the Interstate Commerce Commission is authorized to act.

But listen to this proviso in the bill. I quote from it in part:

> The provisions of this section shall not apply to any equipment-trust certificates, which naturally were issued for the purpose of obtaining their rolling stock.

Yes; the interests of these equipment suppliers, who generally cooperate with the railroads, are safeguarded, but no such safeguard is provided for the well-meaning people who invest their earnings in these securities.

In view of this partly quoting of provisions of the bill, I feel that the court will be obliged to hold this act unconstitutional, because in the bill you state that regardless of what agreement I have with the railroad in buying its stock, that agreement does not count; it is eliminated; that guaranty to which I gave full credit is abrogated, and the railroad can and will be able to do as it pleases, with the sanction and approval of the Interstate Commerce Commission, that has done such a regrettable job on the four or five hundred thousand stockholders of the Chicago, Milwaukee, St. Paul & Pacific and the Chicago & North Western, most of whom are in my section of the country.

Mr. WOLVERTON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. WOLVERTON. May I make this remark with reference to the statement made as to the constitutionality of the act? If I understood the gentleman correctly, he stated that he is of the opinion that railroad counsel and other lawyers have rendered opinions attacking the constitutionality of this proposal.

Mr. SABATH. No; I said that notwithstanding the opinion of the Interstate Commerce Commission attorneys and the railroad attorneys, who believe that it is constitutional, I am of the opinion, and other attorneys who are not directly interested are of the opinion, that it is not constitutional.

Mr. WOLVERTON. I have a great deal of respect for the gentleman's judgment on any matter to which he has given particular study, but in this particular matter may I say to the gentleman that the Committee on Interstate and Foreign Commerce had full hearings, and at no time either on this bill or on bills similar in character that have been introduced in the Senate on previous occasions has anyone doubted the constitutionality of this act. If the gentleman has an open mind upon it I shall be only too glad to supply him with cases that are so directly in point that, regardless of what his present opinion is, I am certain he will come to the same conclusion that other eminent counsel have, that there is no question about the constitutionality of this act.

Mr. SABATH. I feel that the able gentleman is sincere in believing that these lawyers are right, but I do know from past experience that, naturally, we always get from those that represent us an opinion which is favorable. That is the reason the lawyers give the Committee on Interstate and Foreign Commerce the opinion that they believe this will be held constitutional.

Mr. RABIN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. RABIN. The chairman is correct when he says in the 1 day of hearing, because there was only 1 day of hearing, that no witness expressed doubt as to the constitutionality of the act, but in the discussion and before the report I expressed serious doubts as to its constitutionality, particularly in view of the fact that the railroads are solvent, that there is no court proceeding, that the bill does not provide for court approval, and that there is no pay-off or appraisal of minority dissenters' holdings.

Mr. SABATH. This would make it lawful that any express provision contained in any mortgage, indenture, deed of trust, or other instrument, notwithstanding the approval of the court, be invalidated and they could rule that these stockholders and bondholders shall be wiped out, notwithstanding the very definite provision in the instrument of mortgage.

I wonder whether the gentleman would go out and buy a mortgage from anyone and pay for it and later on have the mortgagor say, "Well, now, you know that is in there, but it should be eliminated. The guaranty and the assurance that were given to you when you bought this mortgage should not apply." I think it is manifestly unfair, unjustified, and unwarranted.

I have a right to my opinion, but, admittedly, I am not a constitutional lawyer, if you please, anyway, I hope I have a little horse sense, and I know what is right and what is just. If the judges would rule according to what is right and equity, and not be misled by these railroad lawyers who are invariably men of great ability drawing from twenty-five to fifty thousand dollars a year as against the lawyer who is engaged by some of these deserving bondholders who perhaps receives a salary or makes three or four thousand dollars a year and cannot always cope with these great lawyers for these great corporations, that would be well. That is the reason I am always fearful that the rank and file of these cases, 25 percent of the people who have invested millions of dollars of their money in these companies, will be ruthlessly wiped out and deprived of their investments.

Mr. WOLVERTON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman.

Mr. WOLVERTON. Mr. Speaker, I appreciate the courtesy that the gentleman has extended in yielding to me as frequently as he has. I have requested the gentleman to yield at this time in order that I might answer the statement made by the gentleman from New York [Mr. RABIN] with respect to the right of an individual to have an appraisal of the value of his stock, and that, in the absence of that, the act would be unconstitutional. I am surprised that he is not familiar with the fact that this bill is similar in every respect to the McLaughlin Act which was chapter 15 in the Chandler Act. That act, with a provision in it similar to this, was declared constitutional, and there was no provision in it for an appraisal of stock of dissenters.

Mr. RABIN. Was not that a court procedure? This is not.

Mr. SABATH. I have my own opinion as to judge-made law. I have more confidence in the laws that we make in Congress, even if they are not at all times in exactly the right direction, and even if they are not always exactly fair and just, than in a lot of the laws that are made by judges' rulings and followed in some of the cases to which you have referred.

When I came to Congress in 1907 it was generally recognized that the railroads controlled the State legislatures, helped to elect governors and, yes, even helped to elect Senators and Members of Congress. Of course, in the last 40 years the oil, steel, power, and manufacturing interests have followed the pattern set by these railroad magnates and manipulators. In the last few years the railroads' lobbyists have again come forward, not wishing to be outdone by other lobbyists, and have the strongest lobby they could muster to further legislation favoring their interests or defeat legislation inimical to their interests. Two years ago they succeeded in forcing through the House the bill repealing the Land Grant Act which was enacted years ago in consideration of our Government giving the railroads millions of acres of the public domain upon which to build their rights-of-way. That act gave the Government reduced rates on its freight but now the Government pays the same rates as other shippers, but the railroads have got the land. Under the pending Bulwinkle bill they want exemption from operation of antitrust laws; and now they come in with this outrageous bill. Of course, some of my friends here think that the Interstate Commerce Commission will protect the 25-percent minority of stockholders, but in view of its past record in connection with the Chicago, Milwaukee, St. Paul & Pacific and the Chicago & North Western where, as I have stated, they ruthlessly wiped out thousands upon thousands of stock and security holders, it is impossible for me to retain my former confidence in the Commission.

I feel members of the Committee on Interstate and Foreign Commerce will have ample opportunity to explain the provisions of this bill later during the 2 hours that have been granted for general debate and then under the 5-minute rule. Consequently, I shall conclude my remarks with the request that I have the privilege of revising and extending my remarks and insert some of the profits that the insiders have made on the railroad in the last 50 years, who they were and how they robbed the American investors.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

EXTENSION OF REMARKS

Mr. COLMER asked and was given permission to extend his remarks in the RECORD and include an editorial.

MODIFICATION OF RAILROAD FINANCIAL STRUCTURES

Mr. BROWN of Ohio. Mr. Speaker, holding, as I do, a very high regard for the gentleman from Illinois, the dean of the House [Mr. SABATH], I am hopeful that he will carefully review his remarks of today before they are printed in the RECORD, because I seemed to sense he was questioning the integrity of the membership of the Interstate Commerce Commission and of some of our Federal court judges.

Of course, I am not unmindful of the fact, Mr. Speaker, that most if not all of those Commission members have been appointed by the President within the last few years, and that most, if not all, of the judges have also been appointed within the last few years. These appointments were confirmed by the Senate of the United States, after full investigation of the standing and qualifications of the appointees had been made. I am sure these appointments were made in good faith. I am certain the Senate would not have confirmed men who they did not believe were of proper integrity and honor. I am sure the members of the Interstate Commerce Commission and the Federal judges will not be willing participants in any fraud upon the security holders affected by this legislation. So I am hopeful, just as a good friend of the gentleman, that he will carefully review the remarks he has made here today.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. Yes; I yield.

Mr. SABATH. I appreciate the advice of my friend—

Mr. BROWN of Ohio. It is not advice. It is an expression of hope. I know I cannot give the gentleman any advice.

Mr. SABATH. But I want to say to him, and he ought to know, it does not make any difference to me if a man is not performing his duty toward the people, in the position to which he has been appointed or elected, I do not defend him, whether he is a Democrat or a Republican or who he may be.

Mr. BROWN of Ohio. No allegation has been made that the gentleman would defend anyone whom he knew was guilty of fraud; but I am hoping that he will read very carefully the remarks he has made, and unless he does have some evidence to support his thinly veiled charges of failure to perform their duties as they should, which he has made against both the Interstate Commerce Commission and the Federal courts, that he will correct those statements. I will be perfectly willing to strike the remarks I have just made from the RECORD if the gentleman wishes to correct his remarks.

Mr. SABATH. Whenever I hear the gentleman giving advice, I am suspicious.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. REED].

Mr. REED of Illinois. Mr. Speaker, I have requested these few minutes in an effort to clear up any misunderstanding that may exist in the minds of any of the Members concerning a possible conflict between two pieces of pending legislation, the bill to which the rule now before us relates and H. R. 3237.

As most of you know, I introduced a bill in the Seventy-ninth Congress—H. R. 5924—which related to similar subject matter. That bill was designed primarily to grant needed relief to railroads already in bankruptcy. It was amended in committee and by committee amendments from the floor, and as so amended it was passed by the House. A bill with a similar purpose (S. 1253) was passed by the Senate.

The House substituted the provisions of the House bill for S. 1253 and then passed the latter bill as so amended. The Senate called for a conference. The conference report was passed by the House by a majority of about 2½ to 1. Subsequently the bill was vetoed by the President, but on grounds that did not challenge the fundamental principles upon which the measure was based.

Section 1 of the bill that passed the House last year by a majority of something like 2½ to 1 (S. 1253) was very similar to the Wolverton bill (H. R. 2298), which this rule would make it in order to consider this afternoon.

Section 1 of the bill I have introduced this year, H. R. 3237, which is now pending before the Committee on the Judiciary, is also similar to the bill now before us. There are other sections in H. R. 3237, but I would not deem it proper at this time, under consideration of the rule on the Wolverton bill, to discuss H. R. 3237. I will merely point out, however, that there are two principal sections of H. R. 3237, one of which deals with railroads in bankruptcy and the other of which deals with railroads not in bankruptcy. There are some differences between section 1 of that bill and the bill to be considered under the rule now before us, but I do not deem it relevant to discuss those differences in speaking to the pending rule.

What I do wish to impress upon the minds of the membership is that there ought to be relief not only for those railroads in bankruptcy, to enable them promptly and soundly to emerge from bankruptcy, but also for those roads not in bankruptcy, to enable them to avoid bankruptcy.

As has been already stated, Congress passed the Chandler Act in 1939, which was succeeded by the McLaughlin Act in 1942—chapter 15 of the Bankruptcy Act. Those acts provided for voluntary reorganizations, and under them the Baltimore & Ohio and other railroads were reorganized. The McLaughlin Act expired by its terms in 1945. The bill made in order by this rule is patterned after, and is designed to take the place of, the McLaughlin Act.

It is my earnest hope and desire that this rule be granted and that this bill be passed by the House. In my judgment, it will not in any way conflict with the consideration by the House of the bill H. R. 3237, now before the Judiciary Committee.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. REED of Illinois. I yield.

Mr. SABATH. The gentleman stated that the bill he has reference to, the bill introduced by himself, is now pending before the Judiciary Committee.

Mr. REED of Illinois. That is correct.

Mr. SABATH. What assurance has the gentleman that his bill will be approved by the House and passed by the Senate?

Mr. REED of Illinois. I have confidence in the members of the Judiciary Committee and feel that they are in favor of the bill. I have assurance from the size of the vote last year—2½ to 1—that the House will favor the bill.

Mr. SABATH. That is a good bill. I agree with the gentleman, but my concern is whether the committee will report it out and whether, if reported out, the House will pass it and the Senate will pass it.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield one additional minute to the gentleman from Illinois.

Mr. REED of Illinois. I certainly think nothing can be lost so far as getting the relief that is intended if the House passes this bill, H. R. 2298, and sends it to the Senate. If next week or the week following we pass the other bill, H. R. 3237, and send it to the Senate, then action on the latter bill would obviate further action on this bill, H. R. 2298.

While I feel that the railroads in bankruptcy need relief the most and require immediate legislation to prevent unjust and unnecessary forfeitures of their securities, nevertheless, the enactment of H. R. 2298 alone, even if no action were taken on the bill from the Judiciary Committee, would at least help railroads to avoid bankruptcy in the future.

I therefore hope that the rule will be adopted and that the bill, H. R. 2298, will be passed.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Speaker, if I understand this bill correctly it will have the effect, if enacted into law, of extending the provisions of section 15 of the bankruptcy law which expired last year. For that reason I hope that this rule is adopted and the bill under consideration is acted on favorably.

I have to take exception to the statement made by my distinguished friend from Illinois that this bill resembles very much the measure that was passed at the last Congress and subsequently vetoed by President Truman. True it is that one section of the Reed-Hobbs bill and the measure under consideration are similar, but the iniquitous part of the bill that was vetoed by President Truman was that which permitted the assets of railroads in reorganization to be turned over to stockholders and to that class of investors who were not investing for the purpose of receiving proper return on their investment but for speculative purposes only. So this measure does not remotely resemble the bill that was passed at the last session of Congress.

This legislation is essential, particularly in view of the statements that we have seen in the press recently concerning the earnings of the railroads. Why, the Pennsylvania Railroad paid a dividend in the last quarter out of surplus and has been operating in the red. There is not a railroad in the United States that is going to be able to make money and I make this prediction on the basis of earnings statements I have recently seen: I am firmly convinced that after another year unless legislation of this sort is enacted we are going to see a great many railroads in bankruptcy.

This is a very carefully drawn measure. I am wondering whether or not the distinguished chairman of the committee reporting this bill would not be willing, even though it is surplusage, to provide adequate court review for a decision of the Commission? I do not think that this Commission or any other commission ought to have absolute power. The mere fact that there is some other body which can review the decision of an administrative agency of itself makes that agency more careful in its deliberations and makes that agency act strictly in accordance with the law.

Mr. Speaker, I trust this rule will be adopted.

Mr. BROWN of Ohio. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. DINGELL asked and was given permission to extend his remarks in the RECORD and include two statements.

Mr. McGREGOR asked and was given permission to extend his own remarks in the RECORD.

Mr. HART asked and was given permission to extend his remarks in the RECORD and include a newspaper article and a speech of former Governor Moore, of New Jersey.

AMENDING THE INTERSTATE COMMERCE ACT, AS AMENDED

Mr. WOLVERTON. 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. 2298) to amend the Interstate Commerce Act, as amended, 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. 2298, with Mr. MILLER of Nebraska in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOLVERTON. Mr. Chairman, I yield myself 35 minutes.

Mr. Chairman, the bill, H. R. 2298, which is now before us for consideration is, in my opinion, one of the most important pieces of legislation that can come before the House at this time for action. It may not be spectacular and it may not attract the attention that some other subjects of legislation do, but having in mind the situation that confronts us today with respect to the railroad industry, with its diminishing revenues and continuing high cost of operation, I think you will agree with me that there is nothing more necessary, in time of peace as well as war, than to preserve the strength, the stability, and the efficiency of our transportation system. Although the railroad industry is privately owned, yet the fact remains that it is charged with a public interest and there is no other industry wherein the public interest requires, to so great a degree, stability of financial structure and efficiency of operation.

Mr. Chairman, the purpose of H. R. 2298 is to add a new section, to be numbered section 20b, to the Interstate Commerce Act, which will enable railroad companies to adjust their financial affairs quickly, economically, and on a business basis. Such legislation is neces-

sary, and the bill should be enacted as quickly as possible.

The so-called McLaughlin Act, which extended chapter XV of the Bankruptcy Act, provided a procedure for the voluntary readjustment by railroads of their financial affairs without resort to proceedings in bankruptcy or in equity receivership; but that act expired by its own terms in 1945. Since that act came to an end, there has been no similar statute under the terms of which railroads may voluntarily readjust their financial affairs without resort to bankruptcy or equity receivership proceedings.

Inability of a railroad to meet an obligation may be only of a temporary nature, not requiring a drastic receivership or bankruptcy proceeding. The difficulty may be due to omissions or antiquated provisions in an old mortgage or indenture which, because of the burdens resulting therefrom, should be altered or modified and brought in line with more modern provisions.

But, at present, if a railroad should find itself in financial difficulty, even of a temporary duration, it might unnecessarily and unfortunately be forced into a bankruptcy proceeding under section 77 of the Bankruptcy Act, involving proceedings before the Interstate Commerce Commission and in the courts, lasting over a period of many years and imposing a burden of costs and expenses which may run into millions of dollars. In some instances section 77 proceedings which began over 12 years ago are still pending. The range of expenses in a single section 77 bankruptcy proceeding has been from $817,799, in the case of a relatively small road, to $2,891,121, for a large road.

During the first 2 months of 1947, as many as 39 class I railroads, or railroads having a gross revenue of at least $1,000,000 in a year, had a deficit in net income. The number having a deficit in net income in 1946 was 35, and in 1945 the number was 26. After a period of expanded revenues and earnings, occasioned by the war traffic which they handled efficiently and expeditiously, the railroads are now confronted with substantially increased costs and declining revenues. It must not be understood that all these railroads will be required to readjust their financial obligation; but, nevertheless, there is a possibility that some, if not several, may be required to do so, and the time may soon arrive when prompt action will have to be taken.

No one will seriously contend that every opportunity should not be given to a railroad and its creditors voluntarily to work out their own financial problems and to avoid the delays, expense, and uncertainties of bankruptcy proceedings, provided, of course, there is an appropriate regulatory procedure that must be followed before the Interstate Commerce Commission. Such voluntary action is not only desirable from the standpoint of the railroad and its creditors, but it is required for the protection of railroad credit. With the knowledge that the procedure provided for by this bill is available to railroads and their creditors for the readjustment of financial problems which would impose burdens and threaten bankruptcy if not readjusted, investors will have a feeling of greater security in purchasing railroad obligations, and the result will be enhancement and improvement of railroad credit. Such voluntary financial readjustments by railroads and creditors also are necessary in the interest of adequate and efficient transportation service at the lowest consistent cost to shippers and the traveling public. Perhaps no other industry is affected with a greater degree of public interest. In capital invested and revenues, the railroad industry is among the largest in the Nation; and, in importance to the Nation in peace and in war, the railroad industry is the first. The American public has invested heavily in railroad securities, including bonds, notes, debentures and other forms of obligations, and stocks. The public interest, and the interest of all these creditors and stockholders, can be protected only by a continuity in sound financial structure for the railroads. Deterioration of service and interruption of employment, which the threat of financial difficulties inevitably brings, should be prevented.

The purpose of this bill is to provide the most appropriate and efficient remedy for the conditions which have been described.

The method employed by the bill—paragraph (1)—is to permit a railroad, other than a railroad in equity receivership or in process of reorganization under section 77 of the Bankruptcy Act, with the approval of the Interstate Commerce Commission, and with the consent of at least 75 percent of affected security holders, to alter or modify any provision in any class or classes of its bonds, notes, debentures, or other evidences of indebtedness, issued under any mortgage, indenture, or deed of trust, or other instrument of like nature, and also to alter or modify any provision of any mortgage, indenture, deed of trust, or other instrument pursuant to which any class of its obligations shall have been issued. Equipment trust certificates, and conditional sales agreements with respect to equipment, because of their standing and status in the financial markets, are excluded from the provisions of the bill.

Under paragraph (2), whenever an alteration or modification, within the scope of the bill, is proposed, the railroad seeking such alteration or modification must present an application to the Commission. The Commission must hold a public hearing, with respect to which adequate notice must be given, but as a prerequisite to such hearing the Commission may require the railroad to secure assurances of assent by holders of a percentage (to be determined by the Commission) of the aggregate principal amount outstanding of the obligations affected. If the Commission, after such hearing, shall find: (a) That the proposed alteration or modification is within the scope of the new section 20b; and (b) will be in the public interest; and (c) will be in the best interests of the railroad, of each class of its stockholders, and of the holders of each class of its obligations affected by such modification or alteration; and (d) will not be adverse to the interests of any creditor of the railroad not affected by such alteration or modification, then the Commission shall cause the railroad to submit the proposed alteration or modification, with such terms, conditions, and amendments, if any, as the Commission may prescribe, to the holders of each class of its obligations affected thereby for acceptance or rejection. The Commission must pass on the correctness and sufficiency of all material facts stated in letters, circulars, advertisements, and financial and statistical statements used in soliciting assents to the proposed alteration or modification. If the Commission shall find that, as a result of such admission, the proposed alteration or modification has been assented to by the holders of at least 75 percent of the aggregate principal amount outstanding of each class of obligations affected thereby—or by such larger percentage as the Commission may fix as just and reasonable in any case where 75 percent of such principal amount is held by fewer than 25 holders—the Commission shall enter an order approving and authorizing the proposed alteration or modification upon the terms and conditions, and with amendments, if any, determined by the Commission to be just and reasonable.

Any alteration or modification which shall, under paragraph (2), become and be binding pursuant to approval and authority of the Commission shall be binding upon each holder of any obligation of the railroad of each class affected by such alteration or modification, and upon any trustee of or other party to any instrument under which any such class of obligations shall have been issued.

Under paragraph (5), the authority conferred by the new section 20b is exclusive and plenary, and any railroad, in respect of any alteration or modification authorized and approved by the Commission, shall have full power to make such alteration or modification without securing approval under any other section of the Interstate Commerce Act, and without securing the approval of any State authority.

Any person adversely affected by an order of the Commission under the new section 20b will have the same full and adequate opportunity to obtain the judicial review of such order which is available under present law in the case of other orders issued by the Commission under the Interstate Commerce Act. It is therefore unnecessary to include specific judicial review provisions in the new section.

The support of the bill is overwhelming. It has the full endorsement and approval of the Interstate Commerce Commission. In a letter of May 9, 1947, the Legislative Committee of the Interstate Commerce Commission describes the purpose of the bill as "to amend the Interstate Commerce Act by adding a new section to be designated as 20b

which would provide a procedure for railroads not in bankruptcy or receivership which are experiencing temporary difficulty in meeting maturing obligations to pay either principal of or interest on outstanding debt, to alter or modify such obligations with the assent of the holders of 75 percent of such obligations with the approval of the Commission without recourse to proceedings in the courts," and calls attention to "the deterioration of service, and decrease of employment, and to the unfavorable effect upon railroad credit and the market value of railroad securities, which accompany even the temporary financial difficulty of a carrier."

In a letter of October 26, 1945, to former Senator Wheeler, the legislative committee of the Interstate Commerce Commission endorsed a bill which was then pending as S. 1253, containing provisions substantially similar to those in the present H. R. 2298, and said that legislation of this character would be in the public interest and of real aid in the restoration of railroad credit, and that instances arise where drastic reorganization, such as results from an equity receivership or a section 77 bankruptcy proceeding, is neither necessary nor desirable. In these respects, the Commission said:

After further and intensive consideration, we have concluded that it would be to the public interest and of real aid in the restoration and preservance of railroad credit that legislation of this character be enacted.

The Congress is cognizant of the deterioration of service and decrease of employment which usually occur whenever a carrier begins to experience substantial loss of traffic and revenues. This, in no small measure, is caused by the necessity for the carrier to meet its fixed charges or else to face the prospects of receivership or a judicial reorganization under section 77 of the Bankruptcy Act. The financial structures of many carriers were, and in some instances still are, such as to require a thorough rearrangement of their financial and corporate structures. On the other hand, instances arise where drastic reorganization is neither necessary nor desirable. Although the financial difficulty of a carrier may be temporary, when such a condition becomes known, it produces a very unfavorable effect on its credit and the marketability of its securities. This arises from the uncertainty of fear that certain classes of securities may be totally eliminated and others drastically modified in the event of judicial reorganization.

The bill, known as S. 1253, was passed by both the Senate and House of Representatives, but was vetoed because of an amendment adopted after the Commission's letter of October 26, 1945, relating to matters other than those which were contained in the bill as endorsed by the Commission. If it had not been for such amendment, S. 1253 unquestionably would have become a law, and legislation such as that proposed in the pending H. R. 2298 would now be on the statute books.

In his testimony before the House committee on the pending bill, Commissioner Mahaffie called attention to the burdens of old mortgages, with rigid provisions, and to the desirability of providing an effective means for modification in order to bring them in line with flexibility in mortgage provisions of modern times. He said:

All railroads, as you know, have been built pretty largely on borrowed capital. I think the first bond issue was almost coincident with the construction of the first railroad. Bonds have been always a heavy element in capital structures. The early mortgages were pretty rigid. Some of them contained provisions that made it, for instance, impossible to deviate from the original line of the railroad without affecting the provisions of the mortgage. Some of those mortgages are still extant.

In modern times there has been a great deal more flexibility in mortgage provisions, provisions by which modifications may properly be made. Still there are many of the old indentures outstanding under which the railroads have to live and it is to the advantage of both the carrier and the holder of its securities that desirable modification be made.

Yet it is frequently impossible to modify indentures unless the mortgage 's paid off or all the bondholders consent. That is one feature that makes for the desirability of such legislation as this—a means by which oppressive or out-of-date or expensive provisions which are no longer of benefit to anyone can be modified without having to pay off the few people who insist on being paid off in full if you attempt to modify the terms of the obligation. But that is the least important feature of this proposal.

Commissioner Mahaffie then pointed out the more important situation, where most or a great majority of creditors are quite anxious to revise the financial structure so that the railroad can decently survive. He said:

I had discussed the difficulties that arise from inflexible indentures and mortgages, which, as I stated, are becoming less burdensome in later indentures. That, I stated, was the lesser of the two important things which to my mind make it desirable to facilitate voluntary reorganizations. A more important one is the thing we have just been discussing (that was financial difficulties). Frequently a carrier can see considerably in advance that it is going to have difficulty in meeting a maturity or its interest charges are getting too heavy. Frequently, most or a great majority of its creditors are perfectly aware of those facts and are quite anxious to revise the financial structure so that the railroad can decently survive.

Many voluntary reorganizations have been attempted or have been discussed, but only a few in past times have been carried out, for the reason that there was no instrumentality or no way in which the gentlemen who were unwilling to cooperate and who insisted on being paid out in full, if adjustment were made, could be denied a privileged position as against persons who did go along. There was no way in which it could be done. The alternative to the railroad, if it found it too difficult to proceed under its set-up, used to be receivership. Now it is section 77 proceedings. * * *

All of those, in varying degrees * * * have a detrimental effect on service, or employment, and on the general credit situation that we have been talking about. It has seemed to me important to work out some kind of a scheme by which those effects can be avoided.

In its fifty-seventh annual report—for the year 1943—the Commission pointed out the desirability of legislation such as that now proposed by H. R. 2298.

In its fifty-ninth annual report—1945—the Commission recommended legislation as now proposed by H. R. 2298, and said that such legislation would materially aid in promoting the public interest, increase the stability of values of railroad securities, with resulting greater confidence therein by investors, and promote a more sound financial condition by avoiding prospective financial difficulties.

In its sixtieth annual report—1946—the Commission went into considerable detail in recommending, again, legislation of this character. The Commission said:

That deterioration of service and decrease in employment usually occur when a carrier begins to experience substantial loss of traffic and revenues is well known. Deterioration of service and decrease in employment are caused, in no small measure, by the necessity for the carrier to meet its fixed charges and maturities or else face the prospects of a receivership or a judicial reorganization under section 77 of the Bankruptcy Act. The financial structures of many carriers were, and in some instances may still be, such as ultimately to require a thorough rearrangement of their financial and corporate structures. On the other hand, instances arise where drastic reorganization is neither necessary nor desirable. Although the financial difficulties of a carrier may be only temporary, such condition, when it becomes known, produces a very unfavorable effect on the carrier's credit and on the marketability of its securities. This arises from uncertainty as to the carrier's ability to extricate itself from its difficulties without judicial reorganization, and the fear that certain classes of its securities may be drastically modified, if not wholly eliminated, in the event of such reorganization.

To avoid such consequences, most creditors would gladly cooperate with the carrier in effecting a voluntary reorganization. However, because of the fact that the obligations of carriers ordinarily are widely held, and for other reasons, it usually is not feasible to effect a voluntary financial reorganization which requires the consent of all the holders of a carrier's obligations or even of all of the holders of an individual issue. * * *

A large part of the capital structures of carriers by railroad has always consisted of bonds. A considerable portion of these bonds is secured by old mortgages which lack many of the provisions which give the flexibility characteristic of mortgages of more recent date, e. g., those permitting or requiring a reduction of the mortgage debt through the operation of sinking funds, those enabling the carrier to call the bonds prior to maturity, and those under which the carrier, with the cooperation of its bondholders, may alter or modify the provisions of the mortgage. As a rule, bonds issued under the old mortgages must remain outstanding until they mature, and maturities may all fall within a comparatively short period. Frequently a carrier can see considerably in advance that it may have difficulty in meeting a maturity, or that its interest charges may become unduly burdensome. There is merely a threat which can be recognized readily by both the carrier and its creditors. Most, or a great majority, of the creditors are well aware of the potentialities of such a threat and are usually willing, sometimes anxious, to cooperate with the carrier in modifying or altering its obligations so that the anticipated difficulty may be avoided. * * *

Since the provisions of chapter XV have expired, there is no method whereby a carrier which is not in need of drastic reorganization, but which anticipates difficulty in refunding its outstanding obligations or

meeting its fixed charges, may work out an alteration or modification of its obligations without the cooperation of all holders of the obligations affected, or without paying off those of the holders who insist on being paid the full amount of their claims. We are convinced there should be provided a simple and inexpensive method whereby carriers in cooperation with a substantial majority of their creditors can effect an alteration or modification of their obligations without bankruptcy proceedings under either section 77 or such a procedure as was formerly provided by section XV.

The passage of the bill is urged by the Association of American Railroads, and by institutional investors, such as insurance companies and banks, and by investment houses and others.

It is clear that this legislation is needed, for the protection of the railroads and their stockholders and creditors, and the public, and it is urged that the bill should pass.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from Pennsylvania.

Mr. WALTER. The measure under consideration is an amendment to the Interstate Commerce Act and provides a new section 20b. So, it is a new section, in no wise affecting any of the other provisions, including that for judicial review of the Interstate Commerce Act.

Mr. WOLVERTON. That is true. It does not repeal, amend, or change the judicial review provided by the Interstate Commerce Act. It leaves all of the provisions of the Interstate Commerce Act intact and the same as they now are and have been for many years.

Mr. PRIEST. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from Tennessee.

Mr. PRIEST. Further, in connection with what the chairman has just said, and the assurance that he has given the House that there is adequate court-review revision, I will just read from an answer that Commissioner Mahaffie made to me during the hearing, when he said:

Now when our final order came out, however, it would be subject to litigation under the Urgent Deficiencies Act for a defect in the legal steps we have taken that our action was arbitrary, or not in accordance with the law, just as a rate order or any other order we issued may be, and a great many of them are, attacked and reviewed in the courts.

Mr. WOLVERTON. That is true. The constitutionality of a similar provision in the Chandler Bankruptcy Act has been approved, and there is no such provision as some might want to suggest.

Mr. MACKINNON. In view of the gentleman's statement with respect to the power of appeal, I wonder what was meant by the language on page 10, lines 10 and 11, where it says, "The authority conferred by this section shall be exclusive and plenary."

Mr. WOLVERTON. What does the gentleman think it means?

Mr. MACKINNON. Well, I think one meaning of "plenary" is "absolute." I think that construction would throw some doubt as to the existence of a right of appeal.

Mr. WOLVERTON. Does not the gentleman realize that acts of Congress are plenary in character in the matter of regulating interstate commerce when Congress has acted?

Mr. MACKINNON. Yes, but it is the powers of the Interstate Commerce Commission and the courts that the bill is talking about.

Mr. WOLVERTON. Certainly. I am speaking now of the jurisdiction of Congress over interstate commerce. The fact that the result of its action is plenary in character does not preclude the congressional act from having a court review, and the action of the Interstate Commerce Commission taken under and by virtue of the provisions of such an act of Congress is likewise subject to review. I would like to hear from the gentleman why he thinks the action of the Commission under this bill would not be subject to the review procedure provided for in the Interstate Commerce Act.

Mr. MACKINNON. Well, the logic that would support that conclusion is the statement in this bill that the authority conferred upon the Interstate Commerce Commission by this section is "exclusive and plenary." If that is generally true the courts could not interfere as one of the meanings of the word "plenary" is "absolute." In other words, the quoted language may give some support to the construction that the power of the Interstate Commerce Commission is absolute. I agree with the gentleman that the right of appeal should exist and the only question I raise is whether that is effectively provided for in view of the language that I have referred to in the bill.

Mr. WOLVERTON. Of course it is, for the reason that the power that is given to the Interstate Commerce Commission by this bill is an amendment to the Interstate Commerce Act, and that act provides for a review. One follows the other.

Mr. MACKINNON. Yes; but this section here says that the authority conferred by this section is absolute.

Mr. WOLVERTON. Of course, it is as to any action taken but that does not change the fact that its act can be reviewed. The same language, namely, "exclusive and plenary" appears in section 20a of the act. It has been in the statute for many years but it does not destroy the right of review.

Mr. MACKINNON. Which would mitigate against the review, the general review, that would be provided elsewhere.

Mr. WOLVERTON. Of course, the Commission has the absolute right to act, no State or local statute or ordinance to the contrary, but nevertheless when the Commission has acted its order or action is subject to the review provisions of the Interstate Commerce Act.

Any order of ICC may be reviewed in a court proceeding instituted under the provisions of the act of October 22, 1913, 38 Statutes, pages 208, 220. Under that act an injunction proceeding may be brought to enjoin or set aside any order of the Commission in a proceeding in a Federal district court composed of three judges, one of whom must be a circuit judge. Decisions of such court are reviewable by direct appeal to the Supreme Court of the United States. Any dissatisfied bondholder may intervene before the ICC and become a party and institute any such proceeding for the purpose of reviewing in court the order of the Commission.

Mr. MACKINNON. I am very glad to have the gentleman's explanation. I feel that the ambiguity in the bill has been cleared up by the gentleman's statement that such exclusive and plenary power only refers to original proceedings and not as to appeals to the courts.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from Minnesota.

Mr. O'HARA. There is, of course, no question that it is the intention of the Congress and of the gentleman and his committee that the right of review by the courts of any order of the Interstate Commerce Commission is intended, and it is not intended to be taken away by this act.

Mr. WOLVERTON. That is true.

Mr. O'HARA. I mean, we do not want to say that there should not be any appeal, and that was our intention when we reported this bill out that there should be the right of appeal.

Mr. WOLVERTON. In conclusion, I wish to express a few further thoughts with respect to the constitutionality of this proposed legislation.

The constitutionality of this bill has been carefully studied.

From these studies we are convinced that the bill is an appropriate exercise of the powers of Congress to regulate interstate commerce.

The bill is declared to be "in aid of the national transportation policy of the Congress, as set forth in the preamble of the Interstate Commerce Act, as amended, in order to promote the public interest in avoiding the deterioration of service and the interruption of employment which inevitably attend the threat of financial difficulties and in order to promote the public interest in increased stability of values of railroad securities with resulting greater confidence therein of investors, to insure, insofar as possible, continuity of sound financial condition of common carriers subject to part I of said act, and to enable said common carriers, insofar as possible, to avoid prospective financial difficulties, inability to meet debts as they mature, and insolvency."

The primary concern of the bill, therefore, is the public interest. The purpose is to protect and insure an adequate transportation service to the public by railroads in a healthy financial condition. In a case involving priority of operating expenses incurred prior to receivership as against bondholders, the Supreme Court has said:

The public retains rights of vast consequence in the road and its appendages, with which neither the company nor any creditor or mortgagee can interfere. They take their rights subject to the rights of the public, and must be content to enjoy them in subordination thereto. (*Barton* v. *Barbour* (104 U. S. 126, 135).)

Since the bill is an exercise of the power of Congress to regulate interstate commerce, it must be borne in mind that the power of Congress to regulate such commerce is exclusive and plenary—*N. L. R. B.* v. *Jones & Laughlin Steel Corp.* (301 U. S. 1). Congress can subject railroads to restraints not shown to be unreasonable and calculated to serve the public interest—*Johnson* v. *Southern Pacific Co.* (196 U. S. 1); *Wilson* v. *New* (243 U. S. 332); *Second Employers' Liability Cases* (223 U. S. 1); *Baltimore & Ohio R. R. Co.* v. *I. C. C.* (221 U. S. 612); *I. C. C.* v. *Goodrich Transit Co.* (224 U. S. 194); *Virginian R. Co.* v. *System Federation* (300 U. S. 515). The power of Congress to regulate the issuance of securities, under section 20a of the Interstate Commerce Act has been upheld, in one case the court having said that—

> The whole matter of the issue of capital stock, investment, and incurring of bonded indebtedness * * * becomes so directly interrelated with the problem of maintaining a just relation between the public and the carrier, that they fall clearly within the constitutional authority of Congress to regulate interstate commerce. (*Pittsburgh & W. Va. Ry. Co.* v. *I. C. C.* (293 Fed. 1001, appeal dismissed, 266 U. S. 640).)

Since the power exists with respect to new issues of securities, the same standards of validity unquestionably should support the power with respect to existing securities.

The prohibition against impairing the obligation of contracts runs in terms against the States and not against the Federal Government—*Hepburn* v. *Griswold* (8 Wall. 603); *Union Pacific R. Co.* v. *U. S.* (99 U. S. 700). While the fifth amendment bars arbitrary action by Congress having the effect of impairing the obligation of contracts, Federal legislation having the collateral or incidental effect of impairing existing contracts has frequently been sustained—*Legal Tender Cases* (12 Wall. 457); *Louisville & Nashville R. R. Co.* v. *Mottley* (219 U. S. 467); *New York* v. *United States* (257 U. S. 591); *Continental Bank* v. *Rock Island Ry.* (294 U. S. 648). In the Gold Clause cases the Supreme Court seems to have gone even further, since in those cases it was decided that legislation is valid when within the constitutional grant, although it directly operates upon and nullifies existing contracts—*Norman* v. *Baltimore & Ohio R. R. Co.* (294 U. S. 240).

In a leading case the Supreme Court said—*Louisville & Nashville R. Co.* v. *Mottley* (219 U. S. 467):

> The agreement between the railroad company and the Mottleys must necessarily be regarded as having been made subject to the possibility that, at some future time, Congress might so exert its whole constitutional power in regulating interstate commerce as to render that agreement unenforceable or to impair its value. That the exercise of such power may be hampered or restricted to any extent by contracts previously made between individuals or corporations, is inconceivable. The framers of the Constitution never intended any such state of things to exist.

In view of the purposes which H. R. 2298 seeks to serve, and the appropriateness of the means chosen for those purposes, the provisions of the bill should without question prevail over any challenge under the due process clause.

Contracts which operate directly to burden or obstruct interstate commerce do not have the protection of the fifth amendment—*Addyston Pipe & Steel Co.* v. *United States* (175 U. S. 211).

I would not justify a bill that did not give an individual the right of review after the Interstate Commerce Commission had acted.

Mr. LEA. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this legislation deals with a very practical problem that now confronts our country, one of great importance. A few years ago, before the war began, 30 percent of the mileage of the railroads of the United States was in the possession of the courts in one form or another on account of their financial difficulties. Frequently unwarranted financial obligations contributed very substantially to the weakened conditions of these carriers. They were hopelessly bound by contract obligations that were no longer compatible with the carriers affected or the public interest. There was no practical relief.

In the last few months we have had a demonstration of the lack of earning power of a large part of our carriers that suggests the possibility, unfortunately, that we may again face a similar situation. In fact, some of the railroads are now rapidly following the course toward the courts that placed them there before. It is of great importance that the most practical plan that is just can be adopted to avoid these railroads being forced into the courts.

The principal features in this bill are that a carrier is permitted to apply to the Commission for the modification or alteration of its obligations. The Interstate Commerce Commission can, if it chooses to do so, demand in the initial stage an assurance that a certain percentage of the holders of those obligations are agreeable to the plan. In the absence of such an action by the Commission the law here proposed requires that holders of at least 75 percent of the obligations must consent to a plan of modification or alteration before the Commission has power to approve it. If there are less than 25 stockholders as a whole, it will be the duty of the Commission to determine whether or not a higher percentage of the security holders should be required.

Then after that stage of the proceedings is reached the matter goes to a hearing, in which, of course, the interested parties are entitled to appear. If after that hearing the Commission finds certain specified facts, the Commission may make an order approving or rejecting or suggesting alterations in the plan before it gives its approval. Only after the complete approval of the plan does it become effective.

This is fundamentally a permissive plan. It is true that as much as 25 percent of the holders of obligations may be compelled to comply with the order that is made by the Commission without their consent. The practical question presented here, as I see it, is whether or not the minority holders of these obligations are sufficiently protected by the provisions of this bill. There are two fundamental provisions intended for their protection. The first is that 75 percent of each class of holders of obligations affected must consent before the Commission has power to make an order. The second method of protecting the holder is by the hearing and approval required by the Interstate Commerce Commission.

It is suggested that there should be an approval also by the court. I think the provisions embodied in this bill more strictly conform to the general policy of the bill and afford justice to the holders of obligations. In my judgment a procedure that requires a duplication of hearings and findings by each of two separate agencies of the Government is not conducive to good administration.

In other words, if we require court approval and the approval of the Interstate Commerce Commission, that means a double proceeding with the delay and expense which is frequently involved in court procedures.

In supporting this bill I do so on the theory that the hearings and findings of the Interstate Commerce Commission and this requirement that 75 percent of the holders must agree, is ample protection for the holders of those obligations.

Just for a moment I would like to repeat the statement of the bill as to the findings required to be made by the Commission as presented by the gentleman from New Jersey [Mr. WOLVERTON]. The findings required to be made by the Commission indicate the care and scope of the investigation by the Commission before it determines the issues. The Commission must find that the proposed alteration and modification is within the scope of this act; that it will be in the public interest; that it will be in the best interests of the carrier and of each class of holders of obligations and of the holders of each class of its obligations affected by such modification or alteration and will not be adverse to the interest of any creditor of the carrier.

This legislation does not come under the bankruptcy clause of the Constitution, but rather under the interstate-commerce clause of the Constitution under which the Interstate Commerce Commission acts. It gives a hearing by a fair body and certainly by a competent body. I think no one could deny that there is no greater familiarity and ability in dealing with transportation problems in the government than in the Interstate Commerce Commission. I would as soon or rather expect a just judgment from the Commission than from a court. I think there is no practical reason why such adjustment as here proposed should be heard by both the Commission and a court before approval could be given. Such a procedure would require a determination of issues of fact by two governmental agencies.

That is the substance of the situation. I believe the stockholders are sufficiently protected. It is of great importance that this measure become a law so as to avoid bankruptcies and expenses and delays of court procedure so far as possible.

There are a good many cases in which carrier companies have been in the con-

trol of the courts until the patience of everybody concerned has been worn thin. In the meantime some of those unfortunate companies have had their treasuries greatly depleted by the expenses incidental to such proceedings.

This is not a substitute for bankruptcy, but it is a method which we hope will substantially lessen the necessity of bankruptcy proceedings.

Mr. Chairman, I yield back the balance of my time.

Mr. WOLVERTON. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA. Mr. Chairman, I feel that this bill has been rather fully explained by the statements of my able, distinguished colleagues, the gentleman from New Jersey and the gentleman from California, who have preceded me in speaking on this bill.

It is true that this bill is presented to the Congress under the theory of the Constitution granting to the Congress the right to regulate interstate commerce. I do believe that everyone will agree with the general appeal of the legislation, which is mainly an attempt to avoid the expenses of bankruptcy proceedings to the stockholders and bondholders of the railroads and in lieu thereof to vest jurisdiction of reorganization in the Interstate Commerce Commission if not less than 75 percent of the bondholders agree to such proceedings. I hope this is not used, if it becomes law, for any other purpose than to escape the expense of bankruptcy proceedings; and that it will not seriously affect the rights of other minority stockholders or minority claimants, whichever they be, either bondholders or stockholders. I think a great deal depends upon how carefully and assiduously the Interstate Commerce Commission applies itself to the administration of the act. Frankly, I would say that a great deal depends upon the type of administration and the attention given this act by the Interstate Commerce Commission.

In response to a question asked by my colleague, the gentleman from Minnesota [Mr. MACKINNON], of our distinguished chairman, the gentleman from New Jersey [Mr. WOLVERTON], it is my understanding that the language contained on page 10 of the bill, where the language refers to subsection (5) in line 10, "Authority conferred by this section shall be exclusive and plenary," refers only to the original jurisdiction of the Interstate Commerce Commission, and does not in any way affect the right of appeal by anyone from any order made by the Interstate Commerce Commission, either jurisdictional or in the course of these proceedings. There is nothing that would or should prevent any individual, person, or corporation from the right of appeal. I think, as the chairman has said, no one on the committee would bring out a bill which did not give the person affected the right of appeal, which exists under the law at the present time, from any order of the Interstate Commerce Commission.

There is one other matter which I do not raise because of any confusion, but which has been a matter of some concern. It was the testimony of a very able witness before our committee, Mr. Fletcher, who represented, as counsel, the Boston & Maine Railroad, as to the practical situation which arises with reference to the management of a railroad which, after being authorized by 75 percent of the bondholders, would go into this organization, with reference to the difficulty of that organization proceeding for some time, where the stockholders did not have any voice in the management. The only difficulty which I see and which may cause some concern is the practical question of management. It has been a difficult subject with which to deal in this bill, and it may properly come up later on during the consideration of a bill which I understand will be offered by the gentleman from Illinois [Mr. REED], who has recently spoken on the matter. I think, however, it is a matter to which we will have to give further consideration, depending upon what may develop in the number of cases which may arise under this bill.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. O'HARA] has expired.

Mr. LEA. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. RABIN].

Mr. RABIN. Mr. Chairman, I have listened very carefully to the statement made by the distinguished chairman of our committee. I have a great deal of respect for the chairman of our committee. I agree with that statement in substance. I do not agree with it entirely. This bill is a step in the right direction in connection with railroad reorganization; in fact, it is a step in the right direction in connection with the reorganization of any corporate enterprise where the holdings are diverse and where the holders are numerous.

This bill seeks to prevent financial difficulty rather than to cure it after the difficulty has arisen. It seeks to give prophylactic treatment to the financial troubles of the railroads. I am one who believes that an ounce of prevention is worth a pound of cure holds good in dealing with financial difficulties as well as with medical troubles. I go along with those objectives. I think however certain safeguards are lacking and I want to recommend the adoption of those safeguards. I shall offer what I consider proper safeguards at the time this bill is read for amendment. I want to recommend safeguards which will make the bill in my opinion more just and more equitable to the parties affected. I want to recommend safeguards which will strengthen the constitutionality of the bill.

I do not say this bill is unconstitutional. I do not know how anybody can say whether it is or it is not in the light of the 5-to-4 decisions that have been handed down lately. I do not know how, even though you be an acknowledged authority on constitutional law, you can make a flat statement about the constitutionality of the bill. I have, however, some serious doubts as to the constitutionality of the bill as it now stands. I will discuss that later. But even though the bill be constitutional I think the amendments I wish to offer should be in it because they will make the bill more equitable and fair. I will discuss them in great detail later but just mention them now in passing. One amendment provides for real court approval of any plan adopted by the ICC. I say "real" court approval—adequate court approval. I say we need more than a court review that simply considers patent defects in procedure or arbitrary decisions of the ICC; and that is all the review you now have under this act.

Secondly, I will offer an amendment which will provide that in the case of a minority dissenter his rights should be protected, but without giving him an opportunity to prevent the reorganization and without giving him an opportunity to embarrass the reorganization and without giving him an opportunity to strike against the reorganization unless he gets an unfair payment. With these two amendments I think it will be a better bill constitutionally, it will be a better bill equitably.

When a debtor is in trouble what does he do? He calls in the creditor and they sit around the table and try to reach an agreement that will solve the difficulties of the debtor. It cannot be done in railroad reorganizations because there are thousands of creditors. You cannot get them around a table, and even if you could get them into a large hall you would never get 100-percent consent. Under the new, modern, streamlined trust indentures we have provisions for modifying them without 100-percent consent. The old indentures require 100-percent consent. We therefore need a bill of this kind, we need a bill of this nature; and this bill is written to cure that obstacle in dealings between creditors and debtors. Under this the companies will bargain with the bondholders. The ICC's position is to call the parties in, sit around the table, supervise the negotiations, and in effect be an umpire.

What can the ICC do under this bill? Let us assume I have a $1,000 bond and I do not go along with the plan, even though 75 percent of the bondholders do want to go along with the plan. What can they do with my bond? They can say to me, "Instead of a thousand-dollar bond you will take $500." They can say to me, "Instead of your bond becoming due in 2 years it will become due in 20 years." They can say to me, "Instead of taking 5-percent interest you take 2-percent interest." True, they must find that such decisions are in the best interests of all the bondholders, of all the stockholders, and of all those who are affected.

Now, I have a great deal of respect for the members of the ICC. When they came before our committee I was agreeably surprised at the high type and high caliber of men they are, distinguished jurists most of them.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield to the gentleman from Arkansas.

Mr. HARRIS. I believe the gentleman said that the stockholders were affected.

Mr. RABIN. I mean the bondholders.

Mr. Chairman, the men of the Interstate Commerce Commission are men of exceptionally high type, and I may say if you would compare them with men in other agencies they would not only compare favorably but would excel in many instances. As I say, I have respect for them, but so have I respect for the courts, and we allow an appeal on the merits from decisions of courts. They are human. They may make a mistake.

Suppose I am a minority stockholder and I think they made a mistake in this case—that they reached the wrong conclusion, that they are taking my property unfairly and unjustly. What can I do about it? I say my investment is impaired; it is a breach of my contract. What can I do? The Interstate Commerce Commission will answer: "We are bound by certain judicial decisions. We cannot do anything arbitrarily." Yes; they are bound by certain judicial decisions; but as has been pointed out in this bill, their power is plenary, absolute. They say, "Well, you can go to court and get a review." But can you? Can you go to court and can you have a review? The review that you get in court under this bill, under the ICC Act, under any administrative act, for that matter, is not a review that determines the merits of the claim. It is a review, and I will quote the words of a member of the ICC, Mr. Mahaffie, who appeared before us. He says unless they did something arbitrary or unless the application is filed in a way that the corporation was not legally authorized to file it, or there is some defect that is patent.

You can only review arbitrary decisions. You cannot review their judgment. That is what I think the minority stockholder should have a right to do. I think he should have a right to review their judgment. I do not think that would cause any great delay. either.

Mr. LEA. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield to the gentleman from California.

Mr. LEA. I take it that under the method the gentleman proposes you would have to have two hearings on all questions involved, one before the Commission and one before the court?

Mr. RABIN. I am getting to that now. They say that their objection to that type of review is that these bankruptcy proceedings have been in court for many years. True, they have been in court for a long time, but the inception of those proceedings is in court, and most of the time it takes in court is for the parties to get together on an agreement.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LEA. Mr. Chairman, I yield the gentleman seven additional minutes.

Mr. RABIN. Mr. Chairman, before you get to court this plan has been worked out. Time must be taken to reach an agreement of at least 75 percent. That time must be taken in any event. All it requires is a motion in court. The court does not have to work it out. I have had some experience in this type of work. I had the privilege of helping write a reorganization bill in New York State with respect to real estate, where we had as many as 7,500 bondholders in one single issue. I reorganized 15,000 issues affecting the rights of 250,000 bondholders. I reorganized a billion dollars' worth of mortgages with 15,000 separate issues, and we had a court review in each. We did the whole job in 4 years, and I wrote to the Governor, asking to abolish my office. We finished the job.

Now, it can be done and it should be done.

The next amendment is this: Where a bondholder is in a minority and they cut down his interest to 50 percent, or in any other way, I say he should have a right to say "appraise the value of my bonds and give it to me either in cash or provide security therefor." I do not say to let the bondholder strike and let him get 100 percent of his dollar, or else let him hold up the proceeding. I do not say he should do that, but give him the value of his bonds. I do not say give him cash, because it may embarrass the reorganized company to give him cash. The railroad may not have it. I say provide for some security. He has a contract.

True, the Constitution does not prohibit the United States from violating a contract, but is there any reason for us to do it? That is no reason for us to do it. But, the due process clause may prevent us from doing just that. At the hearing cases were cited which we were told held the violation of a contract to be constitutional. What cases did they cite? They cited the Gold Clause case. I am not going to consider whether that was a good decision or a bad decision. That was the decision and that is the law. I venture the opinion that most of the Members to my left did not think at the time the decision was handed down that it was good law, but that decision was written in a period of emergency. That decision was written at a time when not to do it would cause great national harm. In some instances a decision like that is justified even though it does appear to violate the terms of the Constitution. If I be wrong on that then I am too generous to those who have views on the constitutionality of these provisions. But to provide for the protection of the right of contract, as I ask provision be made, is not to do anything that is unknown to American jurisprudence. We strive to protect the right of contract, and again I say, merely because we have the right to abrogate the terms of a contract is no just reason for doing that, and we can avoid it without endangering the plan, without hampering reorganization and without depriving any holder of a bond of his rights as given to him under the mortgage.

I am for this bill. I think we ought to accept these safeguards which do not impair its efficacy.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield to the gentleman from New Jersey.

Mr. WOLVERTON. The gentleman made reference to the Gold Clause case, and very properly so, because I think the decision in that case resolves most of the doubts that he otherwise would have had in his mind. Does the gentleman want to make any reference to the decision and the principles upon which they were founded in the Holding Company Act cases?

Mr. RABIN. I will say this, we are not going to resolve the question of constitutionality on this floor. Whether I believe it to be constitutional is immaterial, but I do say—that even if this bill be constitutional, and I will pass the question of constitutionality, while I seriously doubt it—even if it be constitutional, there is no good and valid reason why a bondholder should not have the right to have court approval on the merits of a plan; why there should not be an adequate review and also why the bondholder should not have his contract protected, if we can do that by the provisions of the bill.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield to the gentleman from Pennsylvania.

Mr. HUGH D. SCOTT, JR. Does not the gentleman fear that his amendment to provide for the fixing of the value of the dissenting holder's securities would lead to innumerable hold-ups or a very polite form of legal blackmail, and is not that the very illustration cited by Mr. Mahaffie in the hearing regarding the New England railroad referred to?

Mr. RABIN. My answer is no, first, and I will tell the gentleman the difference. In that case the bondholder insisted on 100 cents on the dollar plus accrued interest. Here all I provide for is that the value of the bond be fixed at the time of the reorganization proceedings. Second, here I do not provide that he be paid cash. I provide that some security be given him for it. Third, I assume in these reorganizations that the value of the bonds will go up, otherwise it is of no benefit to the bondholder to reorganize, and the bondholder who dissents gets his value fixed as of the time of the reorganization, which would be less.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LEA. Mr. Chairman, I yield five additional minutes to the gentleman from New York.

Mr. RABIN. If we are going to pay the man the value of his security as of the time the reorganization was started, then it would be less, and there would be no inducement for him to dissent.

Mr. HUGH D. SCOTT, JR. It does appear to me as if this is opening the door to a lawyers' holiday. There are an infinite number of possible interventions by people who would like to get some advantage from it.

Mr. RABIN. I can only give the gentleman my experience, where I reorganized a billion dollars worth of mortgages, with 15,000 separate issues, and we did it all in 4 years, and there were no strikes, no hold-ups, and everybody came through all right. That is my experience over 4 years.

Mr. KLEIN. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield to the gentleman from New York.

Mr. KLEIN. I want to carry further the point that the gentleman from Pennsylvania made, which is the question of delay by an objection by a dissenting

bondholder. Will there be any delay? Will it have to go through the courts and thus hold up the entire reorganization proceedings?

Mr. RABIN. Under my amendment, the entire reorganization is finished before there is any chance to go to court. The plan is approved, they have the 75 percent, and the decision of the ICC is made. It is on motion, and the court can pass on it summarily.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield to the gentleman from Arkansas.

Mr. HARRIS. Would it not necessitate a hearing by the court before its determination could be made as to whether or not the court would approve the plan? Then it would go before the Commission, as I understand.

Mr. RABIN. No; the Commission can do it. It does not become effective until after the court approves it.

Mr. HARRIS. It must have the approval of the district court?

Mr. RABIN. That is right.

Mr. HARRIS. Then it would necessitate a hearing before the court before the court could give its approval.

Mr. RABIN. It is in the court's discretion.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield to the gentleman from Colorado.

Mr. CARROLL. I know the gentleman from New York has made a very careful study of this bill. Will he tell us very briefly under what circumstances a carrier can invoke the provisions of this law? What is the legislative intent?

Mr. RABIN. The carrier can come in and petition the ICC for a reorganization of its bonded indebtedness, or of any particular class of bonded indebtedness, if it believes that such reorganization will offset financial dangers, and the Commission can grant it if it finds it is in the interest of the corporation, the bondholders, the public, and the stockholders, and if it has 75 percent consent.

Mr. CARROLL. I wanted to have the record show that the Commission itself has to make a finding as a condition precedent that such a condition did exist.

Mr. RABIN. That is right; the Commission will have to find those things. There is no doubt about that.

Mr. CARROLL. The next question I have to ask concerns the gentleman's amendment on the minority bondholder. Could he have been in agreement originally with the 75 percent, and then protest later?

Mr. RABIN. No, that is only for a minority bondholder, one who dissents.

Mr. CARROLL. Then he would go into court and have his day in court, is that the gentleman's idea?

Mr. RABIN. Yes. Then, if it is decided against him, he can have his bond appraised and step away from it. I fear that 75 percent of the bondholders can force out the 25 percent minority. It would be difficult but it can be done. I do not want to leave any loopholes in a bill of this kind where 75 percent can push 25 percent around.

Mr. WOLVERTON. Mr. Chairman, I yield 5 minutes to the gentleman from Maine [Mr. HALE].

(Mr. HALE asked and was given permission to revise and extend his remarks.)

Mr. HALE. Mr. Chairman, I do not suppose I can add anything very material to what has been said by the very able speakers who have already discussed this bill.

I want, however, to attest my interest in the passage of the measure because I think it is a desirable and constructive piece of legislation.

Its purpose is certainly a laudable one. Its purpose is to enable a railroad which is in financial difficulties or is on the verge of getting into financial difficulties to alter or modify its obligations without the expense and long delays incident to procedure under receivership or under section 77 of the Bankruptcy Act.

Of course, there would not be any need of legislation of this sort if we could be perfectly sure that the railroads would never again be in financial difficulties, but, unfortunately, it is almost certain that they will be in financial difficulties. In fact, our Committee on Interstate and Foreign Commerce is now engaged in hearings on bills in which the financial difficulties of the railroads are revealed.

We have a bill before us now in which it is sought to give the railroads in effect a subsidy to buy boxcars on the theory that the boxcars will not be obtained in any other way. I do not say that this is a sound piece of legislation. I do not say it is going to pass, but I do say that it indicates the very grave concern which not only the railroads have but the shippers have, for the roads' financial soundness. The railroads, of course, had unprecedented gross incomes during the war, but the peak of their net income came in 1942 before the expenses of operation increased as they did subsequently. Last year, in 1946, the railroad net, I think, was at the rate of 3½ percent on their capital investment, and the Interstate Commerce Commission granted them a belated rate increase effective the first day of January 1947. But it is doubtful if the railway net income this year, even with the increased rates, will be as good as it was in 1946.

Of course, if you have railroad strikes and if you have a depression, which dries up the gross revenues of the railroads, then the roads' position is going to be even worse.

The war showed us, if we needed to be shown, how completely we were dependent upon the American railroads. Had they come to a standstill, the war itself would have come to a standstill.

The bill provides a new section to part I of the Interstate Commerce Act to be known as section 20b. I call attention to the fact that this legislation is an amendment to the Interstate Commerce Act. It does not repeal any provisions of the Interstate Commerce Act with reference to appeals and so on.

Under this bill, as has been explained, the embarrassed road may modify any provision or any clause of its bonds, notes, or debentures, or other evidences of indebtedness except their equipment trust certificates, when the Interstate Commerce Commission after hearing shall make four findings.

I particularly call attention to the fact that we have provided for due process in connection with hearings before the Interstate Commerce Commission. The committee amendments which appear on lines 17 and 18, page 4, provide for reasonable notice of any hearing, by mail, advertisement, or otherwise, as the Commission may find practicable and may direct.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. WOLVERTON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. HALE. The Interstate Commerce Commission must find that the modifications are within the scope of paragraph 1; that they are in the public interest; that they are in the best interests of the railroad and each class of the stockholders; and that they are not adverse to the interests of any of the creditors that are affected. If the Commission makes these findings, the modifications must be referred to the bondholders for their assent. Seventy-five percent must assent.

I have listened with very great interest to the remarks of my distinguished colleague from New York [Mr. RABIN]. I appreciate his concern for the constitutionality of this legislation, but I believe that one can affirm its constitutionality as safely as one can affirm the constitutionality of any legislation. See pages 25 and 26 of the hearings and page 4 of the report. It seems to me that the amendments which he proposes with respect to dissenting bondholders would gravely impair, if they did not completely nullify, the value of this legislation, because they simply would offer a bondholder an incentive to dissent and not to go along.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, will the gentleman yield?

Mr. HALE. I yield.

Mr. HUGH D. SCOTT, JR. The gentleman from New York [Mr. RABIN] stated that his amendment was designed to see that 75 percent of the bondholders did not push 25 percent around. Is it not more likely that his amendment would enable some part of the dissenting 25 percent, through this proceeding, to push the 75 percent around to the disadvantage of the general public as well as a majority of the bondholders?

Mr. HALE. I think what the gentleman says is precisely right. I think that is exactly what would happen. Of course, the reason we want this legislation at all is that it is now too easy for a small minority to push a large majority around.

The CHAIRMAN. The time of the gentleman from Maine has again expired.

Mr. COLE of Missouri. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Forty-five 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. 84]

Allen, Ill.	Flannagan	Macy
Anderson, Calif.	Fuller	Mansfield, Tex.
Bell	Gallagher	Monroney
Bennett, Mich.	Gifford	Norton
Bland	Granger	Patman
Blatnik	Hart	Pfeifer
Bloom	Hartley	Ploeser
Bonner	Havenner	Powell
Boykin	Hébert	Rains
Buckley	Hill	Richlman
Celler	Hope	Rivers
Clark	Jones, N. C.	Sarbacher
Clements	Jones, Wash.	Sheppard
Coffin	Kearns	Sikes
Combs	Kefauver	Smith, Ohio
Coudert	Kelley	Towe
Cravens	Kennedy	Van Zandt
Dawson, Ill.	Keogh	West
Dolliver	Larcade	Wigglesworth
Engle, Calif.	Lucas	Winstead
Fernandez	Lusk	Wood
Fisher	McMillan, S. C.	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLER of Nebraska, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having under consideration the bill (H. R. 2298), and finding itself without a quorum, he directed the roll to be called, when 361 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.

Mr. WOLVERTON. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. CARSON].

Mr. CARSON. Mr. Chairman, I feel it is necessary now to go over a little more what we have already gone over because so many of the Members were not present at that time.

We are now considering H. R. 2298, which is a reorganization bill for modification of railroad financial structures. This bill was introduced by the chairman of our committee in the form suggested, and upon the recommendation of the Interstate Commerce Commission. I know of no other commission that is more familiar with railroads than the Interstate Commerce Commission. If you will look over their annual reports for the past few years, you will find that in their fifty-seventh annual report, also in the fifty-ninth and in the sixtieth annual report, they included recommendations for the enactment of such legislation as you have before you now.

There is undoubtedly need for this legislation, and we need it at this particular time. Even though the railroads, as we know, are privately owned, no other industry is affected with a greater degree of public interest. In capital invested and revenues earned it is among the largest in the Nation. There is no other industry that I know of in this United States that is of more importance to the Nation, both in peace and in war. The American people collectively have a tremendous personal and financial interest in the railroads. They have even greater interest in the continuity of efficient and adequate service on the railroads. I say there is need for this for the simple reason that we had before this a law as you will remember in 1939, the law which was passed at that time which lasted for only approximately 1 year. In 1942 the McLaughlin bill came in and that expired November 1, 1945. There is need at this particular time because there is no other legislation on the statute books that meets the situation exactly as it is now.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. CARSON. I yield.

Mr. HINSHAW. I think it might be well at this point to explain to the membership of the House that the quorum call recently made was not on behalf of the committee nor in connection with this bill.

There appears to be no particular argument concerning the bill, but there may be some amendments offered at the conclusion of the debate.

Mr. CARSON. That is a correct statement and I thank the gentleman for calling attention to it.

Mr. Chairman, we had before our committee some very fine men. I wish just briefly to call attention to some of the testimony they gave and the position they take with reference to the bill.

Mr. Charles D. Mahaffie, Commissioner of the Interstate Commerce Commission, in a letter to the committee made the following statement:

It has seemed to the Commission that we have arrived at a time when we could well ask the Congress, as we have, to consider facilitating voluntary reorganizations where it can be shown to be in the public interest and where a sufficient number of creditors affected consent. It is on this basis that we recommend this bill.

It is on that basis that the bill is recommended to us.

I want to bring the attention of the membership particularly to part of the testimony of Mr. Mahaffie in which a question was asked by Mr. HOWELL, and you will find it on page 12 of the hearings:

Mr. MAHAFFIE. The desirability of such legislation and such a procedure being available is, I think, illustrated by the present earnings' history of the railroads. For the first 2 months of this year, out of 126 class I railroads, whose reports are analyzed in statement M-125 issued by our Bureau of Transport Economics and Statistics which I have before me, 39 of those railroads had a deficit in net income. I do not mean to infer that those 39 railroads will necessarily have to readjust their obligations, but it at least points at the possibility that exists in that regard.

For the year 1946, of a similar number of class I railroads, 35 showed a deficit in net income.

For the year 1945, 26 showed a deficit in net income. I cite those, as I say, merely as showing the possibility that among the railroads there will be some who will find it desirable and whose creditors will find it desirable that their obligations be revised.

He also brings out very forcibly to us the only law that we have on the statute books at the present time which will meet this situation, which is the section 77 procedure but that is still a very elaborate, very expensive, and very time-consuming proceeding.

I just want to bring to your attention in passing a few of those proceedings in this 77 bankruptcy bill. I think it will be of interest to you.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. WOLVERTON. Mr. Chairman, I yield three additional minutes to the gentleman from Ohio.

Mr. CARSON. Under section 77 proceedings the extent of the expense involved, ranging all the way from $1,811.95, for a relatively small road, to $2,135,778 and $2,891,121 in the case of two large carriers.

Even under section 15 procedure, which has now expired, as I recall, the B. & O. Railroad in a reorganization was nearly 2 years getting the reorganization started and it cost $1,500,000. That is the situation we are faced with now, and I bring these to your attention to show the need of this legislation.

I want to pass hurriedly on in my limited time and come to some of the people who appeared before our committee who are definitely in favor of this legislation. We had a letter from Halsey Stuart & Co. of New York, in which they make the following statement:

All that was then said in our behalf in support of the Mahaffie bill is, we believe, now equally applicable in support of H. R. 2298 (which is identical, except for a few minor language changes and the beneficial addition of paragraph (11) which clarifies the exemption from the Securities Act of 1933 of securities issued in proceedings under H. R. 2298).

As well as reaffirming our views previously expressed, we would point out that the expiration (since November 1945) of another year and a half in the pendency of railroad reorganization proceedings which have now been pending for 12 or 14 years, has served to illustrate even more forcefully the desirability of some more workable and prompt method of adjusting the financial embarrassments of railroads. In our opinion, the enactment of H. R. 2298 would provide a much-needed alternative to reorganizations under section 77 and would be of great and lasting benefit to railroad credit. We believe that passage of your bill is desirable from the standpoint of both the public interest and of the interest of railroad creditors and other security holders.

I want to go a little into the testimony of Mr. Carter Fort, vice president and general counsel of the Association of American Railroads. This is what he had to say:

We are very strongly in favor of H. R. 2298.

He further states:

Experience has demonstrated that a great deal of time, perhaps several years, is consumed by section 77 proceedings and that very large expenses are incurred in such a proceeding. This is only to be expected in view of the complexity of a section 77 case and of the many issues and interests involved.

We will now go over to the testimony of Fred N. Oliver, who was speaking on behalf of two organizations. One was the Railroad Security Owners' Association, in which there are 354 members with bonds amounting to approximately $2,500,000,000, or something in excess of 20 percent of the total bonded indebtedness of the railroads of the country.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. LEA. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. CARSON. Mr. Chairman, Mr. Oliver also stated that he appeared on behalf of the railroad committee of the National Association of Mutual Savings Banks located in 17 States, that they have about 16,000,000 depositors and that most of these banks are also members of the Railroad Security Owners' Association.

He stated definitely in our hearings:

I have been instructed by the executive committee of the Railroad Security Owners' Association, and the Railroad Committee of the National Association of Mutual Savings Banks to appear before this committee in support of H. R. 2298. We believe that this measure, if enacted, will be beneficial to the railroads, to the security holders and to the public. We believe it will do much to reestablish confidence in railroad securities, railroad investments, for reasons which I shall outline.

Those are a few of the people who appeared before us in our hearings.

In summing up this matter, it seems to me we should look at the entire situation. We are definitely doing something in the interest of the public because when a railroad operates under threatened bankruptcy it will skip on maintenance and thus reduce the number of its employees. A poorly maintained railroad is not good for the traveling public, it is not good for the employees, it is not good for the investors, it is not good for the stockholders or the Nation. This is an effort to do something before the damage is actually done.

As we read the bill you will find every single step that is taken is under the jurisdiction of the Interstate Commerce Commission. It is a voluntary act on the part of the railroads. They appear before the Commission. They file their application if they so desire and the Commission even controls the manner in which they will file it. Nothing possible can be done in the matter until at least 75 percent of the security holders have consented and they are within the Interstate Commerce Commission control.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. LEA. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. KLEIN].

Mr. KLEIN. Mr. Chairman, I am not a member of the committee reporting this bill, but I am a member of the Committee on Corporate Reorganization of the Association of the Bar of the City of New York. This committee has had this question under consideration, and although I cannot find the report which was filed, I do know that the committee considered this question and reported favorably on it. There does not appear to be any objection to the bill, but my colleague from New York [Mr. RABIN], a member of the committee, will introduce two amendments later on which I feel will make this a better bill. One will provide for court review of decisions of the ICC and the other will add additional protection for the dissenting minority bondholders, the 25 percent or less group.

I want to clear up some misunderstanding about the effect of the amendments to be offered by the gentleman from New York [Mr. RABIN]. He will go into it in detail when he speaks on those amendments. It would not delay the reorganization proceedings under this act at all. If the 75 percent of the bondholders agree to the plan, the plan will go through. The only additional protection that we would like to give the dissenting bondholders is that they can come in and say, "We do not want to go along with this plan. There will be no hold-up or strike suit, such as exists at the present time. All we want is this: We do not want to go along with the plan. We want to get paid either in cash or securities as of this date.

"We want an appraisal made as to the value of our bonds as of now, and say that later on—we do not care when that may be, at some future time—we want to get the value of our security as of this time." It would not hold up the proceedings. The reorganization would go through according to plan if 75 percent agreed, and the other fundamentals under this bill were present. But it would give that additional advantage to the minority, to the dissenting bondholders who do not want to go along with the plan. All he wants is to get back the value of his securities; not what he paid for them or what they would be worth at maturity, but simply what they are worth at the present time. I do not see how anybody can object to that, and I hope, gentlemen, when the amendment is offered, it will be adopted by the Committee.

Mr. WOLVERTON. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. HOWELL].

Mr. HOWELL. Mr. Chairman, this bill came to the Committee on Interstate and Foreign Commerce with the unanimous recommendation of the Interstate Commerce Commission in a letter of transmittal by Mr. Walter M. W. Splawn, chairman of the legislative committee, Interstate Commerce Commission. Mr. Charles D. Mahaffie of the Commission appeared before the committee in support of the measure. There was no opposition offered to it by anyone at any time.

As has been previously pointed out by my colleagues on the committee, it provides a simple and inexpensive manner by which railroads may reorganize without being forced into our regular bankruptcy courts under the ordinary proceedings of section 77 (b) of the Bankruptcy Act. It is expedient and it is vital, and the bill comes to the floor without opposition. If the Members will read just the first opening paragraph of the report which accompanies the bill, I know you will agree that the measure does deserve support and should be enacted not only in the interest of the investing public, the railroad users, the shippers, but everyone interested in the future of our railroad industry as it contributes to the economic welfare of our system of private enterprise.

So, therefore, I join with my colleagues in urging the Members of the House of Representatives to support the measure which comes to the floor with the unanimous support of the Committee on Interstate and Foreign Commerce which held hearings on the bill as advocated by the members of the Interstate Commerce Commission, at which time no amendments were suggested by anyone, and therefore in its simple uncontroversial form it should be passed today.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. WOLVERTON. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. ELLSWORTH].

Mr. ELLSWORTH. Mr. Chairman, I take this time not so much to argue for or to extol the virtues of this bill, which I think have been thoroughly explained. I think every one knows by now that this bill is not controversial in nature. But I thought it might be interesting, Mr. Chairman, to the membership of the House to give a word of explanation regarding the procedure of our Committee on Interstate and Foreign Commerce and describe the development and origin of a bill of this kind, and of this bill.

Under the rules of the House in force this year the Committee on Interstate and Foreign Commerce was not materially changed in its form from what it had been in previous years, but a new policy was adopted, a policy which has not been adopted or used by any other committee, and that policy was that all of the agencies, boards, commissions, and so forth, whose legislation our committee handles, have come before our committee in informal sessions for a discussion of the work of their organization, their legislation presently in existence, and in every case where it was possible we discussed with these boards, agencies, and commissions such legislation as might be pertinent to the activities of their organizations.

In the talks we have had with the several agencies I have been particularly and especially impressed with the fact that of all the agencies the Interstate Commerce Commission, the oldest, in fact, of all the independent agencies, is the one organization that came before our committee and said in so many words, "We operate only and strictly within the statute given us by Congress. We do not try to stretch it or do our own legislating. We simply stay within the law that Congress lays down."

Then it came before the committee recommending certain pieces of legislation which it thought would be beneficial to the country.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. LEA. Mr. Chairman, I yield two additional minutes to the gentleman from Oregon.

Mr. ELLSWORTH. We found in our discussions with some of the other agencies that we had to discuss with them rather frankly the fact that they have overstepped the bounds of existing statutes, and we had to ask them, "Why have you not suggested additional law if you feel that you should operate with that type of authority?" But not so with the Interstate Commerce Commission. They stay within the bounds.

They suggested this piece of legislation. They gave us adequate reasons why it should be enacted. They presented complete and satisfactory proof of its merits. The result is that a bill was drawn, complete hearings were held, and the bill was reported by our committee unanimously.

The bill will have the beneficial result, as has been described here many times this afternoon, of saving railroad companies from taking one of two disastrous choices, to go either into bankruptcy under the 77-B statute or into receivership, neither of which procedures is satisfactory in any respect.

This bill when enacted will allow the Interstate Commerce Commission to bring about an orderly reorganization without disrupting either the financial structure or the organizational structure of any railroad corporation. I strongly urge the passage of this bill. I feel certain there will be no objection to it on the floor here today.

Mr. WOLVERTON. Mr. Chairman, I yield the balance of my time to the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER of Connecticut. Mr. Chairman, I realize there is little I can add to the explanation of the bill made by the members of the committee who have preceded me, but I do want to take just a minute or two to commend the ranking members of the Committee on Interstate and Foreign Commerce, the members on both sides of the aisle, for the consideration and assistance they have given to the 10 new members of that committee. They sat patiently through hearings listening to testimony that was very beneficial to the new members of the committee but with which they were very familiar. It has been a pleasure to work with that committee under the leadership we have had.

I should like to take just a brief minute to discuss the question of the amendments that have been suggested today by the gentleman from New York [Mr. RABIN]. The first thing that occurred to members of the Commerce Committee was that we wanted to be sure to protect minority interests among the bondholders of our railroads. That was discussed very fully in the committee. Mr. Mahaffie, of the ICC, was quite frank both on and off the record, in informal discussions, as to the wisdom of such a course.

I would remind you that many of the rulings that are now issued by the ICC are much more far reaching in their effect on the bondholders of our railroads than any agreement they might approve under this legislation, still this legislation provides for exactly the same review for any order issued under its authority by the ICC that is now provided in many other statutes relating to the ICC.

Mr. LEA. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER of Connecticut. Mr. Chairman, I hope this Committee today will not in the limited time that is available to us try to amend this bill. The question raised by the Rabin amendment has been gone into thoroughly by the committee. As I believe has been stated, it had the unanimous support of the committee and there were no minority views filed. No one knows just what the delays might be if in our desire to aid minority interests we should further amend the bill.

There certainly is this danger, as has been shown in the testimony concerning voluntary reorganizations of this kind, as was effected in the case of the Maine Central and the Boston & Maine Railroads that with the desire to properly protect minority interests we sometimes accomplish simply this—that the so-called smart boys who insist on their pound of flesh get theirs to the detriment and to the disadvantage of the other bondholders.

I believe that with the court provisions which now apply to ICC rulings every bondholder is protected.

The CHAIRMAN. General debate has been concluded. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That it is hereby declared to be in aid of the national transportation policy of the Congress, as set forth in the preamble of the Interstate Commerce Act, as amended, in order to promote the public interest in avoiding the deterioration of service and the interruption of employment which inevitably attend the threat of financial difficulties and which follow upon financial collapse and in order to promote the public interest in increased stability of values of railroad securities with resulting greater confidence therein of investors, to assure, insofar as possible, continuity of sound financial condition of common carriers subject to part I of said act, and to enable said common carriers, insofar as possible, to avoid prospective financial difficulties, inability to meet debts as they mature, and insolvency. To assist in accomplishing these ends and because certain classes of the obligations of such carriers are in the usual case held by a very large number of holders, and, further, to enable modification and reformation of provisions of the aforesaid classes of obligations and of provisions of the instruments pursuant to which they are issued or by which they are secured in cases where such modification and reformation shall have become necessary or desirable in the public interest in order to avoid obstruction to or interference with the economical, efficient, and orderly conduct by such carriers of their affairs, it is deemed necessary to provide means, in the manner and with the safeguards herein provided, for the alteration and modification, without the assent of every holder thereof, of the provisions of such classes of obligations and of the instruments pursuant to which they are outstanding or by which they are secured.

Part I of the Interstate Commerce Act, as amended, is amended by adding after section 20a the following new section:

"20b (1). It shall be lawful (any express provision contained in any mortgage, indenture, deed of trust, or other instrument to the contrary notwithstanding), with the approval and authorization of the Commission, as provided in paragraph (2) hereof, for a carrier as defined in section 20a (1) of this part (other than a carrier in equity receivership or in process of reorganization under section 77 of the Bankruptcy Act) to alter or modify (a) any provision of any class or classes of its bonds, notes, debentures, or other evidences of indebtedness (whether secured, unsecured, matured, or unmatured) issued under any mortgage, indenture, deed of trust, or other instrument of like nature, such bonds, notes, debentures, or other evidences of indebtedness being hereinafter in this section sometimes called 'obligation'; (b) any provision of any mortgage, indenture, deed of trust, or other instrument pursuant to which any class of its obligations shall have been issued or by which any class of its obligations is secured: *Provided*, That the provisions of this section shall not apply to any equipment-trust certificates in respect of which a carrier is obligated, or to any evidences of indebtedness of a carrier the payment of which is secured in any manner solely by equipment, or to any instrument, whether an agreement, lease, conditional-sale agreement, or otherwise pursuant to which such equipment-trust certificates or such evidences of indebtedness shall have been issued or by which they are secured.

"(2) Whenever an alteration or modification is proposed under paragraph (1) hereof, the carrier seeking authority therefor shall, pursuant to such rules and regulations as the Commission shall prescribe, present an application to the Commission. Upon presentation of any such application, the Commission may, in its discretion, but need not, as a condition precedent to further consideration, require the applicant to secure assurances of assent to such alteration or modification by holders of such percentage of the aggregate principal amount outstanding of the obligations affected by such alteration or modification as the Commission shall in its discretion determine. If the Commission shall not require the applicant to secure any such assurance, or when such assurances as the Commission may require shall have been secured, the Commission shall set such application for public hearing and the carrier shall give such notice of such hearing in such manner, by advertisement, or otherwise, as the Commission may find practicable and may direct, to holders of such of its classes of securities and to such other persons in interest as the Commission shall determine to be appropriate and shall direct. If the Commission, after hearing, in addition to making (in any case where such alteration or modification involves an issuance of securities) the findings required by paragraph (2) of section 20a, shall find that, subject to such terms and conditions and with such amendments as it shall determine to be just and reasonable, the proposed alteration or modification—

"(a) is within the scope of paragraph (1);

"(b) will be in the public interest;

"(c) will be in the best interests of the carrier, of each class of its stockholders, and of the holders of each class of its obligations affected by such modification or alteration; and

"(d) will not be adverse to the interests of any creditor of the carrier not affected by such modification or alteration,

then (unless the applicant carrier shall withdraw its application) the Commission shall cause the carrier, in such manner as it shall direct, to submit the proposed alteration or modification (with such terms, conditions, and amendments, if any) to the holders of each class of its obligations affected thereby, for acceptance or rejection. All letters, circulars, advertisements, and other communications, and all financial and statistical statements, or summaries thereof, to be used in soliciting the assents or the opposition of such holders shall, before being so used, be submitted to the Commission for its approval as to correctness and sufficiency of the material facts stated therein. If the Commission shall find that as a result of such submission the proposed alteration or modification has been assented to by the holders of at least 75 percent of the aggregate principal amount outstanding of each class of obligations affected thereby (or in any case where 75 percent thereof is held by fewer than 25 holders, such larger percentage, if any, as the Commission may determine to be just and reasonable and in the public interest), the Commission shall enter an order approving and authorizing the proposed alteration or modification upon the terms and conditions and with the amendments, if any, so determined to be just and reasonable. Such order shall make provision as to the time when such alteration or modification shall become and be binding, which may be upon publication of a declaration to that effect by the carrier, or otherwise, as the Commission may determine. Any alteration or modification which shall become and be binding pusuant to the approval and authority of the Commission hereunder shall be binding upon

each holder of any obligation of the carrier of each class affected by such alteration or modification, and upon any trustee or other party to any instrument under which any such class of obligations shall have been issued or by which it is secured, and when any alteration or modification shall become and be binding the rights of each such holder and of any such trustee or other party shall be correspondingly altered or modified.

"(3) For the purposes of this section a class of obligations shall be deemed to be affected by any modification or alteration proposed only (a) if a modification or alteration is proposed as to any provision of such class of obligations, or (b) if any modification or alteration is proposed as to any provision of any instrument pursuant to which such class of obligations shall have been issued or shall be secured: *Provided*, That in any case where more than one class of obligations shall have been issued and be outstanding or shall be secured pursuant to any instrument, any alteration or modification proposed as to any provision of such instrument which does not relate to all of the classes of obligations issued thereunder, shall be deemed to affect only the class or classes of obligations to which such alteration or modification is related. For the purpose of the finding of the Commission referred to in paragraph (2) of this section as to whether the required percentage of the aggregate principal amount outstanding of each class of obligations affected by any proposed alteration or modification has assented to the making of such alteration or modification, any obligation which secures any evidence or evidences of indebtedness of the carrier or of any company controlling or controlled by the carrier shall be deemed to be outstanding unless the Commission in its discretion determines that the proposed alteration or modification does not materially affect the interests of the holder or holders of the evidence or evidences of indebtedness secured by such obligation. Whenever any such pledged obligation is, for said purposes, to be deemed outstanding, assent in respect of such obligations, as to any proposed alteration or modification, may be given only (any express or implied provision in any mortgage, indenture, deed of trust, note, or other instrument to the contrary notwithstanding) as follows: (a) Where such obligation is pledged as security under a mortgage, indenture, deed of trust, or other instrument, pursuant to which any evidences of indebtedness are issued and outstanding, by the holders of a majority in principal amount of such evidences of indebtedness, or (b) where such obligation secures an evidence or evidences of indebtedness not issued pursuant to such a mortgage, indenture, deed of trust, or other instrument, by the holder or holders of such evidence or evidences of indebtedness; and in any such case the Commission, in addition to the submission referred to in paragraph (2) of this section, shall cause the carrier in such manner as it shall direct to submit the proposed alteration or modification (with such terms, conditions, and amendments, if any, as the Commission shall have determined to be just and reasonable) for acceptance or rejection, to the holders of the evidences of indebtedness issued and outstanding pursuant to such mortgage, indenture, deed of trust, or other instrument, or to the holder or holders of such evidence or evidences of indebtedness not so issued, and such proposed alteration or modification need not be submitted to the trustee of any such mortgage, indenture, deed of trust, or other instrument, but assent in respect of any such obligation shall be determined as hereinbefore in this section provided. For the purposes of this section an obligation or an evidence of indebtedness shall not be deemed to be outstanding if in the determination of the Commission the assent of the holder thereof to any proposed alteration or modification is within the control of the carrier or of any person or persons controlling the carrier.

"(4) (a) Any authorization and approval hereunder of any alteration or modification of a provision of any class of obligations of a carrier or of a provision of any instrument pursuant to which a class of obligations has been issued, or by which it is secured, shall be deemed to constitute authorization and approval of a corresponding alteration or modification of the obligation of any other carrier which has assumed liability in respect of such class of obligations as guarantor, endorser, surety, or otherwise: *Provided*, That such other carrier consents in writing to such alteration or modification of such class of obligations in respect of which it has assumed liability or of the instrument pursuant to which such class of obligations has been issued or by which it is secured and, such consent having been given, any such corresponding alteration or modification shall become effective, without other action, when the alteration or modification of such class of obligations or of such instrument shall become and be binding.

"(b) Any person who is liable or obligated contingently or otherwise on any class or classes of obligations issued by a carrier shall, with respect to such class or classes of obligations, for the purposes of this section, be deemed a carrier.

"(5) The authority conferred by this section shall be exclusive and plenary and any carrier, in respect of any alteration or modification authorized and approved by the Commission hereunder, shall have full power to make any such alterations or modification and to take any actions incidental or appropriate thereto, and may make any such alteration or modification and take any such actions, and any such alteration or modification may be made without securing the approval of the Commission under any other section of this act or other paragraph of this section, and without securing approval of any State authority, and any carrier and its officers and employees and any other persons, participating in the making of an alteration or modification approved and authorized under the provisions of this section or the taking of any such actions, shall be, and they hereby are, relieved from the operation of all restraints, limitations, and prohibitions of law, Federal, State, or municipal, insofar as may be necessary to enable them to make and carry into effect the alteration or modification so approved and authorized in accordance with the conditions and with the amendments, if any, imposed by the Commission. Any power granted by this section to any carrier shall be deemed to be in addition to and in modification of its powers under its corporate charter or under the laws of any State. The provisions of this section shall not affect in any way the negotiability of any obligation of any carrier or of the obligation of any carrier which has assumed liability in respect thereto.

"(6) The Commission shall require periodical or special reports from each carrier which shall hereafter secure from the Commission approval and authorization of any alteration or modification under this section, which shall show, in such detail as the Commission may require, the action taken by the carrier in the making of such alteration or modification.

"(7) The provisions of this section are permissive and not mandatory and shall not require any carrier to obtain authorization and approval of the Commission hereunder for the making of any alteration or modification of any provision or any of its obligations or of any class thereof or of any provision of any mortgage, indenture, deed of trust, or other instrument, which it may be able lawfully to make in any other manner, whether by reason of provisions for the making of such alteration or modification in any such mortgage, indenture, deed of trust, or other instrument, or otherwise: *Provided*, That the provisions of paragraph (2) of section 20a, if applicable to such alteration or modification made otherwise than pursuant to the provisions of this section, shall continue to be so applicable.

"(8) The provisions of paragraph (6) of section 20a, except the provisions thereof in respect of hearings, shall apply to applications made under this section. In connection with any order entered by the Commission pursuant to paragraph (2) hereof, the Commission may from time to time, for good cause shown, make such supplemental orders in the premises as it may deem necessary or appropriate, and may by any such supplemental order modify the provisions of any such order, subject always to the requirements of said paragraph (2).

"(9) The provisions of subdivision (a) of section 14 of the Securities Exchange Act of 1934 shall not apply to any solicitation in connection with a proposed alteration or modification pursuant to this section.

"(10) The Commission shall have the power to make such rules and regulations appropriate to its administration of the provisions of this section as it shall deem necessary or desirable.

"(11) Any issuance of securities under this section which shall be found by the Commission to comply with the requirements of paragraph (2) of section 20a shall be deemed to be an issuance which is subject to the provisions of section 20a within the meaning of section 3 (a) (6) of the Securities Act of 1933, as amended. Section 5 of said Securities Act shall not apply to the issuance, sale, or exchange of certificates of deposit representing securities of, or claims against, any carrier which are issued by committees in proceedings under this section, and said certificates of deposit and transactions therein shall, for the purposes of said Securities Act, be deemed to be added to those exempted by sections 3 and 4, respectively, of said Securities Act."

Mr. WOLVERTON (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, that the bill be considered as read, be printed in the RECORD at this point, and be open for amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 25, strike out "20b (1)" and insert "SEC. 20b (1)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: On page 4, line 17, strike out the word "such" and insert the word "reasonable."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: On page 4, line 18, after the word "by" insert "mail."

The committee amendment was agreed to.

Mr. RABIN. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. RABIN: On page 6, line 7, after the word "Commission" insert a comma and the words "after having obtained the approval of a district court of the United States upon notice given in the same manner as provided in this paragraph for hearings before the Commission."

Mr. RABIN. Mr. Chairman, during the general debate I discussed this proposed amendment at some length. I do not wish to burden this committee with a repetition of my remarks. However, in view of the fact that so many Members are present now who were not present at the time I discussed the matter, I wish to say at the outset that this is a good bill. It is a step forward in the direction of railroad reorganization. But I do think we should add two safeguards to protect the rights of minority bondholders. The one safeguard that I shall discuss at this time, because that is the subject of this amendment, is the giving to the minority bondholder the right to have a decision of the Interstate Commerce Commission reviewed by the court, or rather to give him the right to have a plan accepted by the Interstate Commerce Commission reviewed by the court before it becomes effective.

As I said, I have a high regard for the Interstate Commerce Commission. I have a high regard for the courts, too. But the courts have procedures where the decision of the court may be reviewed.

You will be told that under the Interstate Commerce Act a review is possible at the present time. I say that the type of review that is granted under the interstate commerce law is not the type of review I have in mind, or the type of review contemplated by this amendment. This bill calls for the reorganization of bonds or securities of a railroad that is still solvent; not in bankruptcy; not in receivership; but a railroad that merely contemplates financial difficulties. The Interstate Commerce Commission will have the right to cut down, if it so chooses, with the consent of 75 percent, the principal of the bond owned by a bondholder; to extend the date of maturity; to reduce the amount of interest. That is giving it wide discretion. It is giving it important powers. It is giving it the right to breach a contract. It is giving it the right to modify a contract. I say, let the dissenting minority bondholder have the right to go to court, and permit the court to review not only for patent defects or arbitrary decisions, which is the only review that is now allowed under the law, but review that decision on the merits. Let the court determine whether the Commission exercised its powers reasonably and equitably.

We are told also that it would take too much time for such review. There is no excuse for the denial of justice because the administration of justice requires time or effort. And it would not take too much time. It only requires a motion. The time taken in reorganization is the agreement on the plan. Before this is taken to court, the plan will already have been agreed to. A decision will have been made by the Interstate Commerce Commission. Give the minority bondholders a few months at least—I do not think it would take that long—to have that decision reviewed on the merits. That is the least you can do for one who is having his contract modified, who is having some of his rights taken away from him. I do not think it is asking too much. It will safeguard the bill. It will make for progress. It will strengthen the possibility that this bill may be held constitutional.

Mr. KLEIN. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield.

Mr. KLEIN. I ask the gentleman, as chairman of the Mortgage Commission of the State of New York, did he not have a similar proposition which went to the court, and as a matter of fact, the Supreme Court of the United States upheld the constitutionality?

Mr. RABIN. That is right. I stated that in my general remarks. I did not want to bring it out particularly. In fact I reorganized 15,000 such mortgages within a period of 4 years where 250,000 bondholders were involved and a billion dollars of securities were reorganized with this provision, and we completed the job within 4 years, and my commission stepped out at its own request, having completed its job. Court approval did not delay that job.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HARRIS. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Arkansas is recognized for 5 minutes.

Mr. HARRIS. Mr. Chairman, I refrained from taking any part in the debate because we seemed to have unanimity of opinion here as to the desirability of this legislation.

The gentleman from New York said he intended to offer two amendments. This is the first one. As I understand his position he is for the bill but thinks it is necessary that the two amendments he proposes be adopted by the Committee and the House.

Mr. Chairman, I have the greatest admiration and respect for the gentleman from New York. We know he has had many years of experience in dealing with matters of this kind because of his association and as a member of an outstanding law firm in New York City. I do, however, take issue with him on his proposed amendments.

In the first place, I do not believe the gentleman's proposal is practical. Even so, it is certainly a most unusual procedure in court. Here we propose to give the Interstate Commerce Commission certain authority with reference to the reorganization of the financial structure of railroads, and the gentleman from New York proposes in his amendment that even though the Commission may find after due procedure established in this proposed legislation that such a plan of modification or alteration is necessary before they can issue an order perfecting that plan it must be presented to a district court for approval. I say to you that would be an unusual procedure in court. It is not the right of appeal at all. It is in effect saying to the Interstate Commerce Commission that before it can issue an order affecting the alteration of modification of the financial structure of a railroad it must be submitted to a court of the United States and the approval of that court obtained; and then the Commission must say—now, listen to this—the Commission must say that the court is right so we will approve the order of the court. That is exactly what you have here as I see it.

I am very strongly for the protection of the minority interests, but I do not think we should permit a windfall for 15 or 20 percent of the holders of obligations of any corporation. That is what this amendment would do.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Pennsylvania.

Mr. WALTER. What would the situation be in the event that the Commission after careful deliberation concluded that the plan submitted was entirely proper and the only plan that was workable under the circumstances, and the court in substituting its judgment for that of the Commission should reach an entirely different conclusion?

Mr. HARRIS. As I see it, and in contravention of what the gentleman from New York said a while ago, if the matter were submitted to the district court and the district court heard it and gave its approval or its disapproval either of the parties to the litigation could appeal. That would necessarily bring about a long delay. If there is a real interest manifested, and a bona fide interest, I agree with him that a delay would certainly be justified.

I cannot see, however, the justification for saying that a matter must be heard by the Commission and determined on the basis of the facts presented, then submitted to the court, and the court rehear the whole matter again. Certainly you must presume that a court before it can give its approval or disapproval on any matter must have a hearing or at least it must be satisfied that it has information that will justify a decision.

Mr. Chairman, the amendment should be defeated. For the information of the Congress, I am including with my statement the questions asked Commissioner Mahaffie and his answers as contained in the hearings. This will, I believe, explain this matter briefly with the inclusion of a table as to the profits and deficits of class I railroads for the years of 1945 and 1946.

Mr. HARRIS. Mr. Commissioner, do I understand that this bill would apply to those cases that are not involved in bankruptcy, and is designed to permit them to reorganize to the extent that would likely prevent them from going into that?

Mr. MAHAFFIE. That is correct.

Mr. HARRIS. And the so-called Reed bill applied not only to those cases, but also to the cases presently in bankruptcy?

Mr. MAHAFFIE. That is correct.

Mr. HARRIS. Do I understand that the carrier must first make the application?

Mr. MAHAFFIE. That is correct.

Mr. HARRIS. For modifying, altering, or readjusting of notes, debentures, bonds, and so forth?

Mr. MAHAFFIE. That is correct.

Mr. HARRIS. And the Commission then will take up the application and hold hearings?

Mr. MAHAFFIE. Yes, sir; that is correct.

Mr. HARRIS. And then determine whether or not, from the Commission's point of view, the applications should be permitted to go ahead for consideration?

Mr. MAHAFFIE. That is correct, with this modification: The Commission may, on consideration of the plan proposed in the appli-

cation, modify it, and it would be that modified plan that then, if the carrier does not withdraw it, would go to the security holders for approval or rejection.

Mr. HARRIS. That is to the stockholders?

Mr. MAHAFFIE. The stockholders are not covered by this plan as far as the modification of their rights are concerned, in compulsory modification. This relates only to obligations.

Mr. HARRIS. To the bondholders?

Mr. MAHAFFIE. That is right. I may say that there might be such a modification as to bondholders as to affect some classes of stock, and therefore in this draft, unlike the first draft, which was 1,253, it is provided that the Commission must make a finding that the adjustment is not adverse to the interests of any class of stockholders, rather than as to the stockholders as a whole.

That is necessitated by the fact that there are sometimes preferred stockholders who have interests that are not the same as the common stockholders.

Mr. HARRIS. Are the bondholders under this procedure given any advantage, or is there any likelihood that they would be given any advantage over the stockholders?

Mr. MAHAFFIE. I can see no possible advantage to bondholders over the stockholders resulting from this legislation.

Mr. HARRIS. I believe the language of the bill reads that such proposal has been assented to by the holders of at least 75 percent of the aggregate principal amount outstanding of each class of obligations. Does that mean that 75 percent of each of the different classes of obligations must give their approval of it, and not 75 percent of all classes?

Mr. MAHAFFIE. Very definitely; 75 percent of each class affected.

Mr. HARRIS. I wanted to clarify that to be sure. That is the way I read the language of the bill.

Now, suppose that some of the 25 percent of the minority holders were to object. Then where would we be?

Mr. MAHAFFIE. They should present their reasons as to why it is unfair at the hearing before the Commission, and that is the thing that the Commission would have to consider, whether they made out a case that the modification should not be approved. If, after hearing them, the Commission made the findings prescribed, and then the 75 percent of the class affected voted favorably, that 25 percent, unless they found some defect in the procedure on which they could set aside our order in court, would be through, and it is precisely for the purpose of terminating the opposition of a minority, small minority, usually, of holders of a security, when you try to readjust it, that some such legislation as this is necessary.

Mr. HARRIS. It would be at that point that the Commission would be required to determine whether or not there was a constitutional question involved in any given proposal?

Mr. MAHAFFIE. The Commission would determine it before the vote. It would determine it before making its findings.

Mr. HARRIS. I share the views of the gentleman from California [Mr. LEA], that it seems to me like it could be a very serious question of constitutionality of the act. But I assume the Commission has given most careful thought to that particular question.

Mr. MAHAFFIE. We would have brought this forward many years ago, I think I may say, had we been convinced that it was a constitutional measure. I personally hesitated to suggest it as to the mortgages that we were approving until after the gold-clause decision by the Supreme Court. Then we began inserting it, or requiring it, in some of the mortgages.

Mr. HARRIS. When was that decision?

Mr. MAHAFFIE. I should say about 1935, but I am guessing.

Mr. HARRIS. And have you requested, or indicated, your desire for such legislation since that time?

Mr. MAHAFFIE. We began inserting a similar provision in mortgages that we approved in the reorganization of railroads, putting in a provision that the obligation might be adjusted with the consent of 75 percent of the security holders affected.

That raised the question initially and we worked on it a good deal, as to whether it was constitutional if Congress prescribed that as to existing mortgages, and as I say, we reached the conclusion that it was an appropriate measure for us to recommend to the Congress.

Mr. HARRIS. Question has been raised here with reference to the need for immediate action. I assume that the same need and desire exists as existed when you first recommended the legislation from the viewpoint of the Commission.

Mr. MAHAFFIE. Yes, sir; that is correct. It is not any sudden thought with us.

Mr. HARRIS. I assume the answer to the question on taking the other over-all measure in preference to this would be that inasmuch as there has been some difficulty arisen over that proposal, it would be better to get this proposal which a great many people say is desirable, if you cannot get all that some want in the other proposal, realizing, of course, the Commission has reported adversely on section 2 of that act.

Mr. MAHAFFIE. Yes, sir; that is correct. As to the first part of your question, I think that is particularly a question of congressional policy on which perhaps my opinion would not be especially helpful. We think this is desirable no matter what happens as to the roads now in reorganization.

Mr. HARRIS. Would you say it would be even more desirable now because of the probability of future difficulties in the railroad industry, in that they are having more difficulty than they did during the war when business was at a top?

Mr MAHAFFIE. Very much more urgent now than it was when we began urging it; yes, sir.

Mr. HARRIS. You mentioned a little while ago that there were 36 railroads operating on a deficit in 1946.

Mr. MAHAFFIE. Thirty-five.

Mr. HARRIS. In 1945 there were how many?

Mr. MAHAFFIE. Twenty-six. That is class I railroads. Of course, there are lots of smaller railroads that are not included in these figures.

Mr. HARRIS. I realize that.

For the benefit of the committee, and so that the record will be completed, is there any objection to including those railroads and what the deficit was in your statement?

Mr. MAHAFFIE. Not a particle, sir. Those matters are all public. The thing I hesitated to answer was as to railroads that might shortly need the benefit of this legislation. But as to those deficit figures, they are public, and they can be furnished to your committee. I have copies here, but not enough for your committee.

Mr. HARRIS. Those are likely to be the railroads that would need this legislation.

Mr. MAHAFFIE. Those are the most likely to need it, yes, sir; although you cannot always get it down to those limits because a railroad may need it on account of a maturing obligation even if it is making adequate earnings.

To go on with that a moment, there are about $3,000,000,000 fixed-interest obligations on the class I railroads. Those mature over the early period at the rate of approximately a quarter billion dollars a year. Whether or not maturities can be refunded, or refinanced, frequently depends not entirely on the earnings of the individual railroad, but on the general market condition. It is possible that such securities may be those of a railroad that is showing good earnings, but which might need the benefit of some provision such as this; in other words, to extend a maturity which it could not meet by payment in cash or by the sale of securities.

Mr. HARRIS. Mr. Chairman, I suggest that the information be included in the record. I believe it would be helpful to the committee, if there is no objection to it.

Mr. HOWELL. Commissioner Mahaffie has pointed out that the information with reference to deficit-operating railroads is already available, so I would see no objection to having that come into these committee hearings. But I think he properly pointed out that it might not be wise to include the names of the other roads who might be in need of this relief at some future time.

Mr. HARRIS. I did not ask that he include that specific information, but merely to see what railroads have been operating at a deficit in the last 2 years.

Mr. HOWELL. I see no reason why they should not be included.

Mr. MAHAFFIE. Mr. Chairman, I have that information here for the years 1946 and 1945, in a rather elaborate table. I do not know whether that is the form in which you could use it in your record. If it is, I could hand it to the reporter now.

Mr. HARRIS. Whichever you think is best. It would certainly be all right with us.

Mr. HOWELL. Mr. Harris, the committee will receive it, and determine the proper form in which to include it in this record.

Mr. HARRIS. Very well, Mr. Chairman.

(The information is as follows:)

Net income, by regions and districts, class I steam railways

FOR THE 2 MONTHS ENDED FEBRUARY 1947 AND 1946

Region and railway	Net income	
	1947	1946
United States, total	$43,633,019	$51,546,940
Eastern district, total	[1] 6,490,879	[1] 10,127,715
New England region, total	[1] 2,169,551	623,779
Bangor & Aroostook	309,340	292,319
Boston & Maine	95	259,792
Canadian National Lines in New England	[1] 165,588	[1] 212,957
Canadian Pacific Lines in Maine	----------	----------
Canadian Pacific Lines in Vermont	----------	----------
Central Vermont	[1] 263,267	[1] 346,716
Maine Connecting	149,995	178,958
New York Central	[1] 95,723	109,294
New York, New Haven & Hartford [2]	[1] 1,808,664	512,772
Rutland [2]	[1] 295,739	[1] 169,683
Great Lakes region, total	3,304,650	[1] 2,434,117
Ann Arbor	76,816	32,950
Cambria & Indiana	[1] 76,654	168,934
Delaware & Hudson	406,113	393,576
Delaware, Lackawanna & Western	55,606	233,383
Detroit & Mackinac	51,859	12,352
Detroit & Toledo Shore Line	201,974	88,921
Erie	226,596	[1] 1,762,630
Grand Trunk Western	[1] 375,603	[1] 1,079,617
Lehigh & Hudson River	71,948	50,936
Lehigh & New England	79,397	139,672
Lehigh Valley	213,056	291,621
Monongahela	227,371	185,082
Montour	128,155	92,861
New York Central [2]	[1] 1,574,911	[1] 2,639,238
New York, Chicago & St. Louis	1,368,014	546,993
New York, Ontario & Western [2]	[1] 384,170	[1] 437,722
New York, Susquehanna & Western [2]	[1] 79,399	[1] 71,714
Pere Marquette	372,217	211,903
Pittsburgh & Lake Erie	737,254	239,243
Pittsburg & Shawmut	44,114	12,614
Pittsburgh & West Virginia	89,551	[1] 55,457
Pittsburg, Shawmut & Northern [2]	[1] 26,543	[1] 40,683
Wabash	1,471,889	951,903

Footnotes at end of table.

Net income, by regions and districts, class I steam railways—Continued

FOR THE 2 MONTHS ENDED FEBRUARY 1947 AND 1946—continued

Region and railway	Net income 1947	Net income 1946
Central eastern region, total	$7,625,978	$8,317,377
Akron, Canton & Youngstown	112,637	28,394
Baltimore & Ohio	1,098,644	[1] 1,853,103
Bessemer & Lake Erie	265,192	[1] 203,667
Central R. R. of New Jersey [2]	[1] 926,500	[1] 1,243,576
Central R. R. of Pennsylvania	260,720	84,953
Chicago & Eastern Illinois	[1] 43,108	[1] 166,892
Chicago & Illinois Midland	192,216	103,410
Chicago, Indianapolis & Louisville	[1] 287,256	[1] 199,209
Detroit, Toledo & Ironton	579,284	269,993
Elgin, Joliet & Eastern	743,672	[1] 422,007
Illinois Terminal	156,353	91,765
Long Island	[1] 1,882,785	[1] 964,066
Missouri-Illinois	123,700	91,460
Pennsylvania	[1] 9,789,701	[1] 4,780,365
Pennsylvania-Reading Seashore Lines	932,016	[1] 874,685
Reading	[1] 1,239,340	830,746
Staten Island Rapid Transit	[1] 206,450	[1] 180,066
Western Maryland	711,544	600,266
Wheeling & Lake Erie	958,536	469,272
Southern District, total	25,093,385	27,344,412
Pocahontas region, total	13,761,051	14,400,938
Chesapeake & Ohio	6,509,873	6,359,310
Norfolk & Western	5,345,677	6,102,867
Richmond, Fredericksburg & Potomac	513,376	930,359
Virginian	1,392,125	1,008,402
Southern region, total	11,332,334	12,943,474
Alabama Great Southern	191,648	168,293
Atlanta & St. Andrews Bay	44,414	5,724
Atlanta & West Point	[1] 5,887	23,224
Atlantic Coast Line	2,476,069	2,212,572
Central of Georgia [2]	[1] 1,002,607	[1] 449,398
Charleston & Western Carolina	52,440	[1] 65,464
Cincinnati, New Orleans & Texas Pacific	571,066	401,718
Clinchfield	----------	----------
Columbus & Greenville	16,607	12,479
Florida East Coast [2]	347,396	542,384
Georgia R. R., lessee organization	----------	----------
Georgia & Florida [4]	[1] 140,824	[1] 142,140
Georgia Southern & Florida	26,077	78,344
Gulf, Mobile & Ohio	383,588	274,072
Illinois Central	2,336,418	2,329,220
Louisville & Nashville	2,535,228	3,825,031
Mississippi Central	6,801	[1] 13,692
Nashville, Chattanooga & St. Louis	103,380	263,800
New Orleans & Northeastern	209,276	161,212
Norfolk Southern	12,176	22,069
Seaboard Air Line	1,361,484	12,084
Southern	1,842,171	3,315,193
Tennessee Central	[1] 63,828	[1] 78,119
Western Ry. of Alabama	29,241	44,868
Western district, total	25,030,513	34,330,243
Northwestern region, total	[1] 3,546,095	[1] 1,095,444
Chicago & North Western	[1] 1,566,081	528,908
Chicago Great Western	33,112	[1] 346,855
Chicago, Milwaukee, St. Paul & Pacific	884,328	1,321,195
Chicago, St. Paul, Minneapolis & Omaha	[1] 426,322	[1] 582,780
Duluth, Missabe & Iron Range	[1] 2,003,717	[1] 1,786,502
Duluth, South Shore & Atlantic [2]	[1] 151,248	[1] 121,952
Duluth, Winnipeg & Pacific	[1] 49,308	[1] 39,857
Great Northern	[1] 494,931	311,861
Green Bay & Western	61,854	52,675
Lake Superior & Ishpeming	[1] 148,312	[1] 163,527
Minneapolis & St. Louis	283,054	115,040

Footnotes at end of table.

Net income, by regions and districts, class I steam railways—Continued

FOR THE 2 MONTHS ENDED FEBRUARY 1947 AND 1946—continued

Region and railway	Net income 1947	Net income 1946
Northwestern region—Con.		
Minneapolis, St. Paul & Sault Ste. Marie	[1] $315,065	[1] $383,408
Northern Pacific	780,186	567,159
Spokane International	3,272	1,513
Spokane, Portland & Seattle	[1] 349,751	[1] 510,223
Wisconsin Central [2] [5]	[1] 87,166	[1] 58,691
Central western region, total	21,481,083	27,720,619
Alton [2]	180,383	14,498
Atchison, Topeka & Santa Fe [5]	6,907,397	10,537,322
Chicago, Burlington & Quincy	5,703,091	7,791,764
Chicago, Rock Island & Pacific [2]	1,009,173	1,741,460
Colorado & Southern	40,888	11,404
Colorado & Wyoming	46,257	[1] 24,097
Denver & Rio Grande Western [2]	[1] 340,580	419,920
Denver & Salt Lake	199,768	67,185
Fort Worth & Denver City	44,683	35,110
Northwestern Pacific	[1] 137,749	[1] 539,722
Southern Pacific	1,091,425	43,817
Southern Pacific Transportation System [7]	5,703,318	4,412,651
Toledo, Peoria & Western [8]	----------	----------
Union Pacific	6,731,631	6,666,669
Utah Railway	38,666	21,444
Western Pacific	[1] 33,958	933,845
Southwestern region, total	7,095,525	7,705,068
Beaumont, Sour Lake & Western [2]	295,372	439,821
Burlington-Rock Island	[1] 173,727	[1] 36,534
International-Great Northern [2]	[1] 426,064	14,044
Kansas City Southern	718,778	506,389
Kansas, Oklahoma & Gulf	177,560	118,934
Louisiana & Arkansas	354,338	200,670
Midland Valley	39,604	16,688
Missouri and Arkansas	[1] 30,403	[1] 47,039
Missouri-Kansas-Texas	214,808	893,021
Missouri Pacific [2]	1,670,881	1,752,653
New Orleans, Texas & Mexico [2]	77,352	205,755
Oklahoma City-Ada-Atoka	18,584	23,681
St. Louis, Brownsville & Mexico [2]	350,344	435,343
St. Louis-San Francisco	431,819	[1] 446,810
St. Louis, San Francisco & Texas	38,005	46,236
St. Louis Southwestern [2]	1,149,696	518,148
San Antonio, Uvalde & Gulf [2]	[1] 249,214	[1] 92,798
Texas & New Orleans	1,641,623	1,888,731
Texas & Pacific	729,980	1,226,156
Texas Mexican	66,189	41,979

FOR THE 12 MONTHS ENDED DECEMBER 1946 AND 1945

Region and railway	Net income 1946	Net income 1945
United States, total	$288,534,467	$446,761,553
Eastern district, total	824,234	117,658,240
New England region, total	[1] 6,604,411	3,681,342
Bangor & Aroostook	453,811	747,104
Boston & Maine	713,246	[1] 569,482
Canadian National Lines in New England	[1] 4,588	23,113
Canadian Pacific Lines in Maine	----------	----------
Canadian Pacific Lines in Vermont	----------	----------
Central Vermont	[1] 1,573,187	[1] 1,084,525
Maine Central	497,409	428,710
New York Connecting	280,395	1,178,806
New York, New Haven & Hartford [2]	[1] 6,365,788	3,596,689
Rutland [2]	[1] 605,709	[1] 639,073

Footnotes at end of table.

Net income, by regions and districts, class I steam railways—Continued

FOR THE 12 MONTHS ENDED DECEMBER 1946 AND 1945—continued

Region and railway	Net income 1946	Net income 1945
Great Lakes region, total	$1,823,236	$39,960,551
Ann Arbor	[1] 117,365	331,123
Cambria & Indiana	645,481	570,381
Delaware & Hudson	2,131,148	418,853
Delaware, Lackawanna & Western	36,216	[1] 3,292,145
Detroit & Mackinac	97,967	[1] 2,371
Detroit & Toledo Shore Line	466,317	457,501
Erie	2,994,724	5,797,185
Grand Trunk Western	[1] 6,123,690	82,497
Lehigh & Hudson River	260,404	175,218
Lehigh & New England	1,118,538	209,404
Lehigh Valley	108,103	[1] 7,562,105
Monongahela	473,590	607,177
Montour	472,291	664,017
New York Central [3]	[1] 10,449,268	24,412,525
New York, Chicago & St. Louis	5,567,790	8,083,229
New York, Ontario & Western [2]	[1] 3,018,515	[1] 2,630,327
New York, Susquehanna & Western [2]	[1] 642,559	38,014
Pere Marquette	645,286	2,139,121
Pittsburgh & Lake Erie	3,661,346	3,572,242
Pittsburg & Shawmut	151,293	113,146
Pittsburgh & West Virginia	[1] 45,523	584,613
Pittsburg, Shawmut & Northern [2]	[1] 284,627	[1] 313,181
Wabash	3,674,288	5,504,434
Central eastern region, total	5,605,410	74,016,347
Akron, Canton & Youngstown	188,558	245,896
Baltimore & Ohio	2,648,709	8,660,319
Bessemer & Lake Erie	3,603,793	398,641
Central R. R. of New Jersey [2]	[1] 1,978,526	[1] 3,684,837
Central R. R. of Pennsylvania	948,924	[1] 2,752,600
Chicago & Eastern Illinois	[1] 517,902	1,052,452
Chicago & Illinois Midland	437,908	558,992
Chicago, Indianapolis & Louisville	[1] 1,101,222	367,057
Detroit, Toledo & Ironton	1,465,686	803,308
Elgin, Joliet & Eastern	1,475,231	657,631
Illinois Terminal	487,163	1,630,713
Long Island	[1] 1,188,076	857,579
Missouri-Illinois	680,380	446,533
Pennsylvania	[1] 8,530,317	49,008,238
Pennsylvania-Reading Seashore Lines	[1] 2,605,484	[1] 1,615,723
Reading	4,594,491	10,622,756
Staten Island Rapid Transit	[1] 823,250	[1] 230,357
Western Maryland	2,029,196	4,239,834
Wheeling & Lake Erie	3,790,148	2,749,915
Southern district, total	93,909,399	95,736,561
Pocahontas region, total	58,006,334	46,507,447
Chesapeake & Ohio	27,726,780	16,379,847
Norfolk & Western	23,727,676	23,533,680
Richmond, Fredericksburg & Potomac	3,376,923	2,346,426
Virginian	3,174,955	4,247,494
Southern region, total	35,903,065	49,229,114
Alabama Great Southern	1,563,290	2,206,770
Atlanta & West Point	109,106	353,305
Atlantic Coast Line	5,474,694	5,579,686
Central of Georgia [2]	[1] 3,563,626	[1] 777,544
Charleston & Western Carolina	[1] 272,009	283,335
Cincinnati, New Orleans, & Texas Pacific	2,256,644	2,320,929
Clinchfield	----------	----------
Columbus & Greenville	22,470	56,673
Florida East Coast [2]	109,494	[1] 76,325
Georgia R. R.—lessee organization	----------	----------
Georgia & Florida [4]	[1] 930,195	[1] 771,178
Georgia Southern & Florida	238,118	445,087
Gulf, Mobile & Ohio	1,473,947	1,384,112
Illinois Central	7,462,575	11,697,482
Louisville and Nashville	11,579,590	17,536,341
Mississippi Central	5,954	108,833
Nashville, Chattanooga & St. Louis	270,428	1,838,971

Footnotes at end of table.

Net income, by regions and districts, class I steam railways—Continued

FOR THE 12 MONTHS ENDED DECEMBER 1946 AND 1945—continued

Region and railway	Net income	
	1946	1945
Southern region—Con.		
New Orleans & Northeastern	$721,036	$797,645
Norfolk Southern	[1] 55,183	11,663
Seaboard Air Line	459,384	[1] 10,472,058
Southern	9,252,270	16,298,721
Tennessee Central	[1] 506,473	59,110
Western Ry. of Alabama	231,551	347,556
Western district, total	193,800,834	233,366,752
Northwestern region, total	49,824,460	78,259,158
Chicago & North Western	7,179,832	14,116,780
Chicago Great Western	173,488	799,609
Chicago, Milwaukee, St. Paul & Pacific	3,176,068	14,077,911
Chicago, St. Paul, Minn. & Omaha	[1] 1,363,100	889,986
Duluth, Missabe & Iron Range	8,358,602	14,397,338
Duluth, South Shore & Atlantic [2]	[1] 892,119	[1] 519,927
Duluth, Winnipeg & Pacific	[1] 523	401
Great Northern	23,457,001	24,157,590
Green Bay & Western	137,700	90,608
Lake Superior & Ishpeming	298,779	884,568
Minneapolis & St. Louis	439,288	574,040
Minneapolis, St. Paul & Sault Ste. Marie	154,188	1,754,433
Northern Pacific	8,881,146	11,559,860
Spokane International	101,620	138,083
Spokane, Portland and Seattle	[1] 1,160,478	[1] 2,959,433
Wisconsin Central [3] [2]	882,968	[1] 1,702,689
Central western region, total	105,417,406	110,063,902
Alton [2]	367,999	573,29[illegible]
Atchison, Topeka & Santa Fe	39,015,17[illegible]	29,414,500
Chicago, Burlington & Quincy	23,102,77[illegible]	27,405,399
Chicago, Rock Island & Pacific [2]	3,679,068	7,023,987
Colorado & Southern	7,901	1,803,802
Colorado & Wyoming	183,167	158,964
Denver & Rio Grande Western [2]	[1] 4,079,889	[1] 7,139,492
Denver & Salt Lake	498	51,490
Fort Worth & Denver City	[1] 245,608	[1] 20,254
Northwestern Pacific	[1] 2,160,813	[1] 1,105,107
Southern Pacific	11,551,165	14,854,235
Southern Pacific Transportation System [5]	25,281,106	33,105,440
Toledo, Peoria & Western [5]		
Union Pacific	30,431,603	33,031,580
Utah	14,112	105,932
Western Pacific	3,550,251	3,905,567
Southwestern region, total	38,558,968	45,043,69[illegible]
Beaumont, Sour Lake & Western [2]	1,595,113	792,244
Burlington-Rock Island	[1] 795,716	[1] 105,746
International-Great Northern [2]	[1] 2,200,494	545,807
Kansas City Southern	3,680,194	5,616,864
Kansas, Oklahoma & Gulf	616,077	712,147
Louisiana & Arkansas	1,635,721	1,693,031
Midland Valley	41,757	78,563
Missouri & Arkansas	[1] 192,580	[1] 319,196
Missouri-Kansas-Texas	1,715,447	5,867,599
Missouri Pacific [2]	6,309,123	7,327,909
New Orleans, Texas & Mexico [2]	2,689,455	[1] 471,716
Oklahoma City-Ada-Atoka	24,797	147,131
St. Louis, Brownsville & Mexico [2]	692,406	896,338
St. Louis-San Francisco [2]	2,252,249	1,136,031
St. Louis, San Francisco & Texas	[1] 4,768	211,809
St. Louis Southwestern [2]	4,665,669	3,993,006
San Antonio, Uvalde & Gulf [2]	[1] 833,443	[1] 878,670
Texas & New Orleans	11,060,295	10,431,090
Texas & Pacific	5,435,135	7,243,162
Texas Mexican	172,531	126,289

[1] Deficit or other reverse item.
[2] Report of trustee or trustees.
[3] Includes Boston & Albany, lessor to New York Central R. R.
[4] Report of receiver or receivers.
[5] Formerly included in report of Minneapolis, St. Paul & Sault Ste. Marie.
[6] Includes Atchison, Topeka & Santa Fe Ry., Gulf, Colorado & Santa Fe Ry., and Panhandle & Santa Fe Ry.
[7] Data not included in totals. Includes Southern Pacific Co., Texas & New Orleans R. R. Co., and leased lines.
[8] Federal manager's operations terminated 12:01 a. m., October 1, 1945. Filed no report.

Analysis of net income—all class I railways [1]

Period	Railways reporting a net income		Railways reporting a net deficit	
	Number of reports	Amount	Number of reports	Amount
February 1947	86	$32,095,271	40	$17,713,725
February 1946	78	37,824,223	48	15,887,911
2 months 1947	87	71,043,838	39	27,410,819
2 months 1946	86	75,180,601	40	23,633,661
December 1946	85	99,777,558	40	11,002,435
December 1945	53	38,789,546	72	117,354,337
12 months 1946	90	353,767,080	35	65,232,613
12 months 1945	99	498,457,614	26	51,696,061

[1] Excludes reports of 4 roads whose net income (or deficit) was absorbed by the controlling company.

Mr. MAHAFFIE. I have a similar statement, identified as statement M-125, through February 1947 showing the earnings of the class I railroads and the same figures for those 2 months, compared with the similar 2 months in the year 1946, which can be furnished to the committee very readily, if you would like that.

Mr. HARRIS. Just one other question.

Is it your belief that this policy statement in any way materially affects the transportation policy of 1940 as set out in the first section of that act?

Mr. MAHAFFIE. No, sir. I think it in no way affects it, because the 1940 policy statement does not relate particularly to the solvency situation that we are discussing here.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WOLVERTON. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, without in any way questioning the good intentions of the gentleman from New York who has offered the pending amendment and for whom I have the highest regard, I must say in all sincerity that if the amendment is adopted it will destroy the very purpose of the bill. As has been so ably pointed out by the gentleman from Arkansas [Mr. HARRIS] the effect of the amendment would only prolong the proceedings. It would create delay, time upon time, expense upon expense.

If those of you who are not familiar with the bill will read its pages, you will see that every protection has been given to all interested parties that any reasonable person could expect.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from Colorado.

Mr. CARROLL. Does the gentleman make the point that under this proposed legislation there is no right of appeal?

Mr. WOLVERTON. I do not. I contend for the opposite viewpoint, namely, that there is adequate right of appeal.

Mr. CARROLL. There is the right of appeal?

Mr. WOLVERTON. Yes.

Mr. CARROLL. How does that differ from the right of appeal that the gentleman from New York has suggested?

Mr. WOLVERTON. If the gentleman heard the argument made by the gentleman from Arkansas [Mr. HARRIS] he would have realized that the proposed amendment would result, practically speaking, in two hearings. I want to point out further to the gentleman in answer to his inquiry that there is nothing in this bill which destroys or limits in any way the right of appeal that any aggrieved person or allegedly aggrieved party might have to any order that has been made by the Interstate Commerce Commission.

Mr. CARROLL. It occurs to me that what we have done here is transfer under 77B of the Bankruptcy Act from the court the matter and place it in an administrative agency; then the right of appeal is limited to arbitrary and capricious rulings. As I understand the gentleman from New York, he is asking for an appeal upon the merits. I read to the gentleman from the report:

> The railroads have been through a period of expanded revenues and earnings occasioned by the war traffic.

We see in the legislation a particular type or class of obligation. Now I ask the question whether or not those class obligations are new issues or old issues? I was not in this country. I do not know. I was overseas. Were the new issues resulting during the war to aid the financing of the railroads or are we talking about old obligations?

Mr. WOLVERTON. We are talking about all existing obligations, old or new.

Mr. CARROLL. Necessarily under this act you would not have to affect all obligations; you would affect only the obligations of a particular class; is that not so?

Mr. WOLVERTON. Well, that would depend on the particular case.

Mr. CARROLL. I am just wondering. As I say, I have no conviction on this bill, and I ask the question whether or not it would seriously injure this legislation if minority bondholders could go to the courts on the merits.

Mr. WOLVERTON. The purpose of this legislation is to meet those situations where, looking into the immediate future, there is every indication that the railroad company will be unable to meet its obligations either resulting from maturity of the obligation or from lack of sufficient revenue to pay the interest charges. That is an immediate situation confronting that company. The purpose of this bill in situations such as that is to provide a means by which the interested parties may meet the situation by adjustment of maturity date, rate of interest, or otherwise, and thus bring a quick settlement of the emergency in a manner that will tide them over the serious situation that they are facing.

Mr. CARROLL. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. WOLVERTON. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WOLVERTON. The premise on which the gentleman based his question would indicate that he had in mind that this was a proceeding in a bankruptcy matter.

Mr. CARROLL. No. I had in mind that this was one that precedes a proceeding in bankruptcy. As I understand this legislation, the railroad does not have to be insolvent; it only has to manifest a danger of insolvency or expression of insolvency.

Mr. WOLVERTON. That is right. In fact, if it was insolvent, it would have to come under 77B of the Bankruptcy Act or institute receivership proceedings.

Mr. CARROLL. It seems to me there might be certain dangers in a class of obligations whereby they could express their danger and say, "We want to reorganize." It is true that there are safeguards under the ICC, but nevertheless it does not give a minority stockholder a right of a rehearing on the merits in a court of law. He is bound by an administrative ruling which necessarily limits his right to a judicial review.

Mr. WOLVERTON. Of course, if it is the idea of the gentleman that the ICC or the SEC or the FPC or the FTC or any other agency of Government that has been set up for the purpose of passing on matters within its particular jurisdiction cannot be trusted, and that therefore there must be a court proceeding preliminary to their entering an order and wherein the court will have a hearing of its own and must first approve the proposal and then tell the Commission that its order is approved, you might as well abolish either court or the Commission. There is no sense, in my judgment, in having such duplication. The proceedings in this case, in the first instance, provide every precaution that I think any one could reasonably expect. In the first place, when an application is made, under the provisions of this bill, the Commission can require a percentage of the bondholders, or the other interested parties, to give their assent; before it will entertain the application. The Commission does not have to do so in the original instance, but it can. The discretion is given if it wishes to exercise it. When the application has been presented to the Commission and shown to come within the provisions of this act, then the Comission is directed to hold a hearing. It must then determine from that hearing that the proposal is in the public interest. It must also find, that it will be in the public interest, and for the best interest of the carrier, of each class of its stockholders, and of the holders of each class of its obligations affected by such modification or alteration.

In the final analysis, they must find that it will not be adverse to the interest of any creditor of the carrier not affected by such modification or alteration. Thus, you can see that this bill provides that the Interstate Commerce Commission must take into consideration all of the interests, numerous and various though they may be, even conflicting. It is only then, when they have found all of these basic elements to exist, that it can give its approval and authorize the submission of the proposal to the interested parties. It must be shown that 75 percent approve before the order becomes effective. In soliciting the assents, the communications that are sent out by the applicant company must also first be submitted to the ICC and have its approval. When all of that has been done, and when there has been an acceptance or approval of the proposal by at least 75 percent, even then, if an individual who did not assent feels aggrieved and feels that the judgment of the ICC and of the 75 percent is all wrong and that his interest is paramount to the interest of the public and all the classes of obligations and stockholders who have approved, he still, under the act, can ask for a review by the court.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. WOLVERTON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WOLVERTON. Let us consider something that is far more important than the mere question of values in dollars: material value. Let us take the case of a trial where the defendant is answering a charge of murder. Who determines the facts? A jury of 12 individuals. When those 12 individuals have spoken and found a verdict of guilty, if the defendant feels he is aggrieved, what are his rights? He has a right to appeal, but he does not have a right to a retrial of the case by the appellate court. I know of no such procedure anywhere. The appellate court passes upon the record as made in the trial court. The appellate court decides whether the rights of the defendant have been properly regarded and respected. If the court of review finds any mistake in the record of the case, it can order a retrial. In the proceedings under this proposed bill the principle is no different. The party has his right of appeal to the court, and the court looks over the record made below by the ICC and passes upon whether it is right or wrong. That procedure has been followed in all matters of orders made by the ICC ever since it has been in existence. That has been the procedure in all these years.

Furthermore, this amendment would require court approval before the plan can become effective.

Such prior court approval is not necessary under a statute where Congress exercises its paramount authority to regulate interstate commerce. The bill recognizes paramount public interest in an adequate transportation service by railroad systems which are strong financially. The provisions in the Constitution against impairment of obligation of contracts apply only to legislation by the States and not legislation enacted by Congress pursuant to its authority to regulate interstate commerce.

Any requirement for prior court approval would be detrimental to the public interest and to the interest of carriers and their creditors because exceedingly long delays would be involved and such procedure would impose upon carriers and creditors a heavy burden of expense. One of the prime purposes of the bill is to avoid such burdens and such delays.

Any creditor would have due notice of hearings before the Commission and will be permitted to intervene before the Commission. He has such right to intervene under the law. In the event he should not be satisfied with the plan as approved by the Commission he may appeal to the courts. The courts, of course, will protect all his legal rights in any such proceeding.

Such right of appeal to the courts is the same right which any other person objecting to an order of the Commission may pursue. It fully satisfies all the legal requirements.

Mr. CARROLL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not profess to know a great deal about this legislation, but I have listened with a great deal of interest to the debate. In attempting to answer the gentleman's explanation of the difference in the right of review, may I say that that review from the ruling of an administrative agency, is very much limited in law from the right of a judicial review.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield to the gentleman from Pennsylvania.

Mr. WALTER. The rule as laid down in the Administrative Procedure Act follows the rule as stated by the Supreme Court in the Consolidated Edison case. There, the Court held that the finding must be based on substantial evidence, and that a mere scintilla was not sufficient in order to sustain the finding of the agency.

Mr. CARROLL. That is right. Of course, we can say that the Commission has had the facts before it and the Commission, has made a finding upon those facts. This is the old rule of administrative law that unless there has been some arbitrary and capricious action on the part of the board the court will not reverse the finding. I say to any lawyer here that there is a great difference between that and a full judicial review.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. O'HARA. Let me say I do not think we should go into the question of capriciousness in this appeal.

Mr. CARROLL. Let us confine it to arbitrariness.

Mr. O'HARA. May I say this to the gentleman—that obviously under the bill which we are considering, the first thing that would have to be determined is whether or not 75 percent or more of the bondholders agree. That is a simple question of fact which, if the Interstate Commerce Commission were in error, would be reversible. That is, for example, if they did not find that it would be in the public interest; or it would be in the best interests of the carrier of each class of its stockholders and of the holders of each class of its obligations affected by such modification or alteration; or that it would not be adverse to any creditor of the carrier not affected by such modification or alteration.

Those are the provisions of the bill. If the Commission is in error on any one of those things, I believe it would be reversed by the court on appeal.

Mr. CARROLL. Yes, but I make this point, however. You see, we are dealing with a situation here which I think is pretty strange in law. There is no emergency here. This is a contemplated emergency, something which may arise. We are not dealing now with a situation that is similar to that in the bankruptcy act under section 77-B. Under this legislation they are now saying we apprehend that we will be running into economic difficulty; therefore, we ask the right to reorganize voluntarily.

Now, that raises the question here of what we mean by public interest. This is an economic condition—the economic facts are presented to the Commission and to the 75 percent of the bondholders. When that Commission makes a finding on the economic report and the economic conditions, unless it is arbitrary, and that is, of course, a word that the courts have strained to get away from, then the minority bondholders are bound by that. That would not be so found in a hearing on the merits as a matter of law.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. O'HARA. May I say that I share the same concern as my distinguished friend, the gentleman from New York, and the gentleman now speaking.

Mr. CARROLL. I might say to the gentleman that I am not a bond lawyer.

Mr. O'HARA. I am not either, but I have interested myself in this thing and I am a little concerned about it, as my friend, the gentleman from New York, knows.

I have come to the conclusion that those things are the only things that we can test on an appeal in these proceedings. I am informed, and I know a little about it, that in the McLaughlin Act these tests have been sustained by the courts.

I might say to the gentleman, I share the general concern for the minority groups, but I do not see how we can further protect them in the matter of an appeal.

Mr. CARROLL. Of course, I would certainly be willing to go along with you. I do not think we ought to in any way befriend those groups that want to interfere with legitimate reorganizations.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. CARROLL. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. CARROLL. Mr. Chairman, the people of Denver are quite familiar with the uphill fight that a certain railroad in that territory has been waging to reorganize in order to operate at its maximum efficiency. This reorganization has been going on for a period of years, at great trouble and expense to those interested in reorganization. I shall not attempt to comment upon the position taken by the various groups interested in that controversy, except to say that that type of litigation ought to end sometime and should not continue on and on for years. It has been stated on the floor of the House today that the legislation before us will expedite voluntary reorganization programs. With that principle I am in full accord. It occurs to me, however, that, in the interest of expedition, we must not overlook another very important fundamental principle, that of protecting the full legal rights of minority bondholders. Clearly every investor has a right to his day in court.

The gentleman from New York [Mr. RABIN], who has had considerable experience with this sort of thing, indicates that his amendment will materially strengthen this bill in that respect. He has stated that in the event of a voluntary reorganization agreed to by 75 percent of the bondholders, that the remaining 25 percent, if they so desire, are entitled to a judicial review from the findings of the Interstate Commerce Commission, and that such review should not result in prolonged, expensive litigation. The amendment seems to be entirely reasonable, and is certainly consistent with well-established rules of law. We must keep in mind that this is novel legislation. This is a departure from 77B of the Bankruptcy Act in that voluntary reorganization may take place, not because of bankruptcy but in anticipation of insolvency.

I have presented here only the issues involved in this debate. However, no real consideration has been given to the constitutionality of this legislation. I seriously doubt whether this bill meets the constitutional requirements of due process.

Mr. O'HARA. I appreciate what the gentleman has said. On the other hand, if we follow the purpose of this act, for a speedy reorganization, and keep away from bankruptcy, I am frank to say to the gentleman that I cannot prophesy what might happen. If we follow the spirit of this act, I think the concern which the gentleman has will be dissipated. If he is right, then I am as much concerned as he is. But let us see how this works out. That is my hope on this thing. If it does not work out fairly in the interest of all, then I say to the gentleman we should certainly change it.

Mr. CARROLL. There may be something in your position.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. CARROLL] has expired.

Mr. KLEIN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I simply want to point out to the committee the fact that we can base our decision on whether to vote for this amendment or not, on what has actually happened; not what we think might happen. We have a law in New York State which is very similar to this. Our law on real estate reorganizations has a similar clause in it, similar to what the gentleman from New York [Mr. RABIN] would accomplish by his amendment. That simply provides that the court must approve the reorganization before it becomes effective. Our experience has been that in such proceedings it takes very little time to obtain the Court's approval. You simply make a motion in the equity part of Supreme Court. The judge does not hear the case all over again. He simply takes the papers, reads the record before the Commission and the lawyers for all parties concerned argue before the court. We have had cases that the court has decided in 20 minutes, on issues which may have been as involved as are those which are contemplated by this law. I cannot see what objection anybody can have to placing in the law this additional safeguard. Mention has been made of the fact that we would have to have two hearings. Technically, you have to have two hearings in any appeal. But actually, in proceedings such as these, it would simply mean that the court would read the record of the proceedings before the Commission. Whatever objections are made can be brought to the attention of the court, and a decision rendered immediately.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from Arkansas.

Mr. HARRIS. Under the suggested legislation it may not be submitted to the court.

Mr. KLEIN. That is correct.

Mr. HARRIS. But under the amendment it would be required to be submitted.

Mr. KLEIN. But it is still better to have that additional safeguard. The court might not take any time at all, if it is a good plan, and it probably would be. It would seem to me that we would be engendering in the minds of investors in such securities a feeling of security by letting them know that their interests will be amply protected, not only by the Interstate Commerce Commission, but that they have an additional safeguard in the right of appeal to the court for its approval.

Mr. RABIN. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield.

Mr. RABIN. Even though it may be required, if there is no objection to the plan there will be no appeal.

Mr. KLEIN. That is it. The court automatically will affirm it.

The CHAIRMAN. The time of the gentleman from New York [Mr. KLEIN] has expired.

The question recurs on the amendment offered by the gentleman from New York [Mr. RABIN].

The question was taken; and on a division (demanded by Mr. RABIN) there were—ayes 25, noes 75.

So the amendment was rejected.

Mr. RABIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RABIN: On page 6, line 24, after the word "modified", strike out the period and insert ", except that if such alteration or modification shall become effective, it shall be without prejudice to the right of any particular holder, who has duly dissented to the proposed alteration or modification, to have the Commission, [subject to approval of a district court of the United States,] determine the cash value of such

securities as he may have owned on or before the date of the submission of the application by the carrier to the Commission pursuant to this paragraph, and to provide for the payment or securing of such amount."

Mr. RABIN. Mr. Chairman, in view of the last vote by the committee I would be willing to leave out of this proposal the phrase "subject to the approval of the District Court of the United States." We can take that out of this amendment.

Now, here we have an amendment that is not going to delay the reorganization at all, not the slightest, because this does not apply until after the plan has become effective; until after the reorganization has gone through.

I ask that this amendment be adopted in the interest of the minority bondholders; bondholders who cannot see their way clear to go along with the plan. As I pointed out, a bondholder has a contract to get his money paid at the date of maturity 100 cents on the dollar with a certain rate of interest. A plan under this bill may modify and alter that contract. It may cut him down to 50 cents on the dollar, may cut him down to 2 percent interest instead of 4 percent, and the date of maturity may be extended to 4 years instead of 1, or 20 years instead of 1.

I have no objection to those provisions because that is the spirit of the bill, but I do say that, if a minority bondholder does not want to go along with it, if he does not want his contract impaired, he should have a right to protection provided that that protection will not prevent the plan from going through, and that he cannot use the protection we give him to strike against the plan, and that he cannot use that protecion we give him to embarrass reorganization, and that he cannot insist on a hundred cents on the dollar, and he cannot insist on having every pound of flesh and every drop of blood.

This amendment will do that because it provides that he be given not a hundred cents on the dollar but merely that his security be appraised at the present market value.

Mr. LESINSKI. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield.

Mr. LESINSKI. I wish to ask the gentleman this question: The gentleman talks about minority bondholders. Suppose a person went out on the market and picked up a bond at 5 cents on the dollar. Would he not be entitled to 100 cents on the dollar under this plan?

Mr. RABIN. No; assuredly not. I am not asking that he get a hundred cents on the dollar.

Mr. LESINSKI. But I understood the gentleman to say that the minority bondholder should be entitled to a hundred cents on the dollar.

Mr. RABIN. The gentleman misunderstood me. I did not say he was entitled to ask for a hundred cents on the dollar.

Mr. LESINSKI. The gentleman realizes that a lot of bonds sold on the market may not be worth a nickel.

Mr. RABIN. If he were to be entitled to a hundred cents on the dollar under my purpose then I would ask you to vote against this amendment. I do not ask that. I ask simply that the value of his bonds be appraised. I have not asked that it be paid in cash because I realize that it might embarrass the reorganization to ask cash payment for some railroads may not have the cash to pay. I simply ask that the value of his bonds be fixed as of the date of the reorganization provided he owns the bonds on or before the reorganization commenced; and I ask that he be given some security, that the ICC give him some security to make sure that he gets the value that is fixed, and the amount is to be fixed by the ICC. I am not asking too much. It is not asking too much for a man whose contract has been impaired. It is asking the minimum.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. RABIN. I yield to the gentleman from Arkansas.

Mr. HARRIS. Would not the 25 percent, or the minority bondholders, have the same status as the 75 percent, or whatever larger percent might request modification or alteration?

Mr. RABIN. Would they have the same status?

Mr. HARRIS. Yes.

Mr. RABIN. I am talking about the bondholders who do not want that status.

Mr. HARRIS. They have the right to be protected just as the other 75 percent who are requesting the modification or alteration.

Mr. RABIN. The 75-percent consent; they get what they want; they voted for it. The minority are in a different class. They do not get what they want because they are voting against it. They do not get protection after the House passes this bill.

Mr. HARRIS. Do they not get the same thing under the Commission's order?

Mr. RABIN. They get what they do not want.

Mr. HARRIS. I disagree with the gentleman.

Mr. RABIN. They get the same thing, but they do not want it.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. RABIN. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RABIN. Mr. Chairman, why take my $1,000 bond and against my will give me 50 cents on the dollar and say, "You have got to take it whether you like it or not." I do not ask for the thousand. I say, "I do not want that 50 percent. Give me the value as of today," and do not pay it today, either. Pay it when the ICC says it should be paid. Let me say if you put this through it will save this bill in court.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. PRIEST. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, it is with some reluctance that I rise to oppose the amendment offered by the gentleman from New York. All of us on the committee have a great deal of respect for his legal ability, and personally I have referred to him many times as my legal counsel on the committee. I believe, however, that the amendment he now offers in effect would be an amendment which, if adopted, would result in discriminatory legislation greatly favoring dissenting minority bondholders.

The gentleman from Arkansas [Mr. HARRIS] in asking the question a moment ago put his finger on the logic in this situation when he asked if all security holders did not have the same rights under the provisions contained in the bill.

I do not care to prolong the debate on this matter, but I wish to call attention to page 26 of the hearings very briefly, in which there is a specific instance related by Commissioner Mahaffie that I think is applicable to the proposal of the distinguished gentleman from New York.

Mr. Mahaffie said in response to a question asked by the gentleman from Maine [Mr. HALE], a member of the committee:

> Some years ago the Maine Central had a maturity, as I recall, of about $10,000,000. It could not meet it by any refinancing, but its earnings were sufficient to make it reasonably sure that it could continue to pay the interest on that obligation. The Maine Central went to its security holder, and, as I recall, got somewhere between 80 and 90 percent to consent to an extension of that maturity on the basis of continuing the interest payment at the coupon rate. It had to pay off the 10 or 15 percent who would not consent, and the fact that it had to pay them off made those who were inclined to go along somewhat recluctant to do it, though ultimately enough of them went along so that the railroad was able to put up the money to pay off the dissenters.
>
> The majority, as I say, hesitated to do it because they did not like to see some of their coholders preferred over them by getting their money in full.

Then Commissioner Mahaffie related that the Boston & Maine had a similar difficulty in 1940.

Mr. Chairman, I submit to my distinguished friend from New York that the adoption of his amendment in any case under this proposed reorganization plan would produce similar situations and would greatly favor and place in a preferred class the minority dissenters.

Mr. RABIN. The object of my amendment is to prevent just such things as the gentleman refers to, because in the first place the plan can go through without his consent. Secondly, he does not get 100 percent on the dollar. He gets what the ICC wants to pay him. Third, he does not get it in cash. He gets that which the ICC wants to give him. Fourth, he does not get it as a condition precedent to the plan going through. He gets it when the ICC wants to give it to him.

Mr. PRIEST. I believe my good friend will agree with me, however, that it does place him in a preferred status and that therefore it is discriminatory legislation.

Mr. Chairman, I hope that the amendment will be voted down.

Mr. WOLVERTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it seems to me that the passage of an amendment of this char-

acter is creating a nuisance value. I cannot see it in any other way. This amendment is offered from the standpoint of protecting the individual. While I have no doubt as to the good faith of those who offer the amendment in a sincere desire to protect what they believe to be the interest of a minority party, yet the fact remains under a similar law, the McLaughlin Act, which was chapter 15 of Chandler Bankruptcy Act, and in force for several years, there was no such provision in that act as now offered by the gentleman from New York. That act similar to this proposed law was in effect for many years. No question such as has been raised here as to a possible loss by some individual ever was raised in the administration of that act.

But, there is a further and a very controlling objection. It would seem to me, and that arises from the fact that the emphasis that is placed upon the right of an individual overlooks entirely the fact that the public has an interest. Every proposal is submitted and approval given on the basis that the public interest is to be served. The Commission must find that it is to the benefit of the public as well as all the other classes of security holders. In this connection, I call to your attention the language of the Court in the case of *Burton* v. *Barbour* (104 U. S.). The Court said:

> The public retains rights of vast consequence in the road and its appendages in which neither the company or any creditor or mortgagee can interfere. They take their rights subject to the rights of the public and must be content to enjoy them in subordination thereto.

In other words, the controlling consideration is the public interest. The public interest requires a continuing transportation system, and whether it continues or not depends upon the strength of its financial structure. As soon as you permit individuals to interfere with that public interest, such as has been argued here, then you are working against the public interest and doing that which is detrimental to the public interest.

The amendment would require a cash payment to any dissenting creditor which would be determined by the cash value of his interest.

Congress, acting pursuant to its paramount authority to regulate interstate commerce, is not bound by the constitutional provision with reference to impairment of the obligation of contracts. Such constitutional provision applies only to the States.

Under the bill the rights of all creditors affected would be determined by the vote of 75 percent of such creditors, and in addition the plan after a full hearing before the Commission would have to be approved by the Commission. It would entirely defeat the purposes of the bill if any dissenter should be given the right to demand cash payments as this amendment would propose.

Where a plan is proposed under the bill the question to be determined is whether or not the public interest and the interests of all the creditors as a whole would be better served by the carrying out of the plan or by a bankruptcy proceeding or a receivership proceeding if the plan should not be carried out. In the event of a bankruptcy proceeding or a receivership proceeding, the creditors very likely would lose a great deal more in interest than they would otherwise give up in the event a voluntary plan was approved by 75 percent of the creditors and also by the Interstate Commerce Commission.

Since Congress, acting in the public interest, may enact legislation which will have the effect of impairing the obligation of contracts there could be no reasonable doubt as to the constitutionality of the provisions of this bill. The Supreme Court has on numerous occasions upheld the power of Congress to enact legislation of this character and the latest important decision is perhaps in the gold clause case—*Norman* v. *Baltimore & Ohio Railroad Company*, (294 U. S. 240), a decision with which everyone undoubtedly is familiar. In that case the Supreme Court held that Congress could enact legislation which would deprive the holders of bonds of railroad companies from their right to be paid in gold coin of a standard of weight and fineness which was fixed by the contractual obligation.

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am neither a railroad lawyer, and never was, nor am I a railroad stockholder or bondholder, and never was. Consequently, I cannot claim the professional interest and personal knowledge about this problem that some of those who have spoken profess to have. But I do have some convictions. One of the gentlemen said that he had no conviction about this bill. I realize he said this to show his impartiality, and I admire his good faith. Possibly I am not so impartial. Frankly, I do have some convictions about this matter. I have a conviction that is old-fashioned; it is reactionary; it is in direct conflict with the views just expressed by the previous speaker, who stated that the public interest should outweigh the interest of the individual. After all, I believe in private property. I believe that when an individual buys an obligation, whether it be my personal note or a bond of the New York Central Railroad, that individual gets the right to collect as long as the maker has the ability to pay. He has a right to share in the property of the individual or the corporation that executed that obligation. I do not think there is any public interest that can intervene and wipe out the right of that individual to collect his obligation. Certainly if the public has such an overwhelming interest in a railway reorganization as to require the wiping out of certain obligations, it is the duty of the public to pay those obligations. Certainly the public has an interest and a right that is greater than that of any individual. Our constitutional law long ago recognized that, and I recognize it, but just as the Constitution recognizes the obligation of the public, so do I recognize that the public has no right to take my private property, no matter what the exigencies of the public interest are, without paying me for it.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I am sorry. I have only 5 minutes. I want to talk about these fundamentals. I do not want to talk about what the railroad lawyers are interested in. I do not want to talk about what these new-spun theorists are interested in. I am interested in maintaining the right of every individual in America to receive payment on the obligations due to him, and I am interested in the duty of every individual to pay his debt when he has the means. I am interested in seeing that railroad corporations as well as individuals are charged with the payment of their debts as long as they have the funds with which to pay them. I think that when a man signs a note he signs an obligation to pay it, and I think that when a railroad company signs a bond it signs an obligation to pay it, and I, for one, doubt that it is in the public interest to exempt railroad corporations from the obligation of contract.

This bill does not do anything in the world except to relieve certain obligors from their obligations for the benefit of a certain class in a certain group. They tell us that it is for the public. If it is for the benefit of the public, let the public pay the bill, but do not let one group of obligors be relieved of their obligation for the benefit of some bondholders and some stockholders, and above all do not try to take the bondholder's property from him without compensation and at the same time deny him recourse to the court. If you are going to take private property from railroad purposes, let us at least do it in the courthouse under the forms of law.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. RABIN].

The amendment was rejected.

The CHAIRMAN. Are there further amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLER of Nebraska, 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. 2298) to amend the Interstate Commerce Act, as amended, and for other purposes, pursuant to House Resolution 246, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

LABOR-MANAGEMENT RELATIONS BILL

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, as I am quite sure all the Members know, tomorrow is the final day for action one way or the other on the labor-management relations bill. If there should be a veto and it comes in at noon tomorrow, it is our plan to proceed immediately with the vote to override the veto. I make this announcement in order that the Members may make their plans accordingly.

COMMITTEE ON WAYS AND MEANS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report on H. R. 3444.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include a speech recently made by a former Member of the House, Hon. James P. McGranery.

TAFT-HARTLEY BILL

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LESINSKI. Mr. Speaker, 2 weeks ago this House closed its eyes, blocked its ears, and voted "yea" on the Taft-Hartley bill now before the President for consideration. Few Members of this House knew what was in this bill. Indeed, few of them could know. None outside of the managers on behalf of the House had a chance to see it until the very day of passage. The distinguished gentleman from Texas, the former Speaker, rose, I remember, in forceful protest against this kind of action. I believe he remarked that he had not received the statement of the managers on the part of the House until 20 minutes before noon of that day.

Now, this is an extremely complicated, extremely intricate bill. It covered more than 70 pages. The conference report covered 69 pages. No one can be blamed for not knowing the content and effects of this bill after a few hours, much less a few minutes. It does not look like the original House bill, and it does not talk like the original House bill. But, Mr. Speaker, I can assure the House—and I am prepared to show by the most unimpeachable evidence—that this conference bill was nothing but the old House bill masquerading in new legalistic clothing.

Now, few Members of this House may agree with that statement at the present time. And I believe it is the highest possible compliment to the strategy of the majority party that this may be the fact. For, by reason of the length and intricacy of this bill and aided by their insistence upon speedy action, they succeeded in convincing not only the press and a large body of the American people but even many of the distinguished Members of Congress that the bill presented for a vote more than 2 weeks ago was in fact the Senate bill.

I believe the campaign for passage of this antilabor measure was the slickest piece of operating I have seen around here in a long time. When the bill went to conference, it was termed by the press, by many of my distinguished colleagues, and by many Members of the Senate as a harsh and stringent measure. At the same time we were told that the Senate bill was a sound, reasonable, and necessary redefinition of the rights and privileges of employers and employees under Federal law.

The distinguished gentleman from New Jersey, who was chairman of the managers on the part of the House in conference committee deliberations, gave repeated public assurances that the severe provisions of the House bill were being abandoned in favor of the more conservative stand which we were to suppose had been taken by the Senate. The measure presented to us by the conference committee thereafter gained the reputation for being substantially the Senate bill, with all of the harmful provisions of our original proposal entirely eliminated. And, I am sure, Mr. Speaker, that many of us, voting both for and against the conference bill, did so under the distinct misapprehension that the Taft-Hartley bill fundamentally followed the approach used by the Senate.

I have, for instance, nothing but the deepest sympathy and understanding for the plight of my colleague, the gentleman from Michigan, who sat with me in conference over this bill as one of the managers on behalf of the House. He said the writing of the final bill shifted so rapidly that even he was unable to keep track of it. Even he could not get a copy of the conference report to see whether the bill was tough enough for him to support it.

Personally, I regarded the conference labor bill as thoroughly destructive of labor's rights and as thoroughly productive of industrial strife as the original House bill and upon these well considered grounds I voted against both. Nothing, however, could be further from the truth than the propaganda that there is a substantial difference in objectives and approach between the two bills.

Mr. Speaker, if any one were to look for it, there is the most ironclad, rock solid proof of the proposition I'm making here today. I am going to prove my point by taking every word from the statements of the gentleman from New Jersey, chairman of the committee reporting the House bill and chairman of the managers on the part of the House. If you will bear with me for a few minutes, I am going to make a brief comparison between the report on the House bill and the report on the conference bill. This is exactly the thing which every Member of this House should have had an opportunity to do prior to the passage of the conference bill, but which was unfortunately and deliberately denied by steam roller methods.

Upon page 5 and a part of page 6 of the original majority report on H. R. 3020, I found a list of 20 accomplishments claimed for the Hartley bill. It seemed to me these 20 points, claimed by the majority to represent the major features of the measure, would provide the soundest basis for comparison with the conference bill. And if the conferees on the part of the House have reported the accomplishment of the same objectives there would appear to be substantial identity bewteen the two.

The result, Mr. Speaker, is astonishing. I actually found that all except one of these listed accomplishments were repeated in the Taft-Hartley bill. In other words, the more things were changed, the more they remained exactly the same.

Let me go over each one of these points to show you what I mean. Now, mind you, these are not my words. They are the words of the two reports. I am quoting from the statements of the gentleman from New Jersey himself. I am not even going to comment for the present as to whether their effects, in my opinion, are good or bad.

Point 1 reads as follows:

> (1) It abolishes the existing discredited National Labor Relations Board and creates in lieu thereof a new board of fair-minded members to exercise quasi judicial functions only.

Turning to pages 37 and 38 of the conference report, in which was discussed the creation of two new members of the Board and a new independent general counsel, charged with all prosecuting and administrative functions, I found these words:

> The combination of the provisions dealing with the authority of the general counsel, the provision abolishing the Board's review division, and the provisions relating to the trial examiners and their reports effectively limits the Board to the performance of quasi-judicial functions.

In other words, Mr. Speaker, the creation of two new Board members sufficiently changes its character and the general counsel is for all purposes the exact equivalent of the independent administrator which would have been created by the Hartley bill.

This identity is stressed by the second point of the report on the Hartley bill, which states:

> (2) It establishes a new official to exercise the various prosecuting and investigative functions under the National Labor Relations Act, to be entirely independent of the Board.

In relation to this comment I find on page 37 of the conference report the following:

> The general counsel is to have general supervision and direction of all attorneys employed by the Board (excluding the trial examiners and the legal assistants to the individual members of the Board), and of all the officers and employees in the Board's regional offices, and is to have final authority to act in the name of, but independently of any direction, control, or review by the Board in respect of the investigation of charges and the issuance of complaints of unfair labor practices, and in respect of the prosecution of such complaints before the Board. * * * By this provision responsibility for what takes place in the Board's regional offices is centralized in one individual who is ultimately responsible to the President and Congress.

At the outset, therefore, we are told that the present enrolled bill establishes exactly the same system as the Hartley bill for administration of the Wagner Act. The Hartley bill report then turns to the question of evidence which can be considered by the Board in hearings and the effect of Board decisions upon court review. Point 3 of the list states:

(3) It requires the Board to act only upon the weight of credible legal evidence, and it gives the courts of the United States a real, rather than a fictitious, power to review the decisions of the Board.

On examining the conference report, I find, first of all, on page 53, that the provisions of the House bill, accomplishing the above objective, so far as the legal evidence at hearings is concerned, was followed verbatim by the conference bill. Here is the pertinent language:

The House bill provided, in section 10 (b), that the proceedings before the Board should be conducted, so far as practicable, in accordance with the rules of evidence applicable in the district courts of the United States under the rules of civil procedure. * * * The conference agreement in section 10 (c) contains this provision of the House bill.

At the bottom of page 53 and on page 54 of the conference report I find that, in regard to the weight to be accorded evidence in the findings and decision of the Board, the provision of the conference bill is the counterpart of the provision of the Hartley bill. Again, I read from the conference report:

In section 10 (c) the House bill provided that the Board should base its decisions upon the weight of the evidence * * * the conference agreement provides that the Board shall act only on the "preponderance" of the testimony—that is to say, on the weight of the credible evidence.

And not only is the Board required to act upon the weight of credible, legal evidence, but also, the courts of the United States are in effect accorded the same powers on review under both bills. This is made clear on page 56 of the conference report. Here again, I quote:

The provisions of section 10 (b) of the conference agreement insure the Board's receiving only legal evidence, and section 10 (c) insures its deciding in accordance with the preponderance of the evidence. These two statutory requirements in and of themselves give rise to questions of law which the courts will hereafter be called upon to determine—whether the requirements have been met. This, in conjunction with the language of the Senate amendment with respect to the Board's findings of fact—language which the conference agreement adopts—will very materially broaden the scope of the courts' reviewing power.

Therefore, even though the conference bill adopts the language of the Senate bill in regard to court review, it nonetheless accomplishes by related provisions the purpose of giving the courts what is termed by the Hartley report "a real rather than a fictitious power to review decisions of the Board."

Point No. 4 of the Hartley bill relates to the closed shop and industry-wide bargaining. It states that both are outlawed. And both are either completely outlawed or seriously impeded by the conference bill.

First I quote from page 41 of the conference statement:

Both the House bill and the Senate amendment, in rewriting the present provisions of section 8 (3) of this act, abolished the closed shop. * * * The conference agreement adopts the language of the Senate amendment in section 8 (a) (3) of the Labor Act with one clarifying omission.

Again I quote from page 60 of the conference report:

Under the House bill there was included a new section * * * to assure that nothing in the act was construed as authorizing any * * * form of compulsory unionized agreement in any State where the execution of such agreement would be contrary to State law. * * * The conference agreement * * * contains a provision having the same effect.

When it comes to industry-wide bargaining, however, the conference report is anything but frank. It states that provisions of the House bill, restricting industry-wide bargaining, were omitted from the conference bill. Nonetheless, there is embodied in the conference bill a provision stating that in any strike imperiling the national health or safety in all or a substantial part of an industry, where an injunction has been issued, there must be a company by company vote of the employees on the final settlement offer of each employer before the injunction is discharged. There is not any doubt in my mind that this provision would effectively block industry-wide bargaining in practically every case where the employers do not desire to bargain on such a basis. The conference report on page 63 states that the House bill contained this provision. And on page 65 of the report are the words:

It is provided in the conference agreement that the employees vote on the employer's offer as stated by him.

The next accomplishment is the exemption of supervisors from the Wagner Act. By turning to page 35 of the conference report you may discover that these employees are also exempted under the conference bill after slight redefinition of the term.

Point No. 6 deals with the duty of both parties to bargain and refers to a supplementary provision for a secret ballot on the employer's last offer of settlement. The provision of the present law requiring employers to bargain collectively has been retained. The conference bill also imposes a duty on unions to bargain collectively. In this regard I want to quote from pages 42 and 44 of the statement of managers. On page 42:

Under the House bill the following unfair labor practices were set forth: * * *. To refuse to bargain collectively with the employer.

On page 43:

Under the new section 8 (b) of the Senate amendment, the following unfair labor practices on the part of labor organizations and their agents were defined: * * *. To refuse to bargain collectively with an employer.

And again on page 44, relating to the prior comments:

From the above description of the House bill and the Senate amendment dealing with unfair labor practices on the part of labor organizations and their agents, it is apparent that the Senate amendment was broader in its scope than the corresponding provisions of the House bill. The conference agreement adopts the provisions of the Senate amendment.

Now, I have already gone over some of the provisions of the conference bill covering the requirements of secret ballots in emergency disputes. But I want to call your attention to pages 62 and 63 of the conference report regarding the duties of the Director of Mediation and Conciliation. I quote:

One important duty of the Director which was not included in the Senate amendment is included in the conference agreement and is derived from the provisions of the House bill providing for a secret ballot by employees upon their employer's last offer of settlement before resorting to a strike.

It is perfectly clear to me, therefore, that point 6 of the listed accomplishments of the Hartley bill has been effectively carried over into the conference bill.

Point 7 professes protection for independent labor organizations on the same basis as affiliated labor organizations. This point is covered on page 48 of the conference report. I want to quote it in full:

It was further provided—

That is, in the House bill—

that employees were not to be denied the right to designate or select a representative of their own choosing by reason of an order of the Board with respect to such representative or its predecessor that would not have been issued in similar circumstances with respect to a labor organization, national or international in scope or affiliated with such an organization. The Senate amendment in section 9 (c) (3), contained a provision having the same purpose. Both the House provision and the Senate provision were directed to the practice of the Board in denying employees the right to vote for independent labor organizations in respect of which orders had been issued by the Board under section 8 (1) or 8 (2) finding employer domination where, under similar circumstances, it did not apply the same rule to unions affiliated with one of the national labor organizations. * * * The conference agreement, in section 9 (c) (2) contains a provision having the same purpose and effect.

What, may I ask, could give greater protection than insuring a place on the ballot for company unions on an equal footing with bona fide labor organizations.

The next point 8: No labor organization may be certified if it has Communist or subversive officers. Page 49 of the conference report explains that the same provision is in the conference bill with its effect limited to present membership in the Communist Party. The reason for this is readily explained. I quote from page 49:

The "ever has been" test that was included in the House bill is omitted from the conference agreement as unnecessary, since the Supreme Court has held that if an individual has been proved to be a member of the Communist Party at some time in the past, the presumption is that he is still a member in the absence of proof to the contrary.

Rights which union members can claim of labor organizations are claimed

to be protected by point 9 of the accomplishments of the Hartley bill. In this regard, I call your attention to pages 38, 39, 40, 42, and 43 of the conference report. I want to quote first from page 38:

Both the House bill and the Senate amendment in amending the National Labor Relations Act preserved the right under section 7 of that act of employees to self-organization, to form, join or assist any labor organization, and to bargain collectively through representatives of their own choosing and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection. The House bill, however, made two changes in that section of the act. First, it was stated specifically that the rights set forth were not to be considered as including the right to commit or participate in unfair labor practices, unlawful concerted activities, or violations of collective-bargaining contracts. Second, it was specifically set forth that employees were also to have the right to refrain from self-organization, etc., if they chose to do so.

On page 39:

It was believed that the provisions, excepting unfair labor practices, unlawful concerted activities and violations of collective-bargaining agreements were unnecessary.

Next from page 40:

The second change made by the House bill in section 7 of the act (which is carried into the conference agreement) also has an important bearing on the kinds of concerted activities which are protected by section 7.

Then on page 42:

Under the new section 8 (b) of the Senate amendment, the following unfair labor practices on the part of labor organizations and their agents were defined:

(1) To restrain or coerce employees in the exercise of rights guaranteed in section 7, or to restrain or coerce an employer in the selection of his representatives for collective bargaining or the adjustment of grievances.

Again on page 43:

(2) To discriminate against an employee to whom membership in a labor organization has been denied or terminated on some ground other than nonpayment of dues or initiation fees. The purpose of this provision of the Senate amendment was obvious.

I turn to page 44:

The conference agreement adopts the provisions of the Senate amendment.

Now, it seems to me that no measure could demonstrate a more solicitous attempt to protect union members from their union even though the real purpose and effect is to protect the employer from the union and to weaken or destroy any democratic union control of its members by the cherished principles of majority rule.

Next comes point 10, outlawing sympathy strikes, jurisdictional strikes, illegal boycotts, collusive strikes by employees of competing employers, and sit-down strikes. These features of the House bill are treated on page 59 of the conference report, and I quote:

Many of the matters covered in section 12 of the House bill are also covered in the conference agreement in different form, as has been pointed out above in the discussion of section 7 and section 8 (b) (1) of the conference agreement. Under existing principles of law developed by the courts and recently applied by the Board, employees who engage in violence, mass picketing, unfair labor practices, contract violations, or other improper conduct, or who force the employer to violate the law, do not have any immunity under the act and are subject to discharge without right of reinstatement. The right of the employer to discharge an employee for any such reason is protected in specific terms in section 10 (c). Furthermore, under section 10 (j) of the conference agreement, the Board is given authority to apply to the district courts for temporary injunctions restraining alleged unfair labor practices temporarily pending the decision of the Board on the merits.

In other words, section 8 (b) (1) makes mass picketing and sit-down strikes unfair labor practices and section 8 (b) (4) of the conference bill similarly outlaws sympathy strikes, jurisdictional strikes, illegal boycotts, and collusive strikes by employees of competing employers. Any employees participating in these activities may certainly be discharged for cause and are not entitled to reinstatement. And when I read sections 10 (j) and 10 (l) of the conference bill, I find that the National Labor Relations Board can seek court injunctions against mass picketing, jurisdictional strikes, and sit-down strikes, and must apply for injunctions against all of the other mentioned practices. On top of all this, employers are given a cause of action to recover any damages caused by the activities made unfair by section 8 (b) (4). The managers on the part of the House therefore cannot contend that they gave any real concessions on this phase of the House bill.

Point 11 is that the House bill outlaws strikes to remedy practices for which an administrative remedy is available, or to compel an employer to break the law. I believe this is taken care of by Section 8 (b) (4) (C) of the conference bill outlawing strikes to force recognition of unions other than those certified by the Board and I again place particular emphasis upon the admission of the conferees on page 44 of the report to the effect it is apparent that the Senate amendment is broader in its scope in regard to this provision than the corresponding provision of the House bill.

Point 12 I have already covered in substance. This point relates to mass picketing and forms of violence designed to prevent persons from entering or leaving places of employment. Sections 7 and 8 (b) (1) of the conference bill combine to make these activities unfair because they are coercion by unions and are subject to injunctions and to damage suits as explained on pages 42 and 43 of the conference report:

This provision of the Senate amendment in its general terms covered all of the activities which were prescribed in section 12 (a) (1) of the House bill as unlawful concerted activities and some of the activities which were proscribed in the other paragraphs of section 12 (a). While these restraining and coercive activities did not have the same treatment under the Senate amendment as under the corresponding provisions of the House bill, participation in them, as explained in the discussion of section 7, is not a protected activity under the act. Under the House bill, these activities could be enjoined upon suit by a private employer, specific provision was made for suits for damages on the part of any person injured thereby, and employees participating therein were subject to deprivation of their rights under the act. The conference agreement, while adopting section 8 (b) (1) of the Senate amendment, does not by specific terms contain any of these sanctions, but an employee who is discharged for participating in them will not, as explained in the discussion of section 7, be entitled to reinstatement. Furthermore, since in section 302 (b), unions are made suable, unions that engage in these practices to the injury of another may subject themselves to liability under ordinary principles of law. Then, too, under the provisions of section 10 (j) of the conference agreement the Board can seek a temporary injunction enjoining these practices pending its decision on the merits.

Point 13, which governs stranger picketing, has also been covered by Sections 7 and 8 (b) (1), since picketing a plant in which no labor dispute has occurred would constitute the coercion. This is covered by my above quotation from page 42 of the conference report.

Point 14, which lists the creation of a cause of action in damages for unlawful concerted activities, relates right back to point 10. Sections 301 and 303 of the conference bill provide the very remedy of which the House committee report boasts. The matter is treated at length on page 67 of the conference report:

Section 303 of the Senate amendment contained a provision the effect of which was to give persons injured by boycotts and jurisdictional disputes described in the new section 8 (b) (4) of the National Labor Relations Act a right to sue the labor organization responsible therefor in any district court of the United States (subject to the limitations and provisions of the section dealing with suits by and against labor organizations) to recover damages sustained by him together with the costs of the suit. A comparable provision was contained in the House bill in the new section 12 of the National Labor Relations Act dealing with unlawful concerted activities. The conference agreement adopts the provisions of the Senate amendment with clarifying changes.

As for the next point, it is stated that the House bill prescribes unfair labor practices by employees as well as employers. I think I have covered this sufficiently by my previous remarks. Certainly no one can question that there are a host of these new unfair labor practices in the conference bill. The pages of the report are filled with intricate discussion of their effects. I refer particularly to pages 42 to 46 of the report, from many of which I have already quoted. The fact that the final bill makes these unfair when performed by labor organizations and their agents is a minor distinction between the two measures.

Going further down the line of achievements claimed for the Hartley bill, I read next under point 16 that it creates a new and independent conciliation agency. And, as explained on page 62 of the conference report, this is the effect of title II of the conference bill. The United States Conciliation Service is abolished and a new independent Federal Mediation and Conciliation Service is created under the leadership of a Director appointed by the President.

Three of the remaining four points of the Hartley report are clearly covered by the conference bill and the conference report. Suits for contract violations in the Federal courts mentioned by point 18 are available under the final bill and are

treated in detail on pages 65 and 66 of the report:

Section 302 (a) of the House bill provided that any action for or proceeding involving a violation of a contract between an employer and a labor organization might be brought by either party in any district court of the United States having jurisdiction of the parties, without regard to the amount in controversy, if such contract affected commerce, or the court otherwise had jurisdiction. Under the Senate amendment the jurisdictional test was whether the employer was in an industry affecting commerce or whether the labor organization represented employees in such an industry. This test contained in the Senate amendment is also contained in the conference agreement, rather than the test in the House bill which required that the "contract affect commerce."

The immediately preceding pages also explain an elaborate method for stopping strikes which imperil or threaten to imperil the public health, safety, or interest. This is the practical counterpart of point 19 of the Hartley report. And the last point, namely, that the Hartley bill guarantees freedom of speech to employers, employees, and their representatives is outlined on page 45 of the conference report, where it is stated that the conference agreement adopts the provisions of the House bill in this respect.

Now the only point which does not seem to me to have been completely covered by the conference report is No. 17, stating that the Hartley bill removes the exemption of labor unions from the antitrust laws. This would be a fortunate thing if it were actually true. The conference bill, however, subjects unions to mandatory injunctions sought by the Board, to damage suits and to unfair labor practice proceedings, for practically every type of conduct in the use of economic force which formerly rendered these unions liable to damages and injunctions under the antitrust laws. The Norris-LaGuardia Act would be thrown out the window in these proceedings. The more recent decisions of the Supreme Court finally recognizing an effective exemption from the antitrust laws would be reversed by the Congress. The rule of the Danbury Hatters and Duplex cases of years ago would be revived again to plague unions in the legitimate use of the strike and the boycott to protect their very existence. This, therefore, Mr. Speaker, represents only a modest departure from the extreme position of the Hartley bill. I cannot recognize it as providing an important change from the policies and purposes of that measure. Nor does the conference report itself recognize this as a change. This is shown by the comment on page 65 of the conference report:

Since the matters dealt with in this section have to a large measure been effectuated through the use of boycotts, and since the conference agreement contains effective provisions directly dealing with boycotts themselves, this provision is omitted from the conference agreement.

There is the story, Mr. Speaker. It is in black and white. The gentleman from New Jersey has provided us with the complete picture provided we only look far enough. This irrefutable evidence exposes all the duplicity, all the misconceptions, and all the confusing double talk which have surrounded this measure. I am determined to have this story made clear once and for all. I am determined to make this point for the record and make it stick. That is my plain duty to the American people who must no longer be deceived.

GENERAL LEAVE TO REVISE AND EXTEND REMARKS

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill H. R. 2292 may revise and extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

EXTENSION OF REMARKS

Mr. GILLIE asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. HARRIS asked and was given permission to revise and extend the remarks he made in Committee of the Whole on the bill, H. R. 2298, and include herewith questions which he propounded and replies thereto by Mr. Mahaffie before the committee during the hearings.

Mr. MURDOCK asked and was given permission to extend his remarks in the RECORD and include extracts from certain publications.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD and include a portion of the State Department Appropriation Act under which the so-called Voice of America operates.

Mrs. SMITH of Maine asked and was given permission to extend her remarks in the RECORD and include a speech recently made by Hon. MARY T. NORTON at the International Council of Nurses at Atlantic City.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BENNETT of Michigan (at the request of Mr. ARENDS), indefinitely, on account of illness.

To Mr. DOLLIVER (at the request of Mr. HOEVEN), for 3 days, on account of official business.

ENROLLED BILL SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 3792. An act to provide for emergency flood-control work made necessary by recent floods, and for other purposes.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 310. An act to authorize the Secretary of War to permit the delivery of water from the District of Columbia and Arlington County water systems to the Falls Church or other water systems in the metropolitan area of the District of Columbia in Virginia;

H. R. 360. An act for the relief of the legal guardian of Francis Eugene Hardin, a minor;

H. R. 468. An act to amend section 115 of the Internal Revenue Code in respect of distributions by personal holding companies;

H. R. 620. An act for the relief of Blanche E. Broad;

H. R. 651. An act for the relief of the estate of Rubert W. Alexander;

H. R. 723. An act for the relief of the legal guardian of Hunter A. Hoagland, a minor;

H. R. 765. An act for the relief of Elwood L. Keeler;

H. R. 888. An act for the relief of certain owners of land who suffered loss by fire in Lake Landing Township, Hyde County, N. C.;

H. R. 925. An act for the relief of Therese R. Cohen;

H. R. 1065. An act for the relief of the estate of Thomas Gambacorto;

H. R. 1221. An act for the relief of Eva Bilobran;

H. R. 1237. An act to regulate the marketing of economic poisons and devices, and for other purposes;

H. R. 1344. An act to admit the American-owned ferry *Crosline* to American registry and to permit its use in coastwise trade;

H. R. 1412. An act to grant to the Arthur Alexander Post, No. 68, the American Legion, of Belzoni, Miss., all of the reversionary interest reserved to the United States in lands conveyed to said post pursuant to act of Congress approved June 29, 1938;

H. R. 1482. An act for the relief of the legal guardian of Gilda Cowan, a minor;

H. R. 1624. An act to authorize payment of allowances to three inspectors of the Metropolitan Police force for the use of their privately owned motor vehicles, and for other purposes;

H. R. 1874. An act to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes;

H. R. 2207. An act to authorize the Secretary of the Interior to convey certain lands within the Shiloh National Military Park, Tenn., and for other purposes;

H. R. 2237. An act to correct an error in section 342 (b) (8) of the Nationality Act of 1940, as amended;

H. R. 2257. An act for the relief of the Southeastern Sand & Gravel Co.;

H. R. 2353. An act to authorize the patenting of certain public lands to the State of Montana or to the Board of County Commissioners of Hill County, Mont., for public-park purposes;

H. R. 2363. An act 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;

H. R. 2852. An act to provide for the addition of certain surplus Government lands to the Otter Creek recreational demonstration area, in the State of Kentucky;

H. R. 2872. An act to amend further section 4 of the Public Debt Act of 1941, as amended, and clarify its application, and for other purposes;

H. R. 3143. An act to authorize the construction, operation, and maintenance of the Paonia Federal reclamation project, Colorado;

H. R. 3151. An act to grant a certain water right and a certain parcel of land in Clark County, Nev., to the city of Las Vegas, Nev.;

H. R. 3197. An act to authorize the Secretary of the Interior to contract with the Mancos Water Conservancy District increasing the reimbursable construction cost obligation of the district to the United States for construction of the Mancos project and extending the repayment period;

H. R. 3348. An act to declare the policy of the United States with respect to the allocation of costs of construction of the Coachella division of the All-American Canal irrigation project, California;

H. R. 3604. An act to authorize the Methodist Home of the District of Columbia to make certain changes in its certificate of incorporation with respect to stated objects;

H. J. Res. 188. Joint resolution authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to the dead of the First Infantry Division, United States Forces, World War II; and

H. J. Res. 210. Joint resolution to extend the time for the release, free of estate and gift tax, of certain powers, and for other purposes.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p. m.) the House adjourned until tomorrow, Friday, June 20, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

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

809. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1948 in the amount of $1,743,000 for the Department of Labor (H. Doc. No. 331); to the Committee on Appropriations and ordered to be printed.

810. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1948 in the amount of $35,000 for the legislative branch, Library of Congress, in the form of an amendment to the budget for said fiscal year (H. Doc. No. 332); to the Committee on Appropriations and ordered to be printed.

811. A letter from the Secretary of State, transmitting a draft of a proposed joint resolution to amend the joint resolution providing for the membership of the United States in the American International Institute for the Protection of Childhood; to the Committee on Foreign Affairs.

812. A letter from the Acting Secretary of the Navy, transmitting a report of a proposed transfer of naval equipment to the Junior Midshipmen of America, Inc., of Connecticut; to the Committee on Armed Services.

813. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 9, 1946, submitting a report, together with accompanying papers, on a preliminary examination of Winterport Harbor, Maine, authorized by the River and Harbor Act approved on March 2, 1945; to the Committee on Public Works.

814. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 9, 1946, submitting a report, together with accompanying papers, on a review of reports on the intracoastal waterway from Choctawhatchee Bay to Pensacola Bay, Fla., and a preliminary examination and survey of waterway from the intracoastal waterway south across Santa Rosa Island, Fla., to a point at or near Deer Point Light, requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on October 5, 1940, and also authorized by the River and Harbor Act approved on March 2, 1945; to the Committee on Public Works.

815. A letter from the Under Secretary of Agriculture, transmitting a report on the cooperation of the United States with Mexico in the control and eradication of foot-and-mouth disease; to the Committee on Agriculture.

816. A communication from the President of the United States, transmitting a copy of a report from the Secretary of State indicating a course of action which the Secretaries of State, War, Navy, and Interior have agreed should be followed with respect to the administration of Guam, Samoa, and the Pacific islands to be placed under United States trusteeship (H. Doc. No. 333); to the Committee on Public Lands and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

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

Mr. BURKE: Committee on Merchant Marine and Fisheries. H. R. 107. A bill for the acquisition and maintenance of wildlife management and control areas in the State of California, and for other purposes; with an amendment (Rept. No. 609). Referred to the Committee of the Whole House on the State of the Union.

Mr. TOLLEFSON: Committee on Merchant Marine and Fisheries. H. R. 859. A bill to provide for the exploration, investigation, development, and maintenance of the fishing resources and development of the high seas fishing industry of the Territories and island possessions of the United States in the tropical and subtropical Pacific Ocean and intervening seas, and for other purposes; with amendments (Rept. No. 610). Referred to the Committee of the Whole House on the State of the Union.

Mr. BRADLEY: Committee on Merchant Marine and Fisheries. H. R. 3569. A bill to authorize the construction of a chapel and a library at the United States Merchant Marine Academy at Kings Point, N. Y., and to authorize the acceptance of private contributions to assist in defraying the cost of construction thereof; with an amendment (Rept. No. 611). Referred to the Committee of the Whole House on the State of the Union.

Mr. BENNETT of Missouri: Committee on Interstate and Foreign Commerce. House Joint Resolution 211. Joint resolution consenting to an interstate oil compact to conserve oil and gas; without amendment (Rept. No. 612). Referred to the Committee of the Whole House on the State of the Union.

Mr. SPRINGER: Committee on the Judiciary. H. R. 1639. A bill to amend the Employers' Liability Act so as to limit venue in actions brought in United States district courts or in State courts under such act; with an amendment (Rept. No. 613). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOFFMAN: Committee on Expenditures in the Executive Departments. S. 1316. An act to establish a procedure for facilitating the payment of certain Government checks, and for other purposes; without amendment (Rept. No. 614). Referred to the Committee of the Whole House on the State of the Union.

Mr. SADLAK: Committee on Post Office and Civil Service. H. R. 1995. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide for the return of the amount of deductions from the compensation of any employee who is separated from the service or transferred to a position not within the purview of such act before completing 10 years of service; with amendments (Rept. No. 615). Referred to the Committee of the Whole House on the State of the Union.

Mr. REES: Committee on Post Office and Civil Service. 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; without amendment (Rept. No. 616). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York. Committee on Ways and Means. H. R. 3444. A bill to amend section 251 of the Internal Revenue Code; without amendment (Rept. No. 617). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. ANDREWS of New York:

H. R. 3905. A bill to authorize the transfer of lands in the Fort Wingate Military Reserve, N. Mex., from the War Department to the Interior Department; to the Committee on Armed Services.

H. R. 3906. A bill to amend the act entitled "An act to make provision for the care and treatment of members of the National Guard, Organized Reserves, Reserve Officers' Training Corps, and citizens' military training camps who are injured or contract disease while engaged in military training, and for other purposes," approved June 15, 1936, as amended; to the Committee on Armed Services.

By Mr. DONDERO:

H. R. 3907. A bill to authorize construction of buildings for the Bureau of Old-Age and Survivors Insurance; to the Committee on Public Works.

By Mr. MORRISON:

H. R. 3908. A bill to amend the Armed Forces Leave Act of 1946 so as to require payments under section 6 of such act to be made to persons entitled thereto without requiring them to make applications for such payments; to the Committee on Armed Services.

By Mr. SCOBLICK:

H. R. 3909. A bill to provide for the advancement in grade upon appointment to regular positions of certain substitute employees in the postal service who are veterans of World War II; to the Committee on Post Office and Civil Service.

By Mr. TOWE:

H. R. 3910. A bill to amend the Armed Forces Leave Act of 1946 so as to extend the benefits thereof to certain officers discharged prior to its enactment; to the Committee on Armed Services.

By Mr. WEICHEL (by request):

H. R. 3911. A bill to continue temporary authority of the Maritime Commission until March 1, 1948; to the Committee on Merchant Marine and Fisheries.

By Mr. WOODRUFF:

H. R. 3912. A bill to amend section 2000 (a) (2) and 2000 (c) (2) of the Internal Revenue Code relating to taxes on tobacco and tobacco products; to the Committee on Ways and Means.

By Mr. GATHINGS:

H. R. 3915. A bill to increase the size of the Arkansas-Mississippi Bridge Commission, and for other purposes; to the Committee on Public Works.

By Mr. LANDIS:

H. J. Res. 220. Joint resolution establishing a code for health and safety in bituminous coal and lignite mines of the United States the products of which regularly enter commerce or the operations of which substantially affect commerce; to the Committtee on Education and Labor.

By Mr. RANKIN:

H. Res. 250. Resolution banning salacious moving pictures; to the Committee on the District of Columbia.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. COURTNEY:

H. R. 3913. A bill for the relief of Willie Ruth Chapman; to the Committee on the Judiciary.

By Mr. MORRISON:

H. R. 3914. A bill for the relief of James Leon Keaton; 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:

653. By Mr. ANDREWS of New York: Resolution adopted by the Buffalo Council for a Permanent Fair Employment Practice Commission, Buffalo, N. Y., urging favorable action on H. R. 2824 and S. 984, providing for a Fair Employment Practice Commission, in this session of Congress; to the Committee on Education and Labor.

654. By Mr. LYNCH: Petition of Publishers Printing Co. chapel, New York City, urging that Congress take immediate steps to amend the social-security law by reducing the retirement age from 65 to 60 and increasing monthly payments by 100 percent; to the Committee on Ways and Means.

655. By the SPEAKER: Petition of the secretary and president of the Triumvirate Friends Club, Mexico, petitioning consideration of their resolution with reference to expressing appreciation of the citizens of Cuautla for the honors paid to the Mexican people in the person of their ruler, Lic. Miguel Alemán Valdés; to the Committee on Foreign Affairs.

SENATE

FRIDAY, JUNE 20, 1947

(Legislative day of Monday, April 21, 1947)

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

Rev. John E. Garvin, of the diocese of Bismarck, N. Dak., offered the following prayer:

Almighty and Eternal God, we adore Thee, and we promise obedience to Thy Holy Law.

We pray Thee, O God of might, of wisdom, and of justice, through whom authority is rightly administered, laws are enacted, and judgments decreed, assist, with Thy Holy Spirit of counsel and fortitude, the Members of the Senate of these United States, that their ministrations may be conducted in righteousness and be eminently useful to Thy people, whom they represent. Let the light of Thy divine wisdom direct their deliberations and shine forth in all the proceedings and laws framed for our rule and government, so that they may tend to the preservation of peace, the promotion of national happiness, the increase of industry, sobriety, and useful knowledge, and may perpetuate to us the blessings of equal liberty.

Grant to them this day the grace to work with gratitude and joy, considering it an honor to employ and develop the talents they have received from God; to work with order, peace, moderation, and patience, ever recoiling before weariness or difficulties; to work, above all, with purity of intention and with detachment from self, having always before their eyes the public good and the welfare of our country. Inspire them with Thy wisdom and strengthen them with Thy power, so that the results of their words and actions may be characterized by justice and prudence and the government of our great country may conform always to Thy holy will.

Through Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 19, 1947, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 966. An act to amend section 14 of the Veterans' Preference Act of June 27, 1944 (58 Stat. 387);

H. R. 1389. An act to amend the Veterans' Preference Act of 1944; and

H. R. 2298. A bill to amend the Interstate Commerce Act, as amended, and for other purposes.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

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

AMERICAN INTERNATIONAL INSTITUTE FOR THE PROTECTION OF CHILDHOOD

A letter from the Secretary of State, transmitting a draft of proposed legislation to amend the joint resolution providing for the membership of the United States in the American International Institute for the Protection of Childhood (with accompanying papers); to the Committee on Foreign Relations.

DONATIONS BY NAVY DEPARTMENT TO NONPROFIT INSTITUTIONS AND ORGANIZATIONS

A letter from the Secretary of the Navy, reporting, pursuant to law, a list of institutions and organizations, all nonprofit and eligible, which have requested donations from the Navy Department; to the Committee on Armed Services.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. LANGER and Mr. CHAVEZ members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; to the Committee on Finance:

"Senate Joint Resolution 23

"Joint resolution memorializing the President and the Congress of the United States in relation to the Federal income tax as it affects community-property States

"Whereas there appears to be a movement on the part of non-community-property States to secure the passage of Federal legislation which would deny to residents of California the right to file separate income-tax returns on community income or which would arbitrarily permit in every State the division of all income of one spouse with the other, without regard to the law of that State; and

"Whereas California, Arizona, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington are community-property States under the laws of which husband and wife are each the owner of one-half of the community property; and

"Whereas by reason of such community ownership husband and wife own all community property and all community income equally, for all purposes, including the responsibility of paying taxes thereon; and

"Whereas Federal income taxes are, and ought to be, levied against the owner of income as determined by law; and

"Whereas such proposed legislation would fictitiously permit persons who are the legal owners of income to avoid payment of Federal income tax thereon; or which in community-property States would force payment of a tax on income which is not legally owned by the husband, completely disregarding the bona fide and historic property laws of California and the several States relating to property and income acquired after marriage; and

"Whereas the community-property law was in effect in the western region of the United States prior to the admission of California into the Union, and the property rights then in effect were guaranteed to the residents of California by the treaty with Mexico under which California became a part of the United States; and

"Whereas such proposed legislation would thus, by indirection, destroy the property rights of citizens of California as guaranteed by said treaty; and

"Whereas these community-property rights are in jeopardy because of pending Federal legislation: Now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California (jointly)*, That the President and the Congress of the United States are hereby respectfully memorialized and requested to take such steps as may be necessary to defeat such proposed legislation as, in part, are represented by H. R. 1759, by Mr. REEVES; amendment to H. R. 1 (Knutson bill), by Mr. BUTLER; S. 626, by Mr. CORDON; S. 649, by Mr. TYDINGS; S. 550, by Mr. LANGER; H. R. 2219, by Mr. ANGELL; H. R. 2002, by Mr. ROBERTSON.

"*Resolved*, That the secretary of the senate prepare and transmit copies of this resolution to the President of the United States, to the President pro tempore of the Senate, to the Speaker of the House of Representatives, and to each Senator and Member of the House of Representatives from California."

A letter in the nature of a petition from L. Graham Lehman, Washington, D. C., praying for the passage, over the President's veto, of the so-called Taft-Hartley labor bill (with